

**COMMISSION ON
THE NATIONAL GUARD AND RESERVES**

**HEARING ON
HOMELAND DEFENSE/HOMELAND SECURITY**

THURSDAY, MAY 4, 2006

**MORNING SESSION
9:00 A.M.**

**NTSB CONFERENCE CENTER
WASHINGTON, D.C.**

WITNESSES:

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GEORGE MASON UNIVERSITY**

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*Transcript by:
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Washington, D.C.*

ARNOLD PUNARO: Good morning. The commission will come to order.

I'd like to welcome our third panel of witnesses in this series of hearings by the Independent Commission on the National Guard and Reserves on the role of the Reserve components in Homeland Defense and Homeland Security.

Yesterday morning, we explored with the Department of Homeland Security and with DOD witnesses the complex balance of power between these federal agencies, as well as with state and local governments. We also examined the issues inherent in balancing the demands of the increasingly operational use of the National Guard and Reserves with a Homeland Security role identified in the White House's Katrina Lessons Learned Report as a priority mission. And for our panel of experts here today, as is the case in Washington, we spend a lot of time trying to understand what a priority mission actually was defined as, as certainly there were differing views on that.

In the afternoon, we heard from National Guard witnesses to better understand the ramifications in terms of manpower, equipment and resources of the National Guard's dual responsibilities of serving overseas while also fulfilling its domestic security missions at home. We also heard from the Coast Guard on their vital and pivotal role.

A fourth and final panel kind of in this topic area composed of state governors is scheduled for June. Many of them were tied up in their legislative sessions and preferred a later date, so we will hear from them to round out our understanding of these issues. We've met with a number of them individually and so we have a pretty good feel where the governors are coming from, and their positions certainly will be no surprise to any members of our panel.

With this panel today, we've invited three well-known subject matter experts to give us the benefits of their perspective on the broader policy issues that underlie the current Homeland Defense and Homeland Security debate.

Our panel members are a former congressman, presidential counselor and secretary of the Army, Jack March; Frank Cilluffo, associate vice president for Homeland Security at George Washington University; and Dr. James Carafano, Heritage Foundation senior research fellow.

I will tell you that I've been excited for a lot of weeks about hearing from this panel because, frankly, we've got three really renowned, nationally recognized experts in their own right who've dedicated their careers, both in and out of government – all three of them – to working on these very, very knotty problems and have made substantial contributions before coming here today in these fields and in the overall field of national security.

As someone that spent as many of them on the committee, many years in Congress – 25 years on my part – listening to panels of subject matter experts, I can tell you that we've got one of the best one I've ever seen in a subject matter area, and I've spent a lot of time looking at the advance material. And I can tell, other members of the commission, we're going to get some really, really superb testimony here today.

So we thank you for your tremendous service to the country in your variety of jobs and taking times from your busy schedules to be here today, and we look forward to your testimony to assist us in several respects. First, we as a commission need to get a better understanding of the existing balance of power, including gaps, seams and friction points, between the organizations at the federal, state and local level that are involved in defending and securing the homeland.

Second, we seek your guidance in determining how the National Guard and Reserves can best be utilized in that role. And finally, we welcome your perspectives on the interagency challenges between DHS, DOD and other federal agencies in performing homeland-security-related missions, and on the obstacles impeding unity of effort between local, state and federal officials. I also asked our witnesses, because of their significant expertise, to address any broader issues they feel would be of interest to the commission.

Because of the really stellar standing of these three individuals, I'm going to put all of their biographical information in the record. In particular, I'd ask Secretary Marsh – because very few people – in fact, I don't know hardly of any that have the range of jobs that he's had throughout his career, starting in World War II in combat; as someone that's served in both the Guard and Reserve; he served as a member of Congress. In fact, he's the only member of Congress I know of that served a tour in Vietnam while he was a sitting member of Congress.

Of course he's been a cabinet-level official to presidents, assistant secretary of Defense for Legislative Affairs, longest-serving secretary of the Army. Uniquely, too, at the same time, because of his skills, Jack was also asked to serve, at the same time he was secretary of the Army, as the assistant secretary for Special Operations. He also – of interest to this commission – was the chairman of the Reserve Forces Policy Board for an extended period and served on the Gilmore Commission, a lot of other commissions. And I've had the privilege of working with him in the last couple of years as he has done a lot of tremendous legal research into a lot of the statutes and laws, thinks that relate to the Constitution – the militia, the posse comitatus and other things. So we have – and both his sons, as we well know, served in the military: one a combat medic, severely wounded in Somalia – and I know he's getting along well, Jack, but we thank both of them for their great service.

And of course, Frank and Jay (?) – both of them have served in government and in many positions in and out, and bring tremendous expertise, and are probably more current on the subject matters that we're dealing with here today than any of the other

experts that I'm aware of. So we are particularly privileged to have the three of you here with us today and look forward to your testimony and to the give and take and the questions and answers. So with that, Secretary Marsh, we would ask you to start.

JOHN MARSH: Thank you, Mr. Chairman. Is that on?

MR. : You've got to push it one more time.

MR. MARSH: Can you hear me?

MS. : No.

MR. PUNARO: Maybe pull it up a little bit, Jack.

MR. : Here we go, see. There you go.

MR. PUNARO: As the legendary Senator Thurmond used to say as chairman of the committee, speak into the microphone. (Laughter.)

MR. MARSH: Is it on now? Can you hear?

MR. PUNARO: It is now, Mr. Secretary.

MR. MARSH: Good, thanks. Mr. Chairman, I thank you for that introduction. I also thank you for your leadership of what I consider a panel with an extraordinary mission. And the panelists are individuals who are well prepared to address that. I have known and worked with a number of you over the years and I know that you bring this effort and really, truly great ability.

I'm also cognizant, Mr. Chairman, that you served in the Marine Corps in Vietnam and that you have a Purple Heart from that service and that I believe your son is now serving in the United States Marine Corps, if I'm not mistaken.

MR. PUNARO: That is correct.

MR. MARSH: And I believe is deployed.

MR. PUNARO: He is back now, Mr. Secretary, but he has been over there.

MR. MARSH: The panel is very timely and I hope that you might slack – and I know you won't – from the charge that you have. But I would tell you in my view, there is nothing more essential than emphasizing and increasing the readiness capability and strength of the United States Reserve components. And when you look at the performance of our forces, all of them – active and reserve components in Iraq – men and women – we can be enormously proud of these Americans who bare arms on our behalf. They have done an extraordinary job and they speak well for the citizen soldier.

I have placed two attachments with my statement. One of those is excerpts of two paragraphs of the chairman of the Armed Services Committee, Senator Warner, written last fall to the secretary of Defense in reference to Katrina, which I'll come back to. And the other is a – the second is a statute from the United States Code that surprises many people – that there is an unorganized militia of Americans between the ages of 17 and 45 -- and similar statutes exist in nearly all the states, if not all the states. I bring that to your attention because that ultimately becomes a source of manpower and it can trace its origins to England in the 16th century and 17th century.

Now, I particularly bring to your attention Senator Warner's comments because Senator Warner in those two paragraphs raises very significant questions that relate to statutory authority. In this instance it is in reference to Katrina, but he makes these points about the insurrection statutes, posse comitatus, other statutes that reflect on the fact there is great ambiguity in the federal system about these statutes. Now one of the tasks of the secretary of the Army when I had that post was to be the head of DOMS – Director of Military Support, which was commanded by a major general who handled all civilian emergencies -- disaster, forest fire, oil spills – who reported directly, directly to the secretary of the Army. It was apparent that in these emergency situations, you must have clarity of authority and you must be able to move swiftly. And if you don't have clarity of authority, you will not move swiftly because there will be debates and discussions between departments and agencies as to who has authority and who doesn't.

And so what -- the point that Secretary Warner is raising, I think, of extreme importance and bears on what you're seeking to do because these statutes that relate to national policy, as they are implanted, impact on the roles, organization and mission of the reserve components. They will flow out of that but they need, in my view, to be very clearly defined.

Now I would tell you as a bedrock – touchstone – I look at the militia clause the United States Constitution. I think that is the starting point where we need to look and it is – I call to your attention the militia clause, but I also point out to the commission that there is a neglected article in the United States Constitution -- Article IV, Subsection Four of Article IV -- that requires the federal government to provide a democratic form of government to the states – they guarantee. Out of that article of the Constitution come the insurrection statutes, which are not well known and which I hope you'll direct your attention to those.

Keep in mind that constitutionally the 10th Amendment of the Constitution reserves to the states authorities that are not previously given to the federal government and where that comes into play are on issues such as quarantine, public health and safety. I would tell you there is vagueness about quarantine if you have to use quarantine in the event of a biological attack. For example, on quarantine, normal authority of quarantine in the state is in the governor. It can be delegated below him. The federal government has no role in that unless the Commerce Clause becomes involved. And so I ask you to take a look at quarantine because quarantine, in my view, in a very large society, with a

significant attack cannot be accomplished unless you have use of police and military force. But I don't think the federal quarantine provisions are that well clarified.

Now, we need a greater public understanding of the Reserve components. And in that regard, it bears on employer support and family support -- two neglected dimensions of the Reserve equation. I commented on that sheet that involves myself and I make reference to our two sons. Both of them were deployed in combat in the Persian Gulf War. One, whose base was an active base-- he was a combat surgeon for the Delta Force, who would later be wounded in Somalia -- and the other was a reservist. Family support for the active and the reserve are different. The active force revolves around the base, as it should. The reserve forces will find themselves often far flung and isolated. This poses problems. And keep in mind, that in today's world, unlike WWII, with instant news coverage, a parent can expect their phone to ring when a chopper goes down or there is some other major incident in the combat zone. I know that because my daughter's-in-law, as I'm glad they did, would call me.

Now, there is a reference to posse comitatus, a very important federal statute, adopted in 1870s. Posse comitatus has gone through several amendments. Its application may not be as broad or extensive as you think it would be or that people think it should be. And Senator Warner incidentally asked that posse comitatus be reviewed, so I bring that to your attention. I mention also the necessity for full-time manning. The more full-time people you have in a Guard or Reserve unit, the more effective I believe they are.

We're going to have to watch the issue that involves restocking the equipment of reserve components who have deployed. Guard and Reserve when deployed often take their equipment with them. What -- they leave it in theatre when they return home, and for their homeland security missions, they have got to have this equipment. So this is an area I would ask that you consider.

I like to think that the Guard and Reserve our are connecting links between a civilian society -- that is growing now to pass 300,000,000 people -- and the military and so that we avoid the active force being -- (audio break) -- in these connecting links of the Guard and of the Reserve. They interpret the military to the civilian world and they interpret the civilian world to the military -- a very, very vital function.

I suggest in my paper that we should resort and establish naval militia. United States code that I gave you there, states could provide for a Navy militia. It's in the laws of many states to have it, several states. I think New York, perhaps New Jersey do have Navy militias but I would call that to your attention.

Mr. Chairman, that is a brief summary of my statement and I am very pleased to be associated with our gentleman here on the right and left. And we'll try to answer any questions that the panel might have.

MR. PUNARO: Thank you, Secretary Marsh. And without objection, your full statement as well as the various attachments that you referred to will be entered in the record.

We'll turn next to, Frank Cilluffo, the director of Homeland Security Policy Institute and a professor at George Washington University. And as I mentioned, someone that is a true duty expert in this area, having served in very, very senior positions in government and a lot of other factors and also has good connection to the business world. So a very well-rounded background for our subject matter here today -- Mr. Cilluffo.

FRANK CILLUFFO: Thank you, Mr. Chairman. And thank you for that kind introduction. When people ask me to introduce myself, I normally say I display varying degrees of ignorance in a lot of subjects. So I'll try not to shed too much ignorance with all of you today.

And it is a pleasure to share the panel with a good friend, and mentor in Secretary Marsh, and a good friend in Jim Carafano. We are fellow travelers. I think we've been looking at these issues for quite some time and I commend the commission and you, Mr. Chairman, for taking this most important mission on.

And I very much appreciate the opportunity to share some thoughts with you as to how to best integrate the capabilities of the Reserve components into homeland security and homeland defense.

The commission's charge is an important one. We find ourselves engaged in the long term campaign in war on terror. Effective coordination among all military forces, federal agencies, state governments, and first responders is essential to ensuring the nation's preparedness for terrorist attack on American soil. And I must note we cannot set into complacency. Homeland defense and homeland security are two sides of the same coin from my perspective.

As stated in the U.S. National Security Strategy in 2002, our military's highest priority is to defend the United States. The threats and enemies we must confront have changed and so must our forces -- obviously the charge of your commission. Moreover, the DOD strategy recognizes that homeland defense, and specifically the one on homeland defense and civil support, cites protecting the homeland from attack as its highest priority, and second to be prepared for domestic incidents.

The prioritization is reflected in DOD's total force approach, focused primarily on incorporating the capabilities of the active duty, National Guard and Reserve forces for war fighting missions abroad. I'm not sure this articulation has been fully recognized from a cultural perspective and whether or not that has actually been internalized throughout the chain of command, given the new realities.

Domestic catastrophic events and wars prosecuted overseas are similar in several notable ways. Firstly, they happen infrequently. Secondly, they both require rapid mobilization of labor-intensive resources. And thirdly, and most importantly, both directly threaten the lives of American citizens, our sovereign territory and our economic vitality.

The question for this commission and subsequently for Congress, the administration, and state governments is what are the instate capabilities and capacities needed to meet the needs of their particular customers following a catastrophic event, and how should the National Guard and Reserves figure into this equation, consistent with their missions. Further, how is success measured and defined? And this is actually a very tough set of issues.

Whether it's a no-notice event, as most terrorist incidents would be, or a cat-five hurricane, with a 48-hour warning of landfall, we need a robust, sustainable, scalable and agile response. Our constitutional duty -- and I'm glad Secretary Marsh brought up Article IV and Subsection Four in particular -- is to draw upon all national assets to protect our citizens from invasion, whether manifested domestically or abroad.

Our collective challenge is to create and implement a genuine total force approach to homeland defense and security, one that effectively marshals and integrates the assets not only of DOD and DHS, but other federal agencies such as HHS and Transportation, state and local governments, NGOs, the private sector and ultimately the American people themselves. We first need to determine where DOD fits into the broader picture of homeland security and then how to best and most effectively integrate the National Guard and Reserve.

Catastrophic events, of low probability and high consequence, do not require us to build two separate systems. Over time, DOD has amassed capabilities and assets that we now need to effectively harness and integrate into domestic catastrophic planning -- including troops, transportation for evacuation and distribution of lifesaving resources, such as ice water, food, medical supplies -- and perhaps most importantly to provide situational awareness. Successful integration will yield a whole greater than the sum of its parts, and give this country the homeland defense and security it deserves. It makes no sense, in my eyes, to recreate and duplicate military capabilities and assets specifically for the domestic homeland security mission where economies of scale can be realized by incorporating those currently in existence. Not doing so, in my eyes, would be an irresponsible waste of limited taxpayer dollars.

The work of this commission is distinctive from that of many other deliberative bodies I've been testifying in front of recently in that it looks far beyond the here and now to well over the horizon. Too often we find ourselves responding and reacting to the crisis du jour, rather than taking the time for thoughtful consideration of what needs to be done, not only in the short term but also in the long run as well. What was primarily a focus on preventing and preparing for terrorism has given way, following the devastation

of Hurricane Katrina, to an equally intense focus on catastrophic natural disasters. In less than five years, that pendulum has swung a full arch.

While we need to learn from our mistakes and do all we can to make sure we don't repeat them, we simply cannot march into the future backwards and fight yesterday's wars alone. Instead, we must build a culture of preparedness that is truly all hazards and risk-based in nature. With lives and livelihoods at stake, our response system cannot focus on one threat to the exclusion of the other. We need to plan for multiple events so that gaps in resources can be identified in advance and consensus reached on how to best back-fill them. The bottom line is we need to assure we can act when action is called for.

Following Katrina's massive hit on the Gulf Coast, with state and local resources overwhelmed, the Coast Guard and the National Guard provided vitally needed support to meet basic human needs and to restore order. Along with the Coast Guard, the National Guard were the first significant, out-of-state resources and capabilities to reach Louisiana and Mississippi. From a personal perspective, in my orbit at GW, we deployed a medical team – a multi-disciplinary medical team – and I can tell you, given the director's perspective, that it was not until the Guard arrived that even our medical teams felt safe and able to fully focus on their job.

As impressive, though, as the military's response to Hurricanes Katrina and Rita were however, the National Guard's introduction into theatre could have been better defined and integrated in advance. The Guard is not organized, trained, or equipped for domestic response mission on a catastrophic scale. As General Dwight D. Eisenhower – then General Dwight D. Eisenhower once stated, in preparation for battle, I've often found plans to be useless but planning to be indispensable.

I'm not suggesting we throw out our plans, but rather we need to train to meet a capability, not simply a specific mission. And only through unified planning, training and exercising can the requisite capabilities and capacities be identified and ultimately developed.

The integration of military capabilities into homeland security, from my perspective, is to supplement, not supplant state and local government and ultimately our first response community. We must be careful not to fall in the trap of no good deed goes unpunished. While our military forces provided proof to be able and responsive to their roles, they should not inappropriately be expanded to offset the failure of other agencies at both the federal, state, and local levels.

The National Guard has traditionally played a role overseas and domestically, but I think now we recognize that it is simultaneously playing both the home and away game and much of that while we're back-filling some of the personnel deficits in our active duty forces. They are stretched thin.

The Guard brings a number of valuable skill sets for domestic response, as well as those showcased in Iraq – critical infrastructure protection, CBRNE response,

intelligence, surveillance, situational awareness, medical support – skills that they're learning overseas, I think, could actually be brought back at home, notably in terms of some of the intelligence that they're recognizing in terms of the methods terrorists are using to recruit members, case potential targets, and ultimately plan and execute attacks. These indicators could be invaluable to our domestic responders as well.

I know that you'll be hearing from a distinguished group of governors, and I heard, Mr. Chairman, that you already conferred with them, but -- and I'll be very brief -- but I think experience has shown us time and again that effective response cannot be micromanaged from Washington. The vast majority of disasters will be responded to by state and local governments, with the federal government stepping in to provide support only in unique circumstances. This is consistent with Constitutional principals and I believe we simply cannot let the federal government usurp our federalist form of government.

National Guard units provide primary support to their home states and are the military entities closest to the local community. And we need to really look at the Title 10/Title 32 sets of issues because ideally you have much more leeway and maneuverability to utilize the Guard under Title 32's statute. And ultimately, they are closest to their communities and recognize the communities better than anyone from out-of-state would.

Moving forward – and Jim Carafano and I actually co-chaired an initiative on this and I recently testified before the Senate – on the need for a greater regional focus on homeland security. Significant capabilities already exist. The challenge is to access and integrate them. Regionalized federal preparedness and, in my eyes, response functions housed within an enhanced FEMA regional office system can help build state and local capabilities and facilitate joint planning, training and exercises of a wide range of entities and constituencies, including the National Guard and U.S. NORTHCOM. I believe we should even co-locate some of these Guard assets and Reserve component assets with personnel in these regional offices. And as you all probably know, the president just rollout the implementation strategy for pandemic influenza, giving the National Guard another primary mission there to restore order, and I think that we need to be thinking these issues through again -- sometimes the unthinkable -- before that really bad day occurs.

Secretary Marsh -- very well and much more eloquently than I ever could -- covered what I thought were two issues that have generated much more heat than light in recent policy debates, and those relate to the authority of the president to federalize the National Guard personnel under Title 10. I think the authority actually exists. How it's interrupted may be part of an issue. And he spoke much more eloquently than I could on posse comitatus, although I might note, it's not always the law; it's the meaning behind the law that we all need to keep in mind. Although I would add -- and maybe this is something the commission wants to recommend to Congress -- the Insurrection Act in itself – it's got to be renamed.

MR. : That's right.

MR. CILLUFFO: To be absolutely honest, it's from a different time. It's from a different era. We're not talking about insurrections but we want to make sure some of those authorities are entitled to some of the same statutes that are covered under the Insurrection Act.

MR. : That's right.

MR. CILLUFFO: Let me just cut to the chase here and give a couple – rattle off four quick recommendations, two of which focus on the short term and two that I think are significant for the long term.

Recommendation number one: the Department of Defense must structure forces to meet current realities and direct U.S. NORTHCOM to articulate the force structure requirements. Shortly after U.S. NORTHCOM was stood up, a GAO study concluded that DOD must balance domestic and overseas missions with renewed emphasis on homeland defense and found that it had not tailored its force structure to perform domestic military missions, and may not be able to sustain the high personnel tempo that proceeded and followed the attacks of September 11, 2001. Devising a scenario to take into account the possibility of an event equivalent to a major theatre war on domestic soil, with a simultaneous MTW overseas, in my eyes, should be a base requirement for the development of force structure.

More than three years after its creation, U.S. NORTHCOM – the total force requirements have not, to my eyes, yet been sufficiently articulated – a critical initial step to developing in operations plan. The questions needs to be asked to what DOD capabilities can be brought to bare to prepare for and respond to a catastrophic event, while not degrading DOD's ability to prosecute wars overseas. We don't know what deficits exist until the requirements are established and only then can we really act to transform the homeland mission by determining where DOD fits in subsequently the Reserve components.

Further, DOD and DHS exercise schedules need to be better aligned to enable joint exercises. These exercise also, in my eyes, need to be lashed up with the 15 national planning scenarios developed in conjunction with the National Preparedness Goal. This was a homeland security presidential directive, which had 15 different scenarios that we need to be prepared for. I think that there's an opportunity to merge that with a more national security PDD as well. So, I think here that would drive some of the deliberative planning to at least have some of the same scenarios. We're working off the same sheet of music.

Second recommendation -- and I think this is one we have to think a little differently -- but how do we leverage in scale the Air Force expeditionary force model to create a near-term capability for the homeland. The Reserve components train intensely for our nation's defense. A significant part of that training is directly transferable to

domestic missions in response to man-made or natural events. These include those missions performed by combat support, engineers, MPs, signal and civil affairs, et cetera, and combat service support – finance, public logistics, logistics, logistics, logistics, transportation, et cetera. Units of the Army, National Guard and Airlift Mobility Wings of the Air Guard task the humanitarian relief operations, disaster responses and non-combatant evacuation operations.

The context of this training, however, and the participants involved, are not chosen with homeland security missions in mind. For example, when members of the Air Guard are not in the deployment phase of the air expeditionary force cycle, they are back in their communities undergoing basic and advanced training. This is an opportune time for them to be tasked as DOD domestic response assets and train for response operations. They should exercise not only with other components of the military, but with local, state, NGOs, private sector and DHS assets. These efforts, I think, should be built upon the Air Force's red flag exercise, not just tabletops but let's get down to where the muddy boots are make sure we make the big mistakes on the practice field, not Main Street USA or the battlefield.

Two long term: one, culture. I think we all know culture is a very difficult thing to change, but I think it is the glue that will make all of the other recommendations stick. And here, I believe DOD can no longer afford to hold its homeland mission at arm's length.

Fittingly this brings me back to where I started. The role of the National Guard is not an either/or proposition, and its capabilities are generally applicable to both foreign and domestic threats. This does not degrade but, in my eyes, rather enhances the war fighting mission and military character of the National Guard, which we want to be proud of and will be proud of and should be proud of.

Recommendation four -- and I'll be very brief here, and I do believe that we need to elevate the National Guard Bureau and incorporate them into the Joint Chiefs of Staff, to help achieve the vision of U.S. NORTHCOM and total force for the homeland defense and security. We've got to think purple. We need the Goldwater-Nicholas analogy in the homeland context. That will drive unified planning. That will drive realigning budgets. That will drive much. But we need that thinking-purple culture, and I think that the National Guard Bureau should become the deputy commander of U.S. NORTHCOM. And to be clear, I'm not talking about creating a new service, but rather a new mission area, and I think the National Guard could be the steward of that new mission area.

In conclusion, the men and women in the National Guard and Reserves are a centerpiece of our total force to ensure national security both overseas and domestically. The congressional and White House reports following Hurricane Katrina all affirmed the significant role of the Reserve components. But now we need the companion budget document to be able to translate the nouns into verbs.

Defining their mission in the post-9/11 environment and providing them with the tools and resources they need to get the job done is priority number one. This will not be achieved in the near term. Coordination of the preparedness and response and recovery missions of DOD and DHS, primarily at the federal level, will require significant funding, political will, and long-term commitment.

In closing, the commission is to be commended for its thorough and insightful review of these important issues. Your work will leave a legacy for future generation of our military personnel and I'd be pleased to try to answer any questions you may have.

MR. PUNARO: Thank you. And without objection, your entire statement will be placed in the record.

We'll next hear from Dr. Jim Carafano. He's a lawyer. He's a writer. He's a teacher. He's a historian. He has helped shaped the minds of many of our military leaders from his days at West Point teaching at the war college, and he has also shaped the policymakers' decision making. I know many of us here benefited from his writing – myself in particular. I followed his career with interest over the years and so very much look forward to your testimony here this morning on this critical subject for us. So, thank you.

JAMES CARAFANO: Thank you, Mr. Chairman. I've submitted a statement for the record.

Let me start with the bottom line up front. The first point is, after serving 25 years in active duty in the United States Army, I find myself unapologetically and fervently believing that the real – that when we look to the future of the military, we need to think of the Reserve components – the Guard and Reserve – as the center of gravity, the spoke of the wheel, the hub that actually enables the force to act. And it is a very, very different paradigm than we thought of the Reserve components during the Cold War.

The second point I would make to you and I think is really vital is the purpose of your commission. And my personal belief is what you really need to think is long term because, quite frankly, I think the opportunity to influence this administration is, obviously, really in its winning days. This is going to be an issue that is debated. The best thing that this commission could do is to create a blueprint for the next president of the United States -- whoever he or she might be – to pick up the first day they walk into office and say this is how I'm going to transform our Guard and Reserve and our military to make it the right force for the 21st century. And I really believe that the next president of the United States is your target audience. And with that, let me offer three recommendations and then a fourth point, which is how we're going to pay for this.

You ask me to look at the reports that were done at the House and the Senate and the White House, and I think it's actually very interesting for anybody that wants to do that, and wade through the 700 odd pages of material all together. But I think the one

thing – and there is a common theme in all three reports, and they have – all three reports acknowledge that, as Frank rightly pointed out, even in the largest scale disaster, the answer is not in Washington. The notion that disaster should be federalized or that somebody in Washington is going to save us all is an inherently dangerous idea. And I've often said that, you know, if we're waiting for somebody in the White House to make a decision before we start to save lives, then we're all going to die. And I commend all three of those reports for pointing out this really fundamental fact.

And I think they all three, again, get to something that we've really missed since 9/11, which is really, what the heck is the federal government's job. And it really has two jobs here. Only the federal government can build a national system of disaster response. That doesn't mean the federal government is in charge, but only the federal government can build the framework, the skeleton – to wire all these district, public, and private enterprises together. And only the federal government can organize and mount an adequate response to catastrophic disaster -- not taking over, not being in charge, but providing the resources that people need to save lives. Now having said that, where do the Reserves and where does the military fit into building these two kinds of capacities? And I think really the issue is – for DOD is – is what are the capacity that they bring to the table.

So there is really three issues there. One is legislative, one is the planning coordination, exercise training role and then the third is really the physical capacity or forces. And quite frankly, I think of the legislative side. There isn't – a few minor things – but there is not a whole lot that needs to be done. I do think it's primarily an education issue. You know, if people understood the laws and policies that that is not really where the big bang for the buck is. Certainly there is an education role there, certainly there is some of this notion of, kind of, taking the Goldwater-Nichols mile and extending it throughout the government so we educate people properly. Homeland Security University would be a good place to do this. Some of the assignment things that -- within the government are good places to train these kind of things. But I think it's more of understanding an issue, understanding the law and then changing the law.

Quite frankly, I think, in terms of the policies and the planning and the training – that if they implement half the recommendations in the Senate report and the White House report, that a lot of those issues can be adequately addressed. And again, I think that's something that can be addressed within the existing systems and mechanisms that we have.

What I think we really – have really failed to really made a dent in the problem is in the capacity issue. And the capacity role for defense I argue is this – and I call it the 72-hour problem. You know, the difference between a normal disaster and a catastrophic disaster is that in a normal disaster, you know, local guy responds and then when he's overwhelmed, he turns to the state, and then they turn to the federal government, and that is all fine, because, you know, even the most screwed-up organizations can figure these things out in a couple of days and weeks. And we really depend on the state and local governments to carry the ball in the first 72-hours, and that's vital because, quite frankly,

you know, if somebody is going to die, if they don't die in three days, they're going to live. I mean, it's the first 72-hours and the first hours when really – when the critical lives and property are at stake that things really need to be done, and we really rely on local governments and state governments to do that.

The problem is, in a catastrophic disaster, state and local governments are overwhelmed at the outset – the resources are destroyed, the infrastructures are destroyed, they're simply overwhelmed, because you got tens of thousands of lives at risk, maybe hundreds of billions of dollars of property. And so what you have, and this – and in Katrina we had kind of a preview of this. What you have is what I call the 72-hour gap, which is normally when federal government and the private sector, and neighborhoods, and people on the Internet, and everybody else is organizing to get in there and help out – somebody is carrying the ball until they do that. And when that is all wiped out, how do you close that 72-hour gap?

And my argument is, is primarily you close that with defense resources. And it's based on two things. You know, after 72 hours, quite frankly, we can figure this out. Wal-Mart can step in, the private sector can step in, even the most screwed up federal government can figure out in a couple of days how to do things. So after a couple of days, the nation will -- even under incompetent leadership, will self organize and solve this problem. But the question is how do you close that 72-hour-gap, which is vital for two reasons. One is, of course, that is when you're going to have the biggest effect in terms of saving lives and property.

And second is – it's the most important thing – that the federal government brings to the table in a large-scale disaster is credibility. And the data on this is very, very clear. When people believe that there is governance out there, then people react in a calm and methodical way; they listen, they obey instructions, they take care of their neighbors. When people believe that there is no governance, that the government has failed them and there is chaos out there, that is when you have problems. So the most important thing the government brings to the table is creditability. And when you can react in 72 hours -- even if you don't have all the right assets and even if you don't get there, if people believe the cavalry is coming and that somebody is in charge, then people can react in a calm and confident way.

I argue that I simply don't think – and I think the bulk of this needs to be in the military because – for two reasons. One that Frank already mentioned is I think there is a lot of utility for the same force structure overseas, and also because it is incredibly unrealistic and impractical and inefficient to think that we're going to build up massive capabilities and capacities in the private sector or in state and local governments to deal with this problem – it's just not cost effective. But it is cost effective for the military because the military can do other things with these forces.

But I do think the force structure that we have in the Guard and Reserve, which should be the centerpieces, is – quite frankly is wrong. It's wrong in scale and it's wrong

in structure. And it's got to be fixed because, if it's not fixed, we're never going to close the 72-hour gap.

And it needs two things. First of all, it needs to be self-deployable. And that is why I agree with Frank, we need the leverage – what the Air Force is doing in its expeditionary air capability, because what are they doing? They're figuring out how to deploy forces into environments that are hostile or where their infrastructure is broken down and do it extremely quickly. And a lot of those forces are going to be in the Reserve component. That's useful. So if you marry up that Air Force capability with the Army ground capabilities, then you've got a force itself deployable. So that's number one.

The second thing is it has to have a different mix of capabilities than we have now. And I argue that our force structure is woefully deficient in three areas. One is medical. First of all, there is a lot less medical capability in the Guard and Reserve than people commonly assume and a lot of it is wrongly structured for the mission.

You know, the Army medical system is based on two things. One is, as you move in, you set up a field hospital. It takes days. You bring in all the logistics and you bring the casualties to there. Well, in most disasters, we know that is the wrong model, because first of all, by the time you set it up, you're past the 72 hours. You don't need it anymore.

Second of all, in many situations, you don't want to bring casualties to the care facility; you want to take care to the people. In most places you want people to shelter in place and so you want to have the capability to get medical care to them, to get resources to them. So you want to do home delivery.

The second thing is, the Army medical – the military medical system is based on a very sophisticated and regularized system of evacuation. We have evacuation capabilities at all levels. We have a system to track patients. There is no system for the military to plug into on the civilian side. So the kinds of medical capabilities we have in the military are all wrong for these mass casualties. We need to have the capability to, one, to deliver care to patients; and two, to move into existing facilities and ad hoc structures and rapidly set up care facilities. And again, that is something that we need just not here but also overseas as well.

The security capabilities – all wrong. Infantry battalions and MP battalions are the wrong kind of security force for military forces operating in civil-military environment. We found that out in Baghdad. We found that out in New Orleans. It requires a different set of training. It's a different set of rules of engagement. So those security forces are not ideal for the kind of security forces we need in a civil-military environment, and the critical infrastructure force is all wrong.

Again, military critical infrastructure capabilities are designed to facilitate military operations. They're not designed to repair civilian infrastructure. What the right

force structure really looks like is this really ugly and bizarre thing, which has some rapid, reconstitution capability that kind of looks something like military engineer units that can restore things like water and electricity. It looks a little bit like a FEMA piece that has the capability to go in and do some rapid assessments. And it looks a little bit like the Corps of Engineers piece that has the capability to go in and let contracts. And then in the initial phase, marry that up with security forces because in some cases you're going to need to move and protect these infrastructures. And then it phases out and turns it over to civilian contractors.

So I think that that is a military capability that we don't have now, and it needs to be large. My argument is that there needs to be five of these things and they need to be national. And the reason why there need to be five or six is very simple. That way we can have one of these always in active duty status, training, working with NORCOM, training with state and local governments, training with the NGOs, and the other four are in the resting state so we have the sustainment model. So we basically always have the 82nd Airborne version of the National Guard ready to go, either for domestic disaster or for foreign disaster. And it needs to be national because the forces that are in the region are most likely going to be the least useful. We're going to have to be able to draw nationwide.

And then what would happen is – and it also needs to be dual use. You know, I've said this a million times, is that if you look at the lay down of tasks that were needed in Baghdad, and you look at the lay down of tasks that were needed in New Orleans, I mean, they were almost identical with – maybe there was less shooting in Baghdad. I'm not sure. (Laughter.) But the force structures are very, very similar and this force could be – would be useful in the domestic context. It would also be useful for peacekeeping and peace making.

It would also be useful – it would ideal force to center your counterinsurgency operations around. It would be the ideal force for post-conflict activities. It would be the ideal force for in-theater support because when you move into a country – many of these countries are going to have very immature infrastructure – and you're going to have to have military forces that supplant and help take care of the local civilian populous.

So I think it has enormous dual use. Again, if you have five of them and you had an overseas crisis, you could deploy the ready one and then you could bring another one up for the domestic contingency. And most importantly, with five of them, you could potentially handle multiple contingency simultaneously.

My second point is – and I'm really glad Secretary Marsh mentioned this – I do think we need a Naval National Guard. And I make this argument for three reasons. First of all, if you look at maritime security as an increasing important part of this nation – a third of our economy is dependant on trade. We are a different country than we were 20 years ago. If you could shut down the airlines in America, it wouldn't make a difference. The country would still operate. Shut off the Internet. But if we stopped shipping goods and services out of this nation, our economy would grind to a halt in days.

So I think there are extremely viable state maritime security missions that didn't exist 20 years ago and there is a gap there that is not being filled. So I think it makes sense from that perspective.

I think it makes sense from the perspective that if you had an naval National Guard, you would have a natural partner to interface with Coast Guard in many of the missions. So you would have a seamless bridge between Navy operations and Coast Guards operations. And I think the third is, is there are some evolving constabulary mission that the Navy sees in terms of brown-water missions and some of these other things. I call them constabulary naval missions. Primarily, I think those should be primarily done by the Coast Guard, but the Coast Guard is never going to have an active, large enough Reserve to really surge for those things. And so I think that is a natural place for the navy to put those missions. These, kind of, constabulary and able missions, brown-water missions – put them in the Reserve. Let them do state maritime missions. Let them work with the Coast Guard and then you've got a reputable surge force.

And the third thing is – I know this is not on your agenda but I think it needs to be is – and again, Secretary Marsh mentioned that – and we need to look at the state defense forces. I think the state defense forces are an enormously, potentially valuable and under recognized resource. They're going to be the back-stop when we deploy the Guard. There are lots of things that they can do to take the burden off the Guard in terms of state duty missions. I don't think we should be throwing a lot of money at this problem, but I think it's an answer to – a lot of Americans say, what can I do in terms of volunteerism? For example, there were a lot of volunteer groups that want to help out in boarder security; fine, great. You want to help out safeguarding your neighbor's border? Great, but you need to do it as part of an organized, regularized volunteer activity. State defense forces are a perfect place to do that.

What I think we need – I do think we need a conscious recognition on the part of DOD and DHS that healthy SDFs in the states are in their interest. And conscious strategy and policies to support that, both in terms of establishing criteria, making opportunities for education available, making training opportunities available – I'm not saying throw a lot of money at this problem. I'm not saying take over the state SDF, but I'm saying promote the states to build healthy and robust SDFs that suit their state purposes and make sure those dovetail well with what the Guard is doing and what Department of Homeland Security is doing.

And the fourth point I'll make is, is this does require, I think, a significant change in the funding paradigm. I mean, these are substantial missions, I think, that are going to require years of investment. And I've written a long piece on this on the Abrams Doctrine, where I basically say that the Abrams Doctrine is really a fallacy. It never really existed. But I fault the Guard and Reserve for not just saying it existed, but for really, I call it, making the devil's pact, which was – they really agreed to three things during the Cold War, which I think really – which really cemented the fact that they would always be under-resourced and under-capitalized.

And they are mirror-imaging that what you had in the Guard would look exactly like what you had in the active – tiered readiness and first-to-fight funding, because what that meant was – is that most of the National Guard force was always going to be at the end of the resource line. So the National Guard got to keep flags, they got to get divisions, they got to have lots of force structure, but it was always inadequately resourced for the missions that it was going to be called on to do. And now we're just kind of seeing the price of that now.

Now we've got a new model in the Army, for example. It's called the Army Force Generation Model in which again we're going to have mirror-imagine, we're going to have National Guard units that look just like active duty units and we're going to – and now – and we're going to equip them similarly. But now we've said, oh – we're going to have them go into this pattern of readiness, or this pattern of deployment pattern. And now we've already seen that the Army Force Generation Model is becoming an Army Resource Generation Model. That what we're going to do, is also for when – we're going to resource these units as to where they are in terms of recycling. Well, what that's going to do is guarantee that the unit at the bottom is always going to be inadequately prepared for anything. So I think what we're doing is really taking these false models that give people the illusion that we're really taking care of the Guard and Reserve and we're purporting them into the 21st century and we're giving them a new name. And all we're going to do at the end of the day is ensure that most of the Guard and Reserve are going to be inadequately funded.

And the reason for that is, is if you look at the current funding paradigm, Defense Department funding is going to go down, and the reason it's going to go down is simple. It's going to go down because entitlements in the federal budget are growing at an escalating pace. Medicare, Medicaid and Social Security are eating an ever-large part of the federal deficit or federal budget, that's growing the deficit. Nobody wants to see inflation, so nobody is going to grow the budget – the federal budget – in any other factors if they don't have to and that is going to force flat defense spending.

We don't have a hollow force now, but four or five years from now, the Department of Defense will be saying, where are we going to cut, where are we going to cut, where are we going to save money? And the first answer is going to be in the Guard and Reserve. And no matter kind of model we have, they're going to get funded less.

So, there's two solutions. The one solution – and it would be great is this commission came out and stated it because nobody in the Department of Defense will – is the biggest national security challenges to the Department of Defense in the future years are Social Security, Medicare, Medicaid and the federal deficit. I mean, if we don't get federal spending under control, there is not going to be enough money to spend. I believe that about four percent of the GDP on Defense is adequate for our military defense needs out through the next 10 or 15 years, but we're not going to be able to afford that unless we get entitlement spending under control.

It's not North Korea. It's not Iran. It's not China. The biggest national security threat to the future of this country is entitlement spending because entitlement spending is going to keep us from spending four percent of defense on GDP and continue to grow the economy. Unless we get that under control, where it's going to come down at the end of the day is – we'll spend money on defense because if there is a crisis we will do what we always do. We'll just go to deficit spending, and we'll have runaway inflation and we'll, you know, fund the Guard and Reserve. But then they'll be playing catch up. They will be learning on the job. They will be getting the equipment as they're going into battle. That's not the way to have a military.

So the biggest thing is – all of us who are interested in national security really need to turn to our political leaders and say look, we've got to get entitlement spending under control so we can continue to spend four percent of GDP on defense for the next 10 or 15 years. Absent that, unless we have a funding paradigm within DOD that addresses some of these National Guard and Reserve recapitalization and force structure issues, at the beginning of the budgetary process as opposed to the end, and makes it one of the first things – we're having debates about are we funding the Guard and Reserve, and that's up there with the debates about whether we're buying F-22s or not – then the National Guard and Reserve are never going to have the kinds of capabilities we're going need.

And if they're the most vital force – and I'll just finish on this – I mean, all my comments are based on an assumption, which is how do you envision the future. I mean, if you envision the future as this straight line or as some kind of escalating curve, then the answer is simple. We need a much bigger Active Duty force. It would be cheaper and more efficient in the long term. But I don't think we're going to be in Iraq with 150,000 troops for 10 years, and I don't think we are going to be fighting Iraqs every other day. I think the future is going to look like the sine curve. I think it's going to look a lot like the last 10 years; it's going to go up and it's going to drop down.

Well, if you believe the future is a sine curve, then the key to flexibility, efficiency, and effectiveness is a large a robust Reserve Component because that is what enables you to grow and adapt when you need the force structure. So unless we fund that first, what we're not going to do is fund the one thing that we really, really need – is that which makes us adaptive, flexible and expandible.

Thank you, Mr. Chairman. I look forward to your questions.

MR. PUNARO: Thank you. And I think as we get to questions, let me just say, I think the commission identifies with all three of your recommendations – that we focus on the long term. We all know that there is nothing that this commission can say or do that is going to effect the hurricane season that is coming up right now. We also know through experience with legislation, particularly some of the folks here at the table, the architects of some of the changes like Goldwater-Nichols. People can argue about how effective they were or they weren't, but it took 10 years for that. So you really – in the

national security business you have to look to the long term and I think the commission takes that on heart.

Before I start my questions, I want to alert my fellow commissioners that we're going to call first on those commissioners that didn't get, really, a chance to ask a lot of questions yesterday, including Commissioner Brownlee and Ball, and Stockton, Eckles and Keane. I'm going to start with Les after I'm done. So the others, if they've got questions, they might start getting ready because we're going to go out of order.

We try to order ourselves a little better than a Senate or House committee because, you know, everybody on those things – they ask whatever question they have on their mind on that day, whether it has anything to do with the subject matter or not. (Laughter.) So we were trying to be more disciplined and kind of set up a little regular order, but we're going to break that regular order here this morning.

Let me start. And again, your full statement, Dr. Carafano, will be entered into the record without objection. Let me kind of get to this issue of the long term. And again, we take to heart all three of your recommendations that we keep that focus. And one of the constructs -- and I think you've all given us some great insights into how maybe to think about some of these issues for the long term. And Dr. Carafano just pointed out what some of the threats that are that aren't sort of the military threats but the fiscal and budgetary considerations that we're very concerned about -- I know, from my previous discussions here on the commission -- but the long war that has been articulated, you know, in the various policy documents that we've seen.

And so I would like to ask each of you if you believe that is the proper construct to think about the future and to think about where we're going to be 10 years from now. And within that construct – and it may be just having you verify that what you've already testified to fits within the construct of that long war – you don't have to repeat all that – I think we're also taken by the primacy of the state and local efforts.

And so the second part of my questions is if that is the right big picture construct, and if the three of you would elaborate on the issue of the governors in state and local being the primary leads for homeland defense, then if the governor can call up and command the National Guard, and particularly, if you end up with some of these – what I call dual-capable forces that Jim has alluded to, you know – why is it the governor – is there a reason not to change the laws or change the command-and-control concept where a governor can access title – what are currently considered Title 10 forces that they don't have access to right now, because all three of you have talked about the first 72 hours is the key. And you have, in many of these states, what I would call other dual-capable-type forces that exist outside of the National Guard.

So kind of a long-winded question -- and Secretary Marsh, why don't we start with you?

MR. MARSH: I assume that you're referring to the war on terrorism as being a long war?

MR. PUNARO: I was trying to get a feel for if you all agreed with the way the QDR has constructed their definition of the long war, and do you believe that it is the right construct and it's the encompassing construct? Certainly it's focused primarily on the war on terror, but my understanding is that if – to me, if you look at the long war, it's got to include other potential threats – North Korea – but it also has to include threats to the homeland. So, I mean, I was just –

MR. MARSH: I agree with the way you just stated it. I think, Mr. Chairman, that one of the things we're probably not doing is that we're addressing these issues on a local and state basis. I believe they need to be addressed on a regional basis. I think that regions will be impacted if you had a catastrophic incident, and I'm not as certain that we are prepared to respond at the state level, regionally, as we are if it's a local event.

Let me give you an example. There exist today -- which I think the commission should review – interstate compacts between the states on the utilization – cross-border utilization of the National Guard. I don't know that those include the Reserves. Now this comes out of the Hurricane Andrew in the 1990s in Florida, where there was an inability to reach some of the assets that you need.

One of the problems you have in these situations is being able to access the types of equipment or individuals that you need. It's interesting to note that in Katrina there were thousands of troops outside of Mississippi that flowed in. They flowed in under the interstate compacts. But interstate compacts, I think, are focused more on the natural disaster as opposed to a disaster that results from a terrorist attack. They need to -- in my view, they need to be reviewed and brought up to date and states should be required to exercise regionally to accomplish that.

Nearly all the states are in these compacts. But Hawaii, because of its isolation, and California are not. That is a – something I think of real concern. But the catastrophic attack will ignore – boundary lines do not apply. In fact, the World Trade Center attack had significant impacts over in New Jersey, and you could call on the New Jersey Port Authority very, very fortunately. But I do not think we are looking at it regionally and I think the states need to do that.

Now, I am of the view that we need to look at ways to migrate Reserve component capabilities – maintenance, engineer, water supply – be able to migrate those over to the Guard. Can we migrate them there by dual-hatting them or should they be assigned as permanently as a part of the force structure of the National Guard? But I think access to those resources – we have had situations where you had a disaster requirement and the kind of equipment that you could use – heavy dozers and this type – couldn't get it because the Reserve component. It's ridiculous.

There are workarounds. There are workarounds to what I just said but those workarounds take a long time frequently. And when a disaster situation – also the commission, in my view, should look at the statutes of the states that are adopted during the time of civil defense – and I believe that there are certain statutes that were adopted there when danger of a nuclear attack that may relate to state cooperation. But the governor of Maryland should be able to access the Guard of Virginia or Pennsylvania. But we need to start working regionally. I think we're going to see the federal system shifting from a 50-state units into regions and I think those – the region approach is the way that we're going to have to go in the future.

MR. PUNARO: Okay, but before I turn to Frank and Jim, Secretary Marsh, one option to give the governors greater capability – and again, picking up on Dr. Carafano's point – well-taken point about the Guard-Reserve, particularly in the sine curve scenario being the hub of the wheel, you know – one option – people get concerned about Title 32 and Title 10 – Title 32, the federal government pretty much pays all the funds for the Army Guard and the Air Guard in individual governor state anyway. I'm willing to bet 90 to 93 percent of those budgets of forces the governor controls today is paid by the federal government. The federal government pays 100 percent of the –

MR. MARSH: I think you're right.

MR. PUNARO: Army Reserve. I mean, one construct would be – and maybe our next two witnesses could address this as part of your answer – is you could collapse the Army Reserve into the Army Guard and you could rationalize, you know, the capabilities between the two and then, you know, me – you could look at command and control where a governor could access a Title 10 force. But if that's too hard for everybody, one thing you could do is instead of having, you know, multiple Reserve components in different military departments, you could rationalize that. So that's something that I think possibly ought to be looked at as well.

MR. MARSH: And in that regard, General Punaro -- and I have it in my statement – I think we should think in terms of integrating members of the active force into the National Guard in small numbers at company battalion and brigade level. I think that would help reduce this tension that exists between the regulars and the Guard Reserve. It wouldn't have to be big numbers. But I think having those active duty officers and NCOs, in small representation in those units, would do a great deal to – one, increase their understanding of the Guard and Reserve, and also I think it would be a very, very helpful thing to reduce these tensions because -- the Marine Corps has done this. And, in fact, there was a Marine Reserve unit in the Gulf War – an armored company, which is very difficult unit type to handle – had a few Marine personnel in it but it preformed in an extraordinary fashion in the Gulf War.

MR. PUNARO: Yeah, I remember that unit. And you're right, the Marine Corps, of course, is much, much, much smaller than the Army unit so things that you do in the Marine Corp Reserve – probably a little easier. But I think these are things we should seriously look at. Frank –

MR. MARSH: They say you can't do it because of the militia statute but I believe there are workarounds there –

MR. PUNARO: Yeah, Frank.

MR. MARSH: – to do it.

MR. CILLUFFO: Mr. Chairman, to your first question on the long war. Let me pull from my favorite philosopher to quote, Yogi Berra, who was said, the future ain't what it used to be. And I would add to that that I believe it's fair to say since the end of the Cold War, threat forecasting has made astrology look respectable. (Laughter.)

So I would just suggest, that yes, we need to keep the long war in perspective, and quite honestly, we also need to recognize when we're dealing with – it goes far beyond the QDR because this is more than just the DOD mission. The DOD is part of the larger national security mission. I think right now it has been heavily focused on the heavy instruments of statecraft – military, law enforcement, covert action – but we're moving into a new phase where we're fighting not only fire with fire but ideas with ideas, and we need see how we can assemble all these different instruments that can be brought to bear.

But let me also note that the adversary bases their actions on our actions. So state sponsors could pop up when they see us focused myopically on one particular threat and the terrorist threat in particular. If we harden one target – defend against one modality or means of attack, they just come – they look for new targets of vulnerability and soft targets and all further modus operandi. So, I need to just clarify that all of our policies, in a broad way, need to be forward-leaning in that the adversary basis their actions on our successes.

And then when we're dealing with national disasters, I think that, yes, the state and local – the governor is the CEO of his or her state and should continue to be. That is our federalist form of government. That's what the founding fathers had in mind and the definition of our republic and there were wars back then – not hot wars – but wars in terms of how we fund some of the military activities. These are the militias and later on the Army. So I do think we need to keep that into perspective.

But I also recognize you've got to know what's under the hood before you know what to ask of the feds, and I think they're – and I think that Secretary Marshall is right to bring up some of the interstate cooperative elements and clearly regions – I discuss this to death. I think it needs to happen similar to the combatant command structure we have overseas. We need to be able to bring it to the homeland to leverage limited resources and capacities, but also to push decision making down to where situational awareness is most acute. People have to act. They can't wait for perfection.

But we got to remember that DHS doesn't have troops. I mean, there is this misunderstanding. They don't have boots or very few boots on ground. The truth is, is

that DHS is not the Department of Defense. It is really meant to push capacity outside of the beltway to the frontlines, to the men and women who are ultimately going to turn victims into patients and save lives in our state and local communities. So, there are going to be times where we need those troops, and where we need those boots. And it's that question that is a very difficult one and I'm not sure you can have fast rules. I think to some extent you need to have some maneuver ability and flexibility as the situation itself warrants. And here at the interstate level, I mean, we do have the EMAC process, which is where most of the Guard Bureau are integrated across states. But in many cases, they don't even know what their own capacities are to be able to draw upon additional resources. So, I think we have to have an inventory person foremost.

MR. : Sure.

MR. : Right, exactly.

MR. CILLUFFO: And I think we need to move to a requirements-driven system. The old Marine adage: amateurs talk strategy, professionals talk logistics. Well, we've got to get away from, we need 10,000 MREs for three days, blah, blah – we actually just need a requirements-driven system that says we need to feed these people. At the end of the day, it should not matter what color of uniform men and women saving lives happen to be wearing. It's ultimately to have the same outcome.

So, I think another adage, though, that's worth keeping in mind or at least concept is, we don't want to create capabilities that say break glass when something really bad happens. It needs to be something that we do every day and the ability is to ramp up from the ordinary event to the extraordinary event. If we're creating these capabilities that will never be brought to bear potentially, firstly, moral is going to go down, funding is going to cut in the long run and they won't work when that day – when the bad day happens. So, I think that we need to be able to work along those lines and it's going to ultimately going to be state level. There are going to be times in a CBRN event – one really bad day – where clearly, I think, the Department of Defense active duty as well as the Guard and Reserve will probably be federalized.

MR. PUNARO: Great, thanks. Jim.

DR. CARAFANO: Well, let me answer the second question first. I mean, I'm a firm believer in federalism. I mean, I think mayors and governors should be in charge unless they are dead or insurrection. And I think the real question is, is what can we do to facilitate their command better. And again, you know, we looked at this in the Katrina response. And the larger the scale of the disaster, the more valuable and the more essential is decentralized execution.

I think oftentimes people look at the military and they say let's put the military in charge because the military does good things, and they get it exactly wrong. They think the military does good things because there is a general in charge and there is this hierarchical command structure that tells everybody what to do, and that's exactly what

doesn't make the U.S. military effective. What makes the U.S. military effective is we share common doctrine and understanding and we have decentralized execution, and a commander merely states his intent and everybody goes out there and figures out how to do it on the battlefield, which is actually perfect for any kind of all-hazards response.

So the question is really what can we do to facilitate making governors and mayors more effective. And I think one thing we can do – Secretary Marsh absolutely said is absolutely correct – we can make regional responses more effective because large scale responses are going to be regional in character.

If I may, I would like to submit for the record, a report that – Frank and I co-sponsored a task force that looked at a regional organization for DHS –

MR. PUNARO: Without objection.

DR. CARAFANO: How that can effectively help governors and mayors do that kind of integrated regional planning exercises and preparations they need to do, and how we can pull in HHS and DOD into that process as well.

The second thing I do think is we need to look at the education and professional development piece. I think the establishment of the Homeland Security University, in which I would hope the Reserve components, who would play a significant part, could be part of this. It's the same thing as – we need a model of – it's education, assignment and accreditation. That's what makes you purple or whatever color you want to pick for the interagency. So for example, the regional offices that we propose – we would hope that there would be National Guard and Reserve officers assigned to these things, that there would be people from the private sector, that there would be people from state and local governments – so they got a chance to work with each other, so that they all had to go to Homeland Security University or some version of that, so they could all have common education base. So I think that's important.

In regards to your point about the reserves, you know, I've looked a lot at this about merging the Reserves and the National Guard issue. You know, it's one of the things – at the end of the day, I'm not so sure that the bang for the buck is there. But I think you absolutely – and Secretary Marsh hit on the absolutely right thing – there is a lot of force structure in the Reserves, which are ideal for the domestic response. And getting access to them and having the planning and coordination beforehand shouldn't be the long pole of the tent. Secretary Marsh is right. There is a lot of work that has gone on down there now. But it's all ad hoc work around it and everything else and people really cutting deals and shaking hands, really in violation of the law.

I think there is a simple solution to cut the Gordian Knot and it's this: let's modify the law. I mean, you know, if the British can make Queen Elizabeth a man, then we can write a law that says for a large-scale disaster, the Title 10 force can become a Title 32 force. And what we can do is magically transform a Reserve component force in that state, into a force that answers directly to the governor. That way we can do

contingency planning beforehand. We can agree on, you know, what are the triggers that will make this happen? We can do the exercise, the planning, everything else – it can all be legal. We can still have the Reserve be the traditional Reserve force. If these units deployed overseas, it's not a problem because they're all going to deploy under Title 10. So I think that that may be, you know, a simple answer to the question.

Let me answer your first question, which I think is absolutely vital to how the commission should think about this. We actually – Paul Rosenzweig at Heritage and I actually co-authored a book called “Winning the Long War” – long before the president used it in his State of the Union address or before DODs – QDR – so we gave it to them gratis. Bin Laden used it the other day in his tape. Paul, as a lawyer, said, maybe we should sue him for copyright infringement. I don't know about that, but -- (Laughter.) But I do think the long war in the right framework.

And I would like to offer up – we argue there's four good components to a long-war strategy: that you have to have all four of these components in equal measure, and if you have a strategy that has one but not the others, that it's flawed, and you have to do all four equally well. And I think it is applicable to how you think about the Guard and Reserve. And the four are: security. You know, obviously offense because in every war you want to take the initiative, you want to set the terms of the engagement so you have offense. You're also going to have some measure of defense. So it's security offense and defense.

It's economic growth because what enables a state to compete over the long term is the capacity to grow the economy, which just doesn't pay for the security, but also enables the state to meet all its other needs. I mean, we live in a world that's united by networks that carry the free flow of goods – people, services and ideas – which makes the United States great and our allies great. It lifts developing nations out of poverty. But we've got to keep those networks going because that is what grows the economy. At the same time, some day those networks are going to carry bad things to your shores, so you have to be able to deal with that.

So you have to have this combination of offense and defense, economic growth – the protection of civil liberties and privacies of the citizens because what enables the state to compete over the long term is the will of the governed. I mean, it's people's faith – and it's not popularity polls – it doesn't really matter if the poll says, well, 47 percent of the people like the war in Iraq today and 37 percent like tomorrow. The question is do they have faith in the governance in their nation. And they won't if you undercut their civil liberties and privacies.

And the fourth component is winning the war of ideas because all wars are won in the minds of men and women – particularly long wars where there is no final climatic battle or victory parade.

So our argument is, is look at your strategy and it has to have all four components to be solid – security, economic growth, protection of civil liberties and privacies and

winning the war of ideas. Quite frankly, I think the National Guard and the Reserves have enormous applicability across all four of those. We've already talked a lot about the security, which is why, I think, I'm absolutely vehement that whatever we do at the end of the day, it has to be a dual-use force. There's no utility or sense having a Guard that can't go overseas and fight and win our wars. So it has to be a force that's capable of acting at home and overseas and doing both equally well.

I think there is an economic growth piece here, too, to, and it's based on my belief that the military is always been most successful when the structure we had for military service was congruent with the kind of economy that we had, that the militaries that are best are the ones that match the economy, not the other way around. And so, you know, when we had an agrarian society, militias were perfect. I mean, your force works in the summertime when the crops weren't being planted, I mean. So the agrarian society and militia were great.

You know, in the Cold War it was perfect because you had an industrial age economy, you know. Somebody went to work for 30 years at General Motors. They retired from General Motors 30 years later. They went to the same National Guard Army for 30 years. They were in the same unit for 30 years. They retired 30 years later. So, it was perfectly congruent.

But the economy we live in today is very, very different. People move all the time. They change jobs all the time. They telecommute, they go back to school, they get new careers. We need a military force structure that is consistent with that kind of economy. And so I think the real center of gravity there and the real key is this notion of continuum of service. I think if we could do nothing else but if we could embed continuum service into our military force structure, we will have done enormous success because what you're going to have is people that want a couple years on active duty and then, you know, their company changes and they want, you know – they want to go do that. And they do that for a couple of years and then they want it different, so they want to come back in the military.

So flexible career patterns is what's going to grow the economy of the future. Flexible career patterns, also an idea for what we need in the military and it's ideal to be congruent with that. So I think, if anything else, if we build continuum of service into our services and, you know – a guy ought to be able to move from the Guard to the Reserve to the active duty, and healthcare and retirement ought to not be issues for him. It ought to be seamless. And when people can do that, when they can move back and forth between services and between the private sector and the active duty, and they don't have to – and healthcare and retirement don't factor into their decision making – then I think you're going to have people giving you the kind of flexible workforce that you want.

And the last one is on this war of ideas issue. One thing that's really always bugged me is this, you know – we've got these National Guard partnerships – these state-to-state partnerships. These are enormously successful programs that have huge bang for

the buck. A lot of what they do is work on the fundamentally right things, which is governance issues because a lot of these states – what’s really needed is governance. It’s the foundation for economic growth, protection of civil liberties and everything else.

We have these great partnerships. They accomplish a great deal. When we actually wind up going and doing military operations and need support in these countries, we have people that know the ground, that know the people, that know the culture – it’s an enormous benefit. It’s a mission that gets no recognition whatsoever in the budget. It has no recognition whatsoever in our strategic planning. I mean, you know, it is an underrecognized and underappreciated resource. I think it needs to be recognized, resourced and institutionalized.

And again, what you’re going to find is, is that when you have these state-to-state partnerships, the skills that these men and women use when they go over to these states and work – just not on planning and training and education and issues – but they’re going to working on governance and civil society issues, which if they came back and they were in these units that also did homeland defense response and homeland response – a lot of the governance and civil society and negotiating skills and everything else are going to be equally useful. And, you know – and people – and it’s going to be – not only is it going to be equally useful, but it’s going to make them more economically competitive because there is a lot of private sector use for that.

So I do think that the long war is absolutely the right framework to look at it, but I think, again, you know, we have to think in terms of all four pillars – security, economic growth, privacy and the struggle of ideas, you know, and get a good balanced strategy as we do that.

MR. PUNARO: Great, thanks. And appreciate the patience of the fellow commissioners.

I’m going to turn next to Secretary Brownlee. And I might add parenthetically – back in either ’88 or ’89, on the Armed Services Committee staff, with his colleague Dr. John Hamre, the two of them came up with a concept for the National Guard and Reserve equipment account, where Congress was appropriating in excess of a billion dollars a year into that account. Les said, you know, why don’t we focus primarily on equipment that would be dual capable? That we would give these Guard and Reserve units things that would be useful both in domestic crises as well as combat overseas. So he knows a little bit about this, and, Secretary Brownlee.

LES BROWNLEE: (Off mike.) Thank you. I appreciate it very much. First of all, let me thank all of you for your testimony, you’ve certainly given us a lot to think about. Okay, certainly given us a lot to think about and we appreciate it. And, Secretary Marsh, I’m always in awe of being in your presence. Your service to the country is legendary and unprecedented, and I was honored to have served a couple years in the very early part of your eight-year tenure of the secretary of the Army. So, thank you very much, sir, for all you’ve done.

MR. MARSH: Thank you.

LES BROWNLEE: I had all my questions neatly laid out, Dr. Carafano, until you kicked the bucket over here. (Laughter.) I'm afraid I'm going to have to claim part of the responsibility for the structure of the Guard and Reserve into making them look like the active force – and I may not be the only guy on the panel responsible for some of that. (Chuckles.) But some of what you say runs a little counter to some other things that, you know, are kind of accepted as almost truism with respect to military forces.

And you're talking in your prepared statement about transforming the Guard and Reserve and using them – deploying them overseas in combat and using them as well in domestic emergencies. General Blum told yesterday that he had deployed into Iraq and Afghanistan over the last several years, 39 separate National Guard brigades and that's a big chunk of combat power to be able to draw on. And I can tell you that when we were trying to find the units to fill the requirements we had within the Army, that we couldn't have done it without the National Guard and the Reserve Components.

So, when you talk about organizing forces – and it sounds to me like they would be almost organized for domestic disaster or peace keeping functions – it would be units that would not be combat units? Is that – are you saying that you could organize them for combat and they could still do these other things as well?

DR. CANAFANO: They would not be traditional combat units.

MR. BROWNLEE: Okay.

DR. CANAFANO: The overseas uses that they would be most useful for are: counterinsurgency operations, post-conflict operations, and what I call, in theater support, because, you know, when you go into a theater, you know, we build our support structure to take care of our active duty forces. We don't say, well, what happens if there's a CBR event – CBRNE event – what do we do about the civilian populace? Well, the answer is we don't plan for that at all. And then what happens is – the reality is – is if there is a civilian need, we wind up attending to it because we just can't fight the war and ignore the civilian populace, right.

So, you know, in a lot of countries we're going to deploy into, they're going to have very limited capacity in terms of law, the medical, security, and many of these other issues. And so you're going to – you basically wind up fighting a war and doing an occupation simultaneously. For example, this is what we did in France after WWII. We already started, in a sense, occupying because we had to govern France while we were continuing to fight the war. So, these are forces which are not – which combat forces are not ideally suited to do. And the point is – our answer has always been, well, a good soldier is a good soldier. We will take him and teach him the others job and adapt the force structure and that's what we always do. And in truth, that's okay because eventually they get it right.

I mean, I wrote a book called “Waltzing into the Cold War.” I looked at the occupations in Austria after WWII, and part of that I did an analysis of every occupation the United States has ever done going back to the American Revolution. And what I always found is we did them all exactly the same way. When the war ended, we took our forces and then we kind of figured it out as we went along – we ad hoced (sp) our way – some more successful than others. Well, you paint up – but here’s the deal. Sure, you can do that and that’s what we’re doing now, but you pay an opportunity cost for that. And the opportunity cost for that is you are guaranteed that a traditional military unit won’t get it right from the start. And they will take days, weeks, months or maybe even years, to figure out how to do the task properly. And the question is, is are you willing to pay that opportunity cost?

MR. BROWNLEE: Yeah, could I –

DR. CANAFANO: Let me – can I just finish up? In a domestic context, my answer is that’s stupid because if you have a catastrophic disaster and you don’t get it right in the first 72 hours, everything else is irrelevant because your creditability is gone. People don’t want to hear that. We’ve seen what happens in Iraq, when we didn’t have force structures that could get the post-conflict right in the first days and weeks. So, I argue that the opportunity costs for a country the size of the United States – powerful as the United States – that that is just – that is an opportunity cost is too high.

You know, I tell people -- is look at the 3rd Infantry Division. You know, by my math, we used the 3rd Infantry Division about four or five years in a 100 years. I mean, we created them in WWI, they fought for about a year, you know. They fought for about a year-and-a-half or so in WWII. They didn’t go to Desert – they went to Korea, right. They didn’t go to Desert Storm, they went to Desert Storm Two, they went back. So, nobody would ever argue to me, while Jim Carfano, you know, I would say isn’t that a pretty crummy investment? I mean, something you’ve only used five years in a hundred years. Well, you idiot, when we send in the Third Infantry Division, you know, and the national security of the United States is a risk, we want to get right the first time. And I think these other missions deserve equal value -- that we should get it right the first time.

MR. BROWNLEE: The problem that some of us have wrestled with on this is that the size of our forces is limited. It’s never going to be a big as you want it to be. And within those forces, you have to structure for the combat mission because it’s generally expected that while you can take a combat unit and scale it down to do peacekeeping and some of these other things – and you’re right – there is an opportunity cost while they learn how to do that. But what you can’t do is take one of these units that you’ve structured for these other tasks that are not combat, and scale them up and use them in combat.

DR. CANAFANO: See, that’s where I don’t agree. The risk just goes in the opposite direction. You can take these units, which fundamentally will have operational capability, and you can structure them to do some kind of combat missions – obviously

they couldn't be armory battalions, but – and we do that all the time. For example, during WWII we had a huge gas medical force. We had a huge medical capacity that we designed to deal with gas casualties, because we anticipated chemical warfare in Western Europe. Well, we got to the front and we found out the Germans never used any chemicals. So what we did, is we took that force structure and we converted it to all kinds other purposes.

You could do that with this force as well. I mean, at the end of day – which is why you want this to be a military force and not, you know, some kind of civilian force – because at the end of the day he's still a rifleman or a riflemen. If you get into a war, where you need follow-on military forces, you can take this force structure, because they're still going to have basic training and everything else, and you can still convert part of it to some kind of military missions. And again, in a sense you're going to help the contact forces out because a lot of these forces are going to take away security missions and other kinds of missions that we often wind up pulling off conventional combat forces to do.

MR. BROWNLEE: Well, I would only point out that in WWII we had an Army of 8,000,000 and so naturally we structured it to a lot of other things. And as I said, when the size of your force is limited, you pretty much structure them so they can go to combat and then as these other missions occur –

DR. CANAFANO: Yeah, and that's –

MR. BROWNLEE: – you slow down and you pay a price for it.

DR. CANAFANO: Right

MR. BROWNLEE: I agree that you do.

DR. CANAFANO: Yeah, and if you look at the fundamental problems we've always had in our national security, it's not because we haven't fought wars well. I mean, this argument just doesn't cut it anymore. I mean, I heard generals say this every time; that our purpose is to fight and win the nation's wars. But what is winning the nation's war mean? It doesn't mean getting a piece of paper signed. Winning the war means winning the peace. That's part of winning the war.

If you look at the problems that we had in Western Europe, large of them were due because we did the occupation poorly. If you look at the problem we had in South Korea, I mean, the reason why that war happened was because we did the occupation poorly and we presented the North Koreans an opportunity. I mean, we can't dilute ourselves into thinking that because we win a battle, that we've made a great contribution to national security. I mean, if it's a vital mission for the military to do, then it needs to be resourced, and simply making this tired argument – well, our primary purpose is to fight and win battles – that's true but irrelevant. Our primary purpose is to fight and win battles and do all the other missions that were going to be given to make the nation safe.

And in that has to be our answer to the politicians. It's not – we're going to fund this one first because it's the most important – they're all important. And they all threaten our national security, and that argument, I don't think cuts it in the 21st century.

MR. BROWNLEE: Yeah, let me just get specific here on one of the things you mentioned here in your paper. You talk about medical assets. And you describe the medical part as, I suppose, of this National Guard transformed force as having capabilities that would include a medical response that can deal with thousands of casualties on little notice, deploy in hours, assess and adapt to existing structures for medical facilities, and deliver mass care to people in place rather than moving them to clinical facilities – which would require, literally hundreds, maybe thousands of military personnel including doctors, nurses – I guess a unit like this – and meeting these kinds of standards seem to me that it would be difficult to do even with a unit on active status on alert.

DR. CANAFANO: Not if it was structured correctly. I mean, most of that are – most of those skills are EMT like skills. So, I mean, you don't need doctors and nurses to do 99 percent of that. Ninety-nine percent of medical care doesn't get done – doctors are basically dietician, I mean, the diagnosis diseases. Nurses do most of the primary care and in an emergency situation, the first 72-hours – it's mostly done by EMTs. So EMT skills can proliferate pretty widely. So I don't think that the manning requirements are terribly difficult and, you know – bring in the right set of technologies to do that, I don't think is terribly expense. It's just not the way we do business now.

MR. BROWNLEE: Yeah. Okay, let me – Secretary Marsh, I want to go back to this – in your statement you mentioned the information infrastructure. And you said that most of the information resources are in the private sector, and it's important that Reserve Components develop their capabilities in this area. And I just wanted you to elaborate on that for a little bit.

MR. MARSH: This is really looking, kind of, down the road. And I would appreciate you all giving consideration to it and I appreciate, Mr. Secretary, your asking the question. If the commission would look at it – and I'm going to have to give you a little background – when the Murrah Building was bombed in Oklahoma City, which was in 1995, you had a situation here that was somewhat unique. The Murrah Building was a federal building so jurisdictional requirements was immediately satisfied. It was a federal system incident. But either that would come in evaluation that the information infrastructure of the United States was woefully unprotected. Now this relates to all the control systems that control switches and lights and heat and thermostats in plants and other places.

And out of that would come a presidential report called the President's Report on Critical Information Protection that raised really two points. One; the law has failed to keep pace with technology. And secondly; there's a lack of awareness to the American people. And out of that would come Presidential Decision Directive 63, which was issued I think in '98 and that would be supplanted by Homeland Security Directive 7, which in effect charges the federal system to develop the means to protect its information

infrastructure. Most of the information infrastructure is in the private sector. Some is estimated at 90 percent.

But we are moving into information warfare more than is generally understood or realized. The role in intelligence collection is awesome. It often surfaces through other issues like data-mining (sp) that attracted public attention and concern. This is military units are going to have to have certain capabilities in this area. They're going to have to be created. They exist now to certain extent and some of the – (audio break, tape change) -- but down the road we are going to have to have these kind of capabilities in my view, in the Guard and Reserve. And I would hope that this commission, as you look at your task, as you go down the road will assemble some information that relates to information infrastructure protection, and how reserve components can contribute to that. That was my principal concern, Mr. Secretary, and I thank the committee for looking at that.

MR. BROWNLEE: Mr. Cilluffo, you stated in your statement that other deliberative bodies other than this commission looks – it is important that this commission is distinctive from that of many other deliberative bodies in that looks far beyond the here and now to well over the horizon. I agree with that, and some of us have discussed that we ought not to be bound by current laws and, Dr. Carafano, I agreed with you on how to cut that Gordian knot. It shouldn't be hard to write a law that would let Reserve units be brought under Title 32. I just think we ought to be able to do that.

But Mr. Cilluffo, I just wanted to give you the opportunity to mention what you would consider some of the issues that would come under this heading of beyond the horizon, not just the here and now because I do think too often we tend to focus on what is right in front of us, and you pointed out that we had gone from looking at a terrorist act to a natural disaster here in just a few years, and I think that is true. And we may be overly focused on responding to that now as opposed to looking over the horizon.

MR. CILLUFFO: Mr. Commissioner, Mr. Secretary, that is a great question. And obviously there are many pieces to that question. I guess my primary concern is we tend to look through the lens of the particular crisis. And as Americans, we will fulfill and do everything we can to meet the challenge. I am just concerned that there is pendulum that swings. And maybe I was partially responsible for the look to terrorism after 9/11, but quite honestly, I think that those were capacities capabilities and cultural changes that really did need to occur since we historically thought of ourselves as two oceans protecting our country, obviously minus Pearl Harbor.

But I do – what I mean by that is we tend to always look at the immediate crisis. And we actually have an opportunity here to pull the two things together from a dual-use perspective. And to me, response is response is response is response. Give the men and women the ability to act, empower them to make decisions, and make sure that they have the wherewithal to actually respond. The president should never be in a position to turn to the cupboard and find it bare.

And the bottom line here is whether we're responding to bad weather or bad people, the response function itself is in many ways the same. That is not say that there aren't going to be some unique attributes. For example, pandemic influenza or biological warfare agent attacking the United States obviously has very unique requisite capacities and capabilities that would be different than a conventional explosive. And an earthquake isn't a hurricane. So we have also got to recognize that the natural-disaster spectrum is broader.

I guess what I would like to see are what are those dual-use capacities and capabilities that can enhance the war-fighter mission, can enhance the homeland mission, and can enhance the homeland mission to incorporate a broad spectrum, all hazards perspective of threats to be able to respond to fill that 72-hour window as effectively as one can.

And I think that Secretary Marsh's point on some of the infrastructure protection issues are warranted. That is part of that looking ahead. Quite honestly in the reserve components, you do have a number of folks from the IT community that are quite sophisticated in terms of the skill sets that can be brought to bear not only to protect our infrastructures but also look to computer network operations at large in the DOD sense, which I personally believe is a force multiplier, but a very important one of that, and a key component of our intelligence preparation of the battlefield tomorrow.

The terrorists have – they are no longer hanging out in the smoke-filled bars of the Le Carré novels; they are hanging out in cyberspace, and we need to recognize that, and we need to know – and the DOD and the active and the reserve component in particular have a primary mission to protect the infrastructures that they in turn are dependent upon but don't own and operate. They are owned by the private sector that can impede the ability to project power and deploy forces. If there were single-points failure, if there were some of these critical infrastructures that could impede our ability to deploy, the bad guys won because we can't get there.

So that is what I mean by after 9/11, rightfully so, we looked at what capacities existed, what programs worked, what didn't, and what the gaps and shortfalls are after Katrina. We are doing the same. I think we are now in a position where we can actually bundle those together and recognize it's all about response.

MR. PUNARO: Okay, Secretary Ball. And I saw his eyes light up as the former secretary of the Navy when there was talk about creating a naval militia in every state. Secretary Ball.

MR. BALL: No, I think what I was – noted in Secretary Marsh's statement the suggestion that the naval militia of Virginia be subsumed into the Virginia National Guard – that made me wake up. And I apologize, Secretary Marsh, for being late and missing his statement.

But I did want to ask a question on two subjects: regionalism and civil affairs, two areas that I think bear a lot of work. There is a lot for us to digest here. Historically are there any models – and I know of none – but are there any models from the articles of confederation to the present day that lend themselves to application to the missions we are talking about today in a regional – in the regional governance arena. Virginia and Maryland took two years to decide how many lanes should be on the new Woodrow Wilson Bridge, and in areas of economic cooperation, transportation cooperation, some of the basic civil functions of state and local government these are, these are agonizing.

So there clearly is a federal role here in laying some new model in place unless there is a historical model that I am not aware of. And I would like each of you to comment on that in terms of what role there might be for progress were we to make a recommendation in this area, and what are some of the new ideas that should be contemplated? Secretary Marsh?

MR. MARSH: Are you referring just to the Navy militia?

MR. BALL: No, no, I am not. (Laughter.)

MR. MARSH: I was hoping you were because I'm trying to get all –

MR. BALL: Well, you're the witness and you have great liberties.

MR. MARSH: If I can't get to former secretary of the Navy – (inaudible, laughter) – that has got a problem.

The federal system is always an evolving system that addresses these governmental issues as new situations present themselves. Currently we are being presented with this very significant awesome challenge that relates to terrorism. And we have seen the terrible hardships that have impacted because of the terrorists' tactics (?). There is no indication that they are going to go away.

I am of a view in dealing with the kind of Congress – of course you are dealing with the Armed Services Committee principally for jurisdiction. But this is a situation where I suspect every member of the Congress, House and Senate, had got a National Guard or Reserve unit in their congressional district or in their state. And I think that we need to use the resources of the Guard and Reserve to convince the Congress on the efficacy of what we are seeking to do. The Congress, if you lay the case out, will respond.

Where I have – the concern I have about where we are now, if the American people do not understand the American commitment, they will fail to give it the support that it needs. Having members of the reserve components deployed into combat situations brings America into the war. But I also know from the Vietnam experience that if you don't keep people informed, you can come out. And it's overlooked that the withdrawal from Vietnam was forced by appropriation actions with the addition of the

language to a bill that no portions of the funds appropriated herein shall be used to support combat activities in Southeast Asia. You remember that very well.

I think we have to have a concerted national information effort that explains, one, the role and mission or threat we face; and secondly, the structure that we're seeking to create to do that; and three, the major role in accomplishing that that will be done by the Guard and by the Reserves, and it has to be a very sustained activity. So I think reaching the Congress with this is a major mission that we're going to have as we – when we complete these task.

MR. PUNARO: Do you want to jump in, Jim?

MR. CILLUFFO: Well, there are models to turn to, not all perfect. I mean, within the Department of Homeland Security in itself, almost all of the 22 entities that now comprise the department itself had their own regions that they were working for. The U.S. Coast Guard has regions. CDP has regions. ICE (?) has regions. FEMA has regions. I personally feel we – and then you can look at the private sector. Obviously there was a big change in the '80s for maximizing efficiency to not try to do everything out of headquarters, but you broke out PNLs to get closer to the customers, to be able to improve customer wait time and everything else.

I think that there are some models to look at in the private sector. I also like the model to be absolutely honest that the combatant command structure oversees in bringing that back home. Now the political challenges are obviously going to be a heck of a lot more difficult in terms of working with Congress, but there are ways to try to get your arms around that as well. I personally feel we should be building on the FEMA regions. You already have some infrastructure, limited, but you have limited infrastructure and you want to be able to leverage and enhance and build upon. These are widely accepted already as regions.

The challenge is, is – you can also have a state – each state could have a point of contact that could be part of that region so you are not getting rid of their chain of command infrastructure from the state and local perspective. For example, every state has a homeland security advisor appointed by the governor. Every major city, at least the major metropolitan, what we refer to as the – (inaudible) – cities certainly all have a homeland security director as well. So maybe to build on that regional concept and give the state their independent individual would ameliorate some of the political challenges on Capitol Hill.

But I think maybe the best model on the homeland from a region's perspective is firefighting. Firefighters have, in terms of fighting forest fighters, whether in California, Florida, wherever it may be, that has been a most successful EMAC process but has expanded beyond neighboring states to incorporate in most cases all 50 states. So I think there we do have a model we need to build upon. And we need to recognize it's going to take some – it's going to take some political heat, but at the end of the day, it's what the

American people deserve and I think we need to demonstrate the political will to follow the nouns.

MR. CARAFANO: Yeah, I'm not willing to give up on federalism. I mean, I have talked to a lot of state and local officials, and the one thing I do not find is a lack of willingness or intent to cooperate. There is an enormous desire to actually do this regional planning. A great deal is being done. The complaints I get for them are two-fold.

One is they say, well, look, the federal government needs to come down here and see what they are doing. I mean, the major complaint I get from state and local officials is that they feel disconnected from Washington, that policies are coming out, that they are not being consulted, and that they are not aware of what they are doing. I mean, I think that is why Frank and I have really pushed for the regional office because there needs to be a point of contact that is not in Washington where the local states and communities can get together and not just integrate their efforts but explain to Washington what they are doing and get the answers that they need from Washington. So that is the number one complaint I hear: is, hey, we can do this better if somebody would listen to us.

The second is in the area of expertise. You know, again, it's an education issue of not understanding what these different people are doing. You know, we say we take – you know, we want governors to act like generals in battle. We spend 22 years growing a general. You know, we elect a governor overnight yet we expect to him or she to have the same kind of leadership skills that we do that generals have. There simply is not educational structure out there that is providing the common basis of doctrine, understanding everything else.

So, again, I do think that some kind of homeland security education system and some kind of Goldwater-Nichols-type arrangement that just doesn't address federal integration at the interagency level, but also integration of the state, the local, the private sector is a big part of that.

And then again, the first part of that is we need a framework that facilitates cooperation between these states. It's not that there is a lack of willingness there, particularly since 9/11 or lack of intent to do that, but the integration between federal, the federal role and the states and major metropolitan areas role to regionalize their own responses, that is not well suited in the current system that we have.

MR. BALL: Thank you. If I could shift the subject to civil affairs, I know – Secretary Marsh, I know you address this issue in your open remarks. And this is obviously a function that lends itself to these discussions today, and one that the Defense Department has perhaps given more study to than I am aware. But I would just like you to elaborate a little bit on the recommendations you have made on civil affairs.

MR. MARSH: Well – (off mike) – civil affairs is in the World War II. Not well known in the ensuing years during the Cold War, but they have been units of the Army

Reserve. They are not in the Guard. Civil affairs units are representing the United States and in the United States Marine Corps. For some reason, neither the Air Force nor the Navy have introduced these units into their ranks, which we would think would be very helpful.

These bring together an accumulation of extraordinary expertise that may be from somebody in economics, in banking, monetary systems, telephone systems, airport management, management of penitentiaries and other facilities. There are Reserves in those skills. The Army has – and General Keating can add to this – I think they have one battalion of regulars, but it is more of a cadre battalion to serve these other Reserve units which are located around the country. They were called up for the first Persian Gulf War.

The major problem initially was informing the field commanders of who they were, why they were there, and what their capabilities were, but they readily understood and distinguished themselves once they did that. Many of the skills that they have in a broad range of endeavor, human endeavor, are applicable in my view to a civilian defense scenario where you have a catastrophic situation. They are under the special operations command in the Army. But I would recommend, one, that they be expanded to other services; and that, two, also those – that they brought into the National Guard or dual hated into the National Guard.

MR. BALL: And you further mentioned in your statement that the militia clause, amendments to the militia clause, might be one means of utilizing these assets in some orderly way.

MR. MARSH: The reason you would have to amend the militia – the militia guard is related to the Guard only. In order to get the Reserve units in to migrate them in, you would have to bring them in by law into the National Guard.

MR. BALL: Any other comment on that subject?

MR. CILLUFFO: I think that civil affairs function, perception management issues are perhaps the most under appreciated actually of our national defenses and national security. Obviously it's wrought with all sorts of challenges. I think that if you go back to World War II then Colonel, later General Bill Donovan's big dream in terms of what the OSS was to be to support the agency as we know it today was to do precisely that, perception management. He hired mostly the top people on Wall Street who were in the marketing business at the time, as well as financing banking types and was able to tap their talents in support of our national interests. And it would be great to get the adversary to be able to act in a way we want them to without us having to do much militarily.

So I do think that that is wrought with all sorts of challenges, but crucial. That said, on the domestic side, here I think we want to keep it very clean. It's risk communications. So we want to make sure that we don't mix those two baskets.

MR. CARAFANO: I mean, I think the secretary is absolutely right. I think there is – there are many capabilities that civil affairs units have that could be structured well to support both dual use, both overseas and at home. So I would be very supportive of that. I have been very concerned about the Army's notion about rebalancing in a moving force structure into the active duty. I think particularly in the civil affairs area where I think this is a core competency which absolutely perfectly fits well with the Reserve or even the National Guard units. It doesn't really fit well in being in the active duty, and I think that the approach that DOD is taking is wrong-headed. I mean, if we needed more civil affairs officers, which we obviously do, to me the responsible answer would have been to grow the core and the Reserves and the Guard, and not to move more force structure in the active duty because I think this is simply one that just make so much sense that this is a capability that you want your Guard and Reserve because the skill sets match, because of the dual-use capability overseas and at home.

MR. BAL: Thank you, Mr. Chairman.

MR. PUNARO: Thank you, Mr. Secretary.

Our next questioner will be commissioner Larry Eckles.

LARRY ECKLES: Good morning.

In your written and verbal testimony, Mr. Cilluffo, you have indicated that you feel the chief of – the National Guard Bureau should be elevated to the Joint Chiefs of Staff level. I would be interested in hearing what the remaining members of the panel think of that particular recommendation.

MR. MARSH: I have not studied it that much. It is worthy of consideration, but I'm – for me the jury would be out on that. I have less of a problem with the four stars than I do membership on the JCS, and I don't know whether that is a good mix. And I may be wrong, I may be wrong on that.

MR. CARAFANO: Yeah, I think it's a mistake to combine operational responsibility and staff responsibility. I mean, you know, we have built the JCS and we have built the National Security Council to be primarily policymaking advisory staffs and not to be operational. And I think when we migrate operational capabilities in the JCS, that fundamentally we are making mistakes. As a matter of fact, I have been disappointed that some of the DOM stuff which moved out of the Army moved to the JCS; I would have much rather have just seen them move lock and stock over to NORTHCOM and not have the JCS in that business whatsoever.

So if we move the National Guard into the JCS, we would be operationalizing the JCS, which I think is fundamentally a mistake. I think – I agree with Frank a thousand percent on what needs to be done in terms of making sure the flow of information, the command and control is strengthened, but I think that is – I would opt for maybe different ways to achieve that.

MR. ECKLES: Thank you. That is all I have, Mr. Chairman.

MR. PUNARO: Okay, our next questioner is Commissioner Don Stockton.

DONALD L. STOCKTON: Good morning. And thank you so much for your help to this commission. Your informed suggestions is very near and dear to all of our hearts I'm sure.

I have a concern. To me it's pretty clear about what your recommendations are here today. But I have a concern about are the National Guard and Reserves organized and funded sufficiently for homeland security? And if the answer to that is no, then I would like to have some specific suggestions where you think we can make improvements. And I would address that to Mr. Marsh and also to Mr. Carafano.

MR. MARSH: One, I do – I am not that fully current on the budget proposals. But I would tell you my view is that their funding is not adequate. I think the funding stream for them in their organizational mode as opposed to the addition of this particular mission, that was tight enough I can tell you. I know the Guard and the reserve components had to tighten their belt under existing budgets. You add homeland security, it just impacts them even more with budgetary problems. The only way to increase that is through the Congress of the United States with a greater authorization within the armed services committee and appropriated fronts by the appropriations committees, which is doable, which is doable. But funding in my view is not adequate.

MR. CARAFANO: I think the flat answer is just no. And the answer is just no. And the answer is no to what? And that answer is we do not have the military forces we need in the United States today to deal with a catastrophic disaster. I mean, if you know – and the question has to be framed exactly that way because we can deal with hurricanes and ice storms and everything else. We can do lots of things.

But if there is a true national disaster on the scale of a Katrina or larger and we do what we always do, I mean, no matter what people say in the state and local governments – you know, this is our job; we have got the emergency responders; they are all here and everything else – when it gets desperate, the first thing they do is they say send in the National Guard. And no matter what happens, no matter how we educate people, the next time it happens it will be send in the National Guard. And if it is catastrophic, I can tell you now, we are going to fail, and we are going to fail because we're not going to be there in the first 72 hours, and we are not going to provide what people think is out there from their military and it's not.

The only way that this is every going to get fixed is – this is very simple. I mean, the military funds, that for which is there is force structure, organization, doctrine, and institutions. So if you don't a force structure, a doctrine, an institution, and an organization, it ain't going to get a budget line.

So unless we create, one, a core competency mission that says the military has the responsibility to respond to catastrophic disasters in the United States and other homeland security missions, and unless we pin that on a specific organization, and unless there is a force structure that is readily identifiable under that organization that supports that, and unless there is an institution that builds doctrine for that on how it is going to be employed, it's never going to get funded.

And there is going to have to be both a clear, concise mission, and there is going to have to be a clear, concise funding trail. And we can debate the thousands – whether you do the SOCOM (ph) model and you have dedicated funding that goes directly to a combatant command or else – I mean, we can debate those, but whatever solution you come up with, there have to be three things there. There has to be that clearly identified specific mission, it has to be clearly identified and mapped to a specific organization, and there has to be a clearly identified specific force structure underneath that, that is going to be the recipient of those funds, and that is going to be called that when it is required.

MR. STOCKTON: Mr. Cilluffo, I see you making notes. Do you have anything to add?

MR. CILLUFFO: I did lay much of that out in the testimony and agree with my colleagues here. The one – and just to accentuate a particular point, I do think we do need to be clear that it is at the very high end of the threat spectrum. That capacity – at some point the low end to the threat spectrum to the medium, DHS will be able to enhance that capacity and in time hopefully some of our state and local partners will be equipped, trained, and have the wherewithal to respond to even a Katrina sort of incident.

But what about the high-end threat spectrum? I am reminded of a cartoon, The Far Side, and there were a bunch of dinosaurs hanging out, and there was a comet streaming down, and the caption was “One really bad day.” Well, someone has to be worrying about those really bad days where we are talking hundreds of thousands of lives potentially at risk here. And I am not putting a likelihood on that; it is low likelihood. But the consequences could be so devastating and someone needs to be able to fill that breach.

And there is an annex to the National Response Plan that is being addressed as we speak to deal with catastrophic incidents. And I happen to agree with Jim that there are going to be high-end scenarios where clearly DOD is going to be the only department and/or agency that has the capacity, the wherewithal to respond.

So what I don't want is to see everyone going for that low-hanging fruit. Someone has got to worry about that threat spectrum. Now, in order to do that, obviously you want to ramp up capabilities that have dual use, that have overseas war-fighting missions, but also potentially domestic mission. And, again, that is surge capacity that we are talking about.

MR. STOCKTON: Any thoughts about the funding aspect?

MR. CILLUFFO: I think that all of the proposals that have come out by the Congress, both the House report, the Senate report, and the White House report have assigned greater mission to the National Guard, and I think we need to have a companion budget document because it's great to assign more mission but we need to be able to make sure we can pay for it and translate the nouns into verbs. So I do think we need to increase our budgets for this mission.

MR. STOCKTON: Thank you all.

MR. PUNARO: We have been going here for a couple of hours. If any of our witnesses need a recess, we can take one now. If not, we'll press on. And then I would say if at any point you would like to take a short recess, just get up and walk out and come back. We won't be like the congressional committees where the members come and go and they keep the military witnesses sitting there for six hours straight, so they can embarrass them to raise their hand saying they need a break. So why don't we just kind of – unless you want to take a specific break now, just take a break as you need it, and we will turn to our next questioner, Commissioner General Jack Keane.

GENERAL JOHN M. KEANE: Thank you, Mr. Chairman.

I would like to ask a series of questions and start with I think where the chairman began, with the level of effort in how it's organized. You know, this administration, obviously on the heels of 9/11 has done some major organizational changes in our government. There is a Homeland Security Council that advises the president of the United States similar to a National Security Council. They form a cabinet-level office in DHS that obviously organizes policy but also provides oversight execution. And the Department of Defense organized a command, NORTHCOM, for the defense of the nation certainly and also to deal with homeland security issues.

So my question revolves around what took place when we saw Katrina take place, and I think it has informed all of us certainly of the challenges that would face us if we do have a catastrophic event. And we saw first hand, first responders clearly overwhelmed. And we also saw I believe leaders psychologically, emotionally, and physically drained by the event as well.

And I know that in a crisis, and crisis being loss of lives and time being an issue, that to get something done, somebody has to be in charge, there has to be a command and control support structure for that person who is in charge. There has to be an integrated but also a unified effort that is by its nature decentralized. And if you don't have those things, you are not going to get desirable results. And then obviously the people that come to assist have to be probably organized, trained, and equipped. But that is not my question.

So we saw this event take place, and we saw a federal response to an absolutely overwhelmed local and state response that was exhausted and evaporated. When you

look at that federal response and how we are planning to do – how we did it then and how we are planning to do it in the future, who is in charge of this response? And is DHS a proper agency to be in charge of it when you have a catastrophic event? What is the role of NORTHCOM in that response?

And I know that the National Guard and Reserves are obviously going to be a large role in this, but if we don't get this thing right at the top, it's still going to drive us and have problems with what we are trying to fix, which is where the National Guard and Reserves are. But my concern is that somebody has got to be in charge, somebody has got to organize that effort, somebody has got to supervise the decentralized execution of that. So if you could just comment on that, we'll just start from your right and work our way over and give the secretary the benefit of not having to respond first.

MR. CILLUFFO: Thank you, General. Sorry, I stepped out for a second so I didn't catch all of the questions. But I did – I do think you raised a number of key issues. The challenge here when you're dealing with these sorts of issues that do differentiate it from many overseas missions, to be blunt, is politics. And I'm not talking sides of aisles; I'm talking about issues of federalism. It is a systems-of-systems approach, and everyone has a piece of that role in that mission. The challenge is that if you get too clarified in terms of command and control, it's not asking who's in charge; it's asking who's in charge of what that I think differentiates some of these missions from some of the other missions overseas.

I do think that DHS is the appropriate primary department for making sure the outreach and the in-reach occurs between federal, state, and local partners, and putting together the skeleton for the national response plan, the NRP, in particular. I think that there is a challenge in getting people to be conversant in the same language. There is what is called the National Incident Management system, which is ICS for domestic terrorist incidents and natural disasters. Very few people are conversant, let alone fluent in NIMS.

So for starters, you have to understand your own doctrine and where you fit into that, and how that fits into the larger infrastructure. That said, I think there are going to be potentially going to be days where DOD may have to have – and not only through the reserve components but maybe on the active side, where there could be incidents that cross that threshold. But I think the commander in chief already has that authority to determine whether or not that is the case.

The question is, is are we practicing it? Are we planning against it? Are training? Are exercising? So that is where I think we have a bit of a gap from actually taking that and doing it. It's one thing to talk about it. So I do think that DOD has a role to play here but I think the Department of Homeland Security is the appropriate – initially.

MR. MARSH: General, I'm of the view that we have got a lot of very dedicated and hard-working people in all of the departments of agencies associated with this, doing their best to do a very good job. But I am also of the view that it's not coming together.

The command – if you look at the Department of Defense, the Department of Defense I think in their doctrine on this has two facets – and I suspect Dr. Carafano can comment better than I – homeland security and then they distinguish between homeland security and homeland defense. These are two different functions. To me, I'm not sure I quite understand what the difference is between the two, which is one of the reasons – (inaudible, cross talk).

But Defense controls all of the – by and large, most of the intelligence assets that you – a big part of the intelligence assets that you need. The Department of Homeland Security is something that we need. I'm of the view that we dropped too many agencies in, too many people, too quickly. We have got good people. I think they are hurt by being spread out all over Washington with offices all over the city. I think that for a department or agency there has to be a central focus where people can come together and work together to develop that.

In my view the jury is out on North Command, on the Northern Command, working in this field. If you look at certain evaluations, they have run some exercises but those exercises are – I think really are minimal. They are into a new field. The old – they have a piece of I think the old Army DOMA program. I may be wrong about that, but I know the Army DOMA program, as you pointed out, was moved to the JCS, and then farmed out by the JCS, the Northern Command or –

MR. CARAFANO: Parts of it.

MR. MARSH: Parts of it. So I think what we're doing right now, we are seeing an organization that is in the process of growing pains with good people. I think Frank did a suburb job over there. But I think the question that you ask really needs to be a pressing one addressed by this particular commission and offer some answers to it because I don't know for sure that people know who is supposed to do what. Now, maybe that is an unfair evaluation.

MR. CARAFANO: Well, I think there was a lot of good work done after 9/11 in terms of reorganizing the federal government for how it does its homeland security missions. Unfortunately none of it was applicable in anyway to what had happened in Katrina because they did nothing to address the two things that you need to have in a national response that are uniquely the federal government's responsibility. One is to build a national system, and the other one is to build a capacity to respond to national disasters.

It's odd that – every level of the federal government we insist on having what is called an incident command system, which is exactly what we remember in the military: Somebody is in charge. The civilian side of that came out of the fire service. And the National Response Plan requires that every level of government there is an incident command system in place, except for the federal government, which there is no

requirement for an incident command system where everybody – where there is an incident commander and everybody is responsible to him.

Part of that is a lack of education and knowledge and just plain obstinance. I mean, the FEMA director, Michael Brown, ignored the National Response Plan when he structured his response to Katrina. So he didn't even follow the plan that existed. That may not have made much of a difference because most people didn't know what was in the National Response Plan or understand what their role was. So there is an enormous education challenge there. And again, I go back to some kind of homeland security university, some kind of Goldwater-Nichols accreditation, education thing that addresses across the local, state, federal, and public sector, and the different inter-agencies.

Part of it is a lack of a true ICS system at the federal level. I think this is recognized in the White House. Fran Townsend totally gets this. If you read through the White – her report, there is a deliberate effort in there to try to build an ICS system at the federal level, operationalize federal agencies that don't do this as a normal course of business. Secretary Brown gets this. It's his desire to have the DHS be the incident manager of the federal government and have the federal agencies operating in an integrated way. So they get this and they are moving in that direction.

So the second part, the capacity part though, is there is nothing happening there, and having the federal government to have the capacity to step in, which again, I really think at the end of the day has to be a military capability. It is the right kind of organization to reply in that initial 72 hours. There is virtually nothing being done to close the 72 hour gap in the federal government today.

So I'm more confident about the pieces that you talked about as are they getting their act together in terms of operating in a coherent manner? This White House gets that. They are trying to build a federal ICS system. They get the need for the education piece to that and the professional development piece to that.

The capacity piece to that – I think it's very telling that in the report they say this requires a significant transformation in the National Guard, and then they absolutely make no statement whatsoever on what the heck that means. And the answer to that is very simple: It's because DOD and DHS didn't agree on what it meant. And so rather than kill each other slit throats, they just put this very ambiguous statement there, and that is a battle we'll fight another day. So that it's a battle that still needs to be fought.

GEN. KEANE: Thank you. Another question, different subject: Two of you mentioned posse comitatus in your prepared remarks. And I was wondering if you could comment on, in reference to do we have to amend that statute to accommodate the challenges we have today, or is it fine the way it is? And if you believe we should amend it, then what should we do?

MR. CARAFANO: I'm on record for being relatively silent on posse comitatus. I do like this notion of being able to create some kind of status that we could take Reserve

forces and use them as Title 32 forces without a lot of difficulty, very simply. But I don't think going after posse comitatus is worth the – that there is any gain there that is worth the pain.

MR. MARSH: Posse comitatus in the statute itself provides for the Congress to amend it. Incidentally insurrection status do not apply on the posse comitatus. But the act itself says that Congress can make exceptions to it. They act was adopted in the 1870s. The Congress has done that, but by virtue of some of the amendments that they have made, it has raised some questions of the application of force. This is the reason I think that Senator Warner – he is not particularly advocating change; he is advocating, as I understand a review of the statute to see what it is and to what does it apply. And I think in the current environment, there is – confusion has arisen over the statute and how to apply it, which basically applies to the Army and now to the Air Force, and by directive to the Marine Corps and to the Navy.

But it just basically says you cannot use federal troops to enforce the law, civilian law. And I believe looking at the statute or being able to explain better what it does or doesn't do would be helpful because people are confused by it and perceive that it does something that it doesn't do.

MR. CILLUFFO: Just to build on, Secretary, I think it is – it is an issue of explaining what it is and what it isn't. I think it is somewhat of a smokescreen, to be absolutely honest. It has been yielded and utilized when it's in certain individuals' best interest to wield that. That is not to say that the meaning behind posse comitatus is not significant because it is. There are good cultural reasons, and as a federalist, I believe in our federalist form of government; I appreciate that.

But when we looked at the role of the military and the prosecuting or helping in the campaign on the war on drugs, posse comitatus was waived around – to me it's sometimes used in ways that it's not actually limiting our ability to do certain things or not do certain things. The only thing in posse comitatus that – it doesn't let the military engage in law-enforcement activity. It doesn't have anything to do with providing situational awareness; it doesn't have anything to do with providing transportation assets and resources for air evac or for bringing supplies in. And people use that I think to some extent more than it really does limit.

But that gets down to – I'm not sure – it comes down to a history lesson to some extent explaining what it is, what it isn't, and then raising awareness. So does our federalist form of government. You would be shocked at how few people actually have an appreciation in our country and an understanding of our history for what that is and what that isn't.

GEN. KEANE: One more question. Could I ask another question, Mr. Chairman? Thank you. I was really intrigued by – I think all of you mentioned state defense forces. And just being frank with you, I had really not given it much consideration myself, and it's an intriguing concept. So I was wondering if you could

just expand a little bit more for me in terms of how you would see they are organized. And I understand clearly it's a voluntary organization, it belongs in the state, but what would be the federal role in connection to those forces so that they would be used in an organized responsive fashion?

MR. CARAFANO: Well, I think that the principal federal role is in creating training opportunities for individuals. There could be some role in terms of equipping. There is equipment that you could cascade down to these units. We already do some of that. Certainly it's an accreditation in creating national standards for who is involved, what kind of background checks they have, what kind of – the classics that we all know – task conditions and standards. And so I think it's fairly modest. I mean, I think you hit on the key points. They still should be voluntary and they should be structured to meet the needs of the state. That is the primary purpose and function they have there.

But the federal goal is to have a certain baseline, one, because that will facilitate regional cooperation, so when you have a state – and we do this now, for example. I mean, there are state defense forces in Texas that were deployed in Louisiana so that as they deploy from state to state, that you have some degree of confidence as they move back and forth that they have some utility, and also so when other groups roll into the state they know what to expect.

So I think it's relatively modest. There has always been this kind of odd relationship between the National Guard and their state defense forces. In some states there are very warm relationships; they recognize that there is a need for one another. Some states look at them as competitors and the National Guard and the state doesn't like them, pushes them off to the side. Says, you know, I don't want to hear about you guys because they think that any nickel you spend on the – the state spends on those guys – a nickel that they are not spending on the Guard so there is an adversarial relationship.

And they are very uneven as you go through the states. Some of these are just clubs still. Some of them are very, very effective – the New Jersey National Guard. The New Jersey Naval Militia was principally fundamentally responsible for organizing the maritime evacuation from Manhattan; I mean they were fantastic.

So I think it's a modest role. There is I guess just basically two things that we are not doing now that I think we need to do. One is that there needs to be a clear recognition from DOD, that these things exist, and a clear effort to integrate them in part of the big plan. And then the second thing is they are going to have just as much utility for homeland security as they are for DOD. So there also needs to be this kind of joint partnership between DOD and DHS in nurturing these organizations.

MR. MARSH: General, the state defense forces really came into being in the early 1940s, principally; not solely, but principally, when they activated the National Guard units of the United States. And that left the communities without the Guard unit that they were used to having. And so they were organized units – probably maybe 30 or so. They were uniformed. They got either their own National Guard uniforms or other

types of uniforms. They were organized and were perceived to be the auxiliary or backup force for a National Guard that had departed. So there was statutory authority to do that.

They have continued on. Some states, as the doctor said – very, very active; some states almost non-existent, but they are provided in state law. Many of them are veterans. You also find they are veterans who are past retirement age. You will find people in their 60s that are in these; you may find youngsters that are 16- and 17-years-old in the units. But they do provide a very valuable function and they vary in state to state as to what they do. If Virginia has a very active and rather large state contingent, but they – this is where the militia clause – they come out of the militia clause of the Congress – of the Constitution.

This is where the Congress and where this commission could make a recommendation about these auxiliary, our state defense forces, and prescribe their uniform and their training – they will never need a great deal of equipment unless you want to move them into heavy hitting on recovery missions in homeland security. But they are there as a resource – men and women belong to them, and they are a valuable asset that needs some help and direction and modest, very, very modest assistance, in my view, from the Congress.

MR. CARAFANO: Can I just add one point? I'm sorry.

Part of the reason why you want to do this is to get the National Guard out of this business. I mean, the one thing I think we do have to be careful – I think all of us advocate there is an important role for the Guard here in homeland defense. None of us think it's a good idea that the national Guard do this every day because we don't want this situation where there is a cat in a tree and the mayor go, well, let's call up the National Guard because we know what is going to happen. If state and local governments can depend on the federal government providing services, they are going to under-fund and undercut their own services.

So we really do want to keep the National Guard focused on the catastrophic. And one of the ways to do that is, look, if you have got a good SDF, there is a lot of these ancillary missions at the lower level, which is FCF can do much cheaper, more effectively than the National Guard unit. I mean, let's save the National Guard for more serious business.

MR. CILLUFFO: Nothing – I think they both covered it a lot better than I could other than acknowledgement is important and the – to identify as part of this tree in terms of understanding where some of these resources that can be brought to bear in time of crisis. I think that they should be recognized and accounted for. I mean, part of it is also in listing in other ways to America's cause. So I think that it's one of these – and I'm not sure we have fully tapped into all of the men and women who want to enlist to our country's war. And I think this is another avenue and venue and they should be recognized for it.

I don't put – again, you can't have one-size-fits-all. California has actually got some interesting issues going on in the naval side right now. But I think it's acknowledgement; it's another resource, and it doesn't – as Jim said, it takes away from some of the missions, or it doesn't force the Guard to take on some of the missions that others can handle just as effectively.

GEN. KEANE: I want to thank you for your testimony. I personally think it's very helpful and productive. I appreciate it.

MR. PUNARO: Our next questioner is going to be the co-chair of our Homeland Security and Homeland Defense Subcommittee, Commissioner Stan Thompson along with Commissioner Wade Rowley. They are our co-chairs. Secretary Marsh, since we're chartered by the Congress, we kind of organize the same way. We broke down into subcommittees and we have a subcommittee on homeland defense and homeland security. And they have done, along with the suburb support of our lead staffer in this area, Kate Pane (ph), all of the preparation in a lot of the pre-hearing work to get us to this point. And they certainly have a tremendous amount of follow-up work with this, as Jack Keane, has pointed out, really compelling testimony with a lot of great ideas and recommendations that we have heard from our witnesses here this morning. So, Stan?

J. STANTON THOMPSON: Well, Secretary Marsh, I am going to take on the naval militia here.

Secretary Ball, I'm a retired naval officer and I have had conversations with Lieutenant General Blum, chief of the Guard Bureau, and he flat opposes the growth of a naval militia. I have had a – prior to be appointed to the commission, I had an opportunity to speak to the commander of the New York Naval Militia at some length, and he is on the complete opposite end of that spectrum, who proposes that there be a network of volunteers because I understand the New York Naval Militia is a volunteer organization, no salaries attached to that or personnel overhead. And he is at the opposite end.

What I would like to ask you all is that where do you see the Navy and the Coast Guard's recurrent reserve component unable to – where do you see the seems in those existing force structures to do what you perceive a naval militia might do?

MR. CARAFANO: Well, first let me point out that the United States code specifically authorizes the Navy Militia, as does the code of Virginia, as does the code of many other states. The first Navy Militia unit was organized in Massachusetts in about 1890, and functioned, and went into the Navy in the Spanish-American War, and took part in that. The Navy did embrace the concept because I think in 1911 or 1912 there was a bureau or department in the Navy for militia, which with World War I was subsumed by the creation of the Naval Reserve. And I think the Naval Reserve program came into being about World War I, and then continued after the war.

As I would perceive the Navy Reserve, who are active, they would continue on. But I'm not sure that I see the Navy Reserve or Coast Guard Reserve performing these kinds of militia-type functions in port security. The port security situation is a very significant one and it is a very real danger. And to the extent that we can develop a greater capability to safeguard those ports I think that we should and it would give people who have served in the Navy an opportunity to come into a Navy militia unit or Coast Guard unit, which would be very helpful.

Let me make a comment which is only indirectly related to this, but one I think the commission should know. I think it's helpful to know what is the population of the veterans force is in the Guard, Reserve, and other units. No one can tell you how many – what percent of Guard units are veterans or Reserve units or veterans, and yet I think that is a very, very vital statistic to know. Now a personal reason to that is that the separation system that you have from the active force – we have many veterans in the Guard, Reserve, all services. We have Marines in the Army, you have Army people in the Marines, but it is a rich mix, but nobody can tell you how many. I think knowing how many is a very significant statistic because it enables you to evaluate the quality and the expanse of your force, particularly with your – with the number of soldiers and service people who are coming out of the Gulf War. But you can't do it.

Now, I think this commission should ask the Department of Defense to establish a system to do that. The reason for it is the recruiting chains are different. An Army Reserve recruits one way. The Army National Guard recruits another; there is a different chain, so it's hard to track, but it can be tracked. But the Navy-militia concept is simply another effort to reach out and bring into the service a very, very vital component to address one of the greatest threats we have as Dr. Carafano referred to, it's probably one of the greatest threats we have in the country.

MR. THOMPSON: Do any of the other two panelists like to –

MR. CARAFANO: Yeah, I mean, I would just like to amplify my previous comments. There is three reasons why I think it's a good idea. First is that there are legitimate state maritime security missions out there that didn't exist 20 or 30 years ago that need to be met. The U.S. Coast Guard is a federal force and it's working on federal missions. There are legitimate state missions. Some states have Naval militias, but there is a distinction between a Naval militia and a land militia. There is a certain degree of capital investment of Naval militia that is probably really for most of these states to actually have a sustained and useful and capable force. And so I do think that you're going to have – if you really want a naval militia that can really bring capabilities to the table, it has got to be some kind of National Guard force because it's going to need some kind of federal investment.

MR. THOMPSON: Well, the Naval Reservists and the Coast Guard Reserve are kind of threaded and networked throughout all of the 48 continental states if we are looking at that medium. Would the Title 10 sailor being able to work in a Title 32 environment solve the naval militia state issue?

MR. CARAFANO: It would help a lot. I have actually been an advocate for taking the Navy out from posse comitatus because I don't really think that it is a prohibition that really is very meaningful. It would actually clean up a lot of the battlefield. So that would help. This would be another way to do that, to have a Navy Title 32 which would also address all of those issues.

The other thing is the Coast Guard and the Navy Reserve are busy, and they are going to get busier. And the question is do we want them focusing on federal missions and the answer is I think yes. And the question is how do we help the states do their job, and I think that is the answer. And, again, the third point I would make as I mention before is more and more brown-water missions. I mean, we are – I think the Navy – you know, I still think there is a need for a navy that does sea control and guaranteed access to a theater. And I think that is where the U.S. Navy should be putting – which already has enormous challenges in terms of funding and resources and everything else; that is what they need to be investing in; that is the great need of the nation. That is what we need our navy to do. But there are very legitimate brown-water missions out there in riverine forces, in port-security assistance, and other things.

Quite frankly, I think that the right force for that is really the Coast Guard. And we shouldn't be building the Navy down into this – into the littoral issues, into the constabulary militias; we have the Coast Guard there. And the question is the Coast Guard can't be everywhere and do everything. So if we are going to have the Coast Guard have a more prominent international role in these constabulary force structures, which I think is appropriate because many places we go in the world, people don't want to operate with the Navy. I mean, when you bring the U.S. Navy in, there are all kinds of political implications to that. You know, if you have U.S. frigate in the Malacca Straits, it says one thing, but if it's a Coast Guard in the Malacca Straits nobody care.

So there are many of the international situations in terms of training develop and sea control and piracy and everything where we need the Coast Guard out there; we don't need the Navy out there. But that raises a question of who is going to take care of the mission at home. And I think the right answer is you have a Naval Guard. And then of course then if you have a search requirement overseas where you have a large mission where you riverine force or something, then you can bring these guys on active duty and use them to do these constabulary missions overseas as well.

MR. CILLUFFO: Nothing to add except to one point that Secretary Marsh brought up, and that is not knowing how many of our reserve components are veterans. You almost need to ask the next question also, is how many of our reserve components are also first responders and who will they then be responsible to in the event of a crisis. So I think you have an inventory question there if you have a guardsman or woman who is also a firefighter and has some responsibility at the local level or at the state level. That is the next level of questions I think you guys may want – the commission may want to try to address.

MR. THOMPSON: Thank you, gentlemen. That is it, Mr. Chairman.

MR. PUNARO: Okay, Commissioner Wade Rowley.

WADE ROWLEY: Thank you, Mr. Chairman

Yeah, I'm just sitting here thinking there is so many questions I can ask them but I want to try to keep it down to one. You definitely have expanded my avenues I have to think now this morning.

One of the things I want to focus back on again is the Title 10, Title 32 problem. And one of the problems that is definitely in the news right now is border security and all of the issues with it, not so much from the illegal immigrant issue, but terrorist issue. It has been defined in the past I guess, like you said before, depending on what's to the advantage for the day, but we have been playing this Title 32, Title 10 game along in the Southwest border in the Northern border for quite a while. And I like I say, depending on who you talk to, what opinion you get.

It seems to me right now it is perceived by this nation as a law enforcement action. Yet, when we have a plane fly into the World Trade Center, it is a war on terror and a federal defense action. How do you see the defense of terrorism on the border? Do you see that as a defense action? Do you see that as a law enforcement action? If it is a defense action in order to try to prevent a terrorist from coming into the United States, does then posse comitatus not apply? Are we defending our border or are we enforcing the law once they cross it? I would like your thoughts on that.

MR. CARAFARO: If I could start, I mean, first of all we have to realize that virtually every known and suspected terrorist that has ever come into the United States has come in through a legal point of entry or exit. And so this notion of terrorists sneaking across the border, I mean, it's an enormous amount of resource that you're talking about. We're talking about something that could be a one-in-a-lifetime event. And so everything has costs.

So when we talk about where do you get the biggest bang for your security buck, I mean, I think putting vast amount of resources across the border to catch a terrorist is going to infiltrate across the Southern border, and actually much more likely the Northern border – is a lot an awful lot of money for a very, very, very low return.

So I am not so sure that the way – we have argued that you do border securities – you have to have a comprehensive solution that looks both at internal enforcement in the United States, border control, and what you do with the state of origin and the state of transit because the real goal there is – the real national security issue is you have 500,000 people that come across the Southern border every year. The problem is they are all just dots. So the guy looking for a job at Wal-Mart looks just like the child molester and the murderer and the gunrunner and the smuggler and everything else.

You can't throw enough money to catch all 500,000 dots. And so what happens is cops and law enforcement, they want to put the most resources on the most dangerous people. So what we really want to do is shift the flow across the border through the legal points of entry and exist where we can screen people appropriately. That is going to require a combination of workplace enforcement in the United States, legal ways for people to get here, some border control, working with governments in Latin America both to regularize their migration policies and also to grow the economy so their migration pressures are less. So that is a huge comprehensive solution in which none of that really resides in DOD in which there isn't really a huge appropriate role in DOD.

Is there a place for the military to help out in border control? And I would argue primarily it's in these SDFs. There are – there are states – every state is unique and every border is unique. There are some state areas where the border patrol and – they could use civilian help, absolutely; there is no question about that – and that people that want to help out can help out, absolutely. I think it's a great idea and it's what this nation is all about, helping out our neighbors.

But the question is just like in a disaster response or any other thing, if you have a volunteer group help out, you want them to help out in a controlled and positive way. You want to make sure that people are accredited, that they are safe because let me tell you, the more security we do on the border, the less safe the border is going to be. And some guy sitting out there in a lawn chair and a pair of binoculars who thinks he's – he is going to – people are going to start shooting at him when they realize that he's cutting into their revenue flow.

So you want these people to accredited, safe, managed, just like when people show up at a disaster scene. So I do think that there are enormous opportunities under the banner of the SDFs to have volunteer, to have supplement border control that way. So I think that is the most positive venue. But in terms of putting additional military assets at the border, I think it's not – the bang for the buck is not there because the answer at the end of the day is in not trying to create a wall in the Southern border; it's in dealing with the migration problem from South to North.

MR. CILLUFFO: Excellent set of questions, and here I do think you have got sticky – depending upon who you ask the answer may be different.

Let me take it a little differently. I used to tell a bad joke: If you want to smuggle in a tactical nuclear weapon, just wrap it in a bail of marijuana because our ability to seize drugs are not as great as they should be. So I do think that there are some vulnerabilities here that quite honestly the adversary can exploit and arguably may exploit.

That sad, that is different than the enforcement of the border itself and the ASMAS (ph) and the intelligence assets and resources that I think can be utilized beyond our border. Here I think there is an awful lot that the military – whether it's through UAVs or other technology that can be much better utilized with other sorts of platforms

for collection, that can be a much more important and significant role, short of actually militarizing the border.

MR. CARAFANO: Could I just add one point to that –

MR. CILLUFFO: Yeah.

MR. CARAFANO: Because there is an excellent model on this and that is the JIATF model, the joint interagency taskforce model.

MR. CILLUFFO: Absolutely.

MR. CARAFANO: They do a fabulous job. They do such a great job now that the limit that – they get twice as many hits as they have assets to respond. They can have twice the number of ships and airplanes that they have now, adding Coast Guard, Navy assets, and foreign Navy assets, and they would still have hits that they can't address. I mean, they are so effective in intelligence and information sharing that they don't have enough resources to catch all of the stuff they see. So I think the JIATFs are a great model.

Now, if anybody want to do anything in terms of border control, what I would suggest is that we look at the JIATF models, which are now primarily involved in drug enforcement, and we ask the question of what is the reason why we can't grow this model to address other transnational threats. Why can't we do what we do in the drug world with the JIATFs and do the same thing with illegal – with human smuggling, do the same thing with arms smuggling, do the same thing with terrorist travel. So I think expanding the mission of the JIATFs to address these other mission areas, that to me makes an awful lot of sense.

MR. ROWLEY: I concur.

MR. MARSH: Mr. Commissioner, in response to your question, as I mentioned earlier, the Department of Defense divides its mission into two: homeland security and homeland defense; they make a distinction. Under their definition of homeland defense, the border control situation involving a potential terrorist would be under homeland defense and would be a defense mission.

What you might want to get the commission to supply you with, there is a paper on this, "The Homeland Security Department of Defense's Role," published on the Library of Congress, which researched this issue I'm sure for the Congress. And you might find that very, very helpful.

MR. ROWLEY: Great, thank you.

MR. CILLUFANO: Could I just expand to – because – I mean, obviously when you're talking the conventional NORAD missions and when you're talking CAT (ph)

programs, clearly that is in the domain of the Department of Defense and I would argue should continue to be. I'm not sure a civilian who hasn't been in the circumstances some of our military officers are, even if they are given a command to – simple as pull a trigger, they would have the wherewithal or the moxie to do so. So I do think even in the non-NORAD sense, the CAT programs and the like, should clearly continue to be a Department of Defense Mission in the homeland defense lens.

MR. ROWLEY: Yeah, the reason I bring up that question is because there is an expectation from two different trains of thought of how that situation needs to be dealt with because there has been a substantial efforts from National Guard and even the active forces on the border in the last 15 years. I have been quite involved with it. But it has never really been – we have never been able to really define what that role is and what I was after more is what do you see the military's role in those types of missions will be in the future. I see civil support to law enforcement as being a continuing role and a continuing role of those regional areas based on the types of threat in those regional areas for the military. And one of the things we're going to have plan is how we integrate those into the civilian law enforcement arena to get that done. So thank you very much.

MR. PUNARO: Commissioner Gordon Stump.

GORDON STUMP: Good afternoon.

If we could get 4 percent of the budget, of the GMP, then we wouldn't have to have all of these problems of what we're – what is going to happen. And this commission could recommend – oh, let's do this and that; it will work out fine. Well, we all know that is not going to happen, and in fact the Army has been given another \$25-billion bill out there.

Unfortunately a lot of our plans are not driven by doctrine, but are driven by budget. The QDR was going along just fine until they decided how much money they were going to be able spend on the military, whereupon we went from 77 brigade combat teams down to 70 that we only needed any more because it was a budget-driven-type process.

Now, we are working with the Guard and Reserves, and it would seem reasonable to me that if in fact the real-life and what is really going to happen out there is that you're going to have a flat line, you're not going to get any more money, then it would seem reasonable to move missions from the active-duty side into the reserve components and not cut the reserve components.

There is a plan in the Air Force side where they are going to take 14,400 out of the Air National Guard, 7,700 out of the Army Reserves in '08. But I believe in '07 they are adding numbers to the Air National Guard and we're going to turn right around and take them out again in '08. On the Army side, they took \$780 million of their budget shortfall to take 17,000 in strength out of the Army Guard and try – a force structure down to 324.

So I guess my question to you, Dr. Carafano, since you're a retired Army guy with the realities of what is really going to happen, when we talk about rebalancing the force – and I know there will be some risk in doing this, but what force structure do you see that we could take from the Army and move to the Reserve component to meet this top line. And if any of you have any ideas on the Air Guard, I would like to hear that too.

MR. CARAFANO: Well, I mean, let's not delude ourselves. If we don't spend 4 percent of the GDP on Defense for the next 10 or 15 years, this force is going to go hollow just like it did in '73, period. And there is nothing that is going to stop that. You cannot finesse your way out of this problem. You can't stretch out F-22 buys. You can't close armories. There is no way to manage your way out of this problem because there is just simply not enough money to square the circle. So I think we have to make that clear to the American people, that, look, if we don't spend 4 percent of GDP on Defense, we are going to wide up back in '73 all over again. And the next war, whenever it is, you are going to send your kids into battle and it's going to be another Taskforce Smith. I think we just have to tell people the truth.

Now, the second point I would make is I think having said that, we do have to be careful about retaining force structure for the sake of retaining force structure. I mean, there is a lot of inefficient and unnecessary force structure equipment. And politicians have been quick to say, oh, you can't get rid of that; you have to hold on to that because you might need it, whether it's F-117 or some of the fighter force in the Air National Guard, or, you know, U-2s now. I mean, everybody has got a reason why you can't decommission the stuff in their district that we should hold onto that. So have to give up on this notion that we have to keep this stuff. We have got to get rid of this stuff because it's not cost efficient, cost effective to keep it. What we do us we have to make a commitment where we do that is to reinvest that money in those spaces back into the force.

And I would agree – and that is why I basically call for – we really have to restructure the funding paradigm because as we risk going hollow, the question you have to ask yourself is what is the most important thing? And the most important thing is what keeps the flexibility and the expansibility of the force, and it's the reserve components. And so the reserve components have to be funded first, not last.

You know, I guess the question is in terms of Army force structure, I just think rebalancing is a bad idea. Nobody has ever explained to me why it's not more cost effective – if you need a guy, if you need two guys instead of one guy, nobody has explained to me why it's more cost effective to put two guys in the active force as opposed to putting five guys in the reserve component force. It seems to me it winds up in the end of the day costing about the same, and, oh, by the way, your surge capacity is five. When you put another guy in the active force, your surge capacity is two.

So actually I would actually love to see a lively debate about what force – instead of arguing about rebalancing, I would actually love to see a lively debate about what

force structure we should be moving into the reserve components. I think that would be very, very interesting. Certainly anything that had anything to do with this homeland defense, this dual-use force that I talked about, that is deployable overseas and home I think would be a likely candidate for that. So I do think that there would be an awful lot of force structure in engineers and NPs, in civil affairs that would be much more robustly present in the National Guard than they are now.

MR. STUMP: Thank you. Mr. Chairman.

MR. PUNARO: Okay, Commissioner Jimmy Sherrard.

JAMES E. SHERRARD, III: Thank you, Mr. Chairman, and I thank each of you for being here this morning.

Mr. Secretary, it's great having the chance to see you again. I must tell you publicly that my three years having the opportunity to work with you on the Reserve Forces Policy Board was probably one of the best assignments I ever had. And I really felt like we did some great things, and it was strictly because of your leadership and your perseverance to make sure that the right people were available for us to talk to. I will always remember those really, really good days, and some very trying times between '90 and '93.

The questions we have been running and mine are – some have been answered, but I want to ask them to just get it on the record because I heard just now – and I think we are all saying the same things.

But in order to meet the global requirements to include the home front, are we in fact – do we have the proper manpower authorizations for our reserve forces and our active forces?

MR. MARSH: Go ahead.

MR. CARAFANO: Well, I think no. I think the answer is no. I think generally our force structure levels are acceptable. I would like to see actually slightly higher number – I mean, if we are going to grow force structure – and I do think there is an argument to have some modest growth in force structure, particularly in the land combat forces. I would actually rather see that in the reserve components and the active force. I think there is still a good deal of space in terms of restructuring force structures.

The other point I wanted to make is I don't want to be perceived that I'm on the record for saying that the National Guard should not have traditional combat responsibilities. I mean, I think that they should, and that is absolutely essential, and that the expansion of the combat force is – you know, still needs to be there. And I'm not advocating that that mission be eliminated. I think you're going to have both of these mission be largely present in the National Guard, both a combat response force and the kind of forces that I have talked about.

MR. MARSH: I agree with that. Actually I suspect that that probably one of the best persons to answer this question is General Keane really because of his background experience in the Army.

I think we need more people in the armed forces. And by that I think we need more people in the Reserves. The thing I think we have to watch on the Army is the Army goes through this reconfiguration and FC, full combat support. Well, that impacts in an adverse way on being able to maintain Reserve capabilities of Guard capabilities in the Army.

I don't know where we are on the air. I believe that – my experience with the air is that it is absolutely essential to maintain that airlift capability. For these missions I'm thinking more in terms of the airlift capability than I am the fighter capability, which I'm beginning to phase out anyway. But I don't know on the air side, and you probably know better than I whether or not we are growing the air capabilities that we need. I'm inclined to think not.

MR. SHERRARD: Okay, sir. The follow on to that, and it ties into I think Secretary Marsh particularly – one of your opening comments. With the operational use of the reserve forces and the way that they are going to be utilized and what they are – what they are portraying now as the model of the future is this one-year mobilization in every six. How reasonable do you think that is as it relates to family and career paths for the members?

MR. MARSH: Well, General, that is a major consideration. And I think the paradigm is active one-year deployment, two at home; and Reserve, one in four years; and Guard one in five.

At this point in time, I'm not sure we know what the fallout is going to be by these intensive overseas deployments, Guard and Reserve – and also the regular force. The reenlistment I think has been holding awfully well, but whether or not that is going to continue to hold in the Guard and Reserve, I don't know, and there are two drivers there. As you know, one is family driver, and the other is employer driver, which I raise questions – I think that on the employer side, we'll do what the French – what the Swiss are doing, give tax incentives and benefits to those employers employing military personnel or Guard personnel.

But I would be interested in some of your views on that. And I also remember the contributions you made on the Reserve forces policy board, and it's good to see you again.

MR. SHERRARD: I had nearly as much as – (unintelligible) – so it's worked out real well. Other comments from the other two distinguished gentlemen? Okay, if not, I have one last one. And that would be – I understand your point about you want to make certain that the National Guard retains their combat capability, and we certainly all

advocate that because I think – I agree with you: To have a separate force would be very, very expensive. Maybe it may work, but it would be very expensive.

But I am concerned in the way that our budgets are put together today with it appearing that – and again I'll have to couch the word. I'm going to say homeland security. Who has got the true responsibility for what we're doing within the – it's a split between DOD and HLS. The fine line is the Army and the Air Force, the Navy and Marine Corps can fund and go after combat capability, but who is going to make sure that we are also prepared to do the things at home? Is that a NORTHCOM point of endeavor, should it be a shared DOD and Homeland Security? Where do you actually think we have to hang that so that we ensure that that money is available, that they in fact can have the vehicles, the bulldozers, whatever it may be that the governor says he or she has to have in order to do the things that they need to do to defend and to protect their people in the event of a catastrophe.

MR. CARAFANO: I mean, you're absolutely spot on that it's not being done now. If you look, for example, in the federal budget that comes out each year and they differentiate federal spending by Department for Homeland Security spending, and you look at the numbers in DOD, they look very large. But what most people don't realize is that virtually all of that spending is critical structure protection, and it's critical infrastructure protection of DOD facilities. That is true for most of the federal agencies.

Most of the federal homeland security funding that you see in most federal agencies is really for them to spend money to protect their own facilities; it's not to actually provide a good or service to anybody. So there is no budget line that captures the federal – the defense contribution to homeland security missions by and large, other than the operating costs of NORTHCOM, may be right. So you're absolutely right on that fact.

Well, there is either two ways to do this. One is you create something according to the SOCOM (ph) model, where you create the mission area, and then you create a funding stream to go to the mission area. The other is – is a little more unique is you give the money to DHS and you let them buy the resources that they want, which is, you give the money to DHS, and you tell them to buy those resources from DOD. And so you have a handshake agreement as to what kind of capabilities you're going to provide and what level they are going to provide. That is a model that we don't do very often in the federal government. It's a little entrepreneurial; we don't know, and maybe we kind of lean more towards the SOCOM model

MR. SHERRARD: Gentlemen?

MR. CILLUFFO: I think you hit in large part what is the \$64,000 question. And part of it is, it goes – extends beyond the executive branch to the legislative branches as well. When the department was first stood up, of Homeland Security, there were 88 committees and subcommittees that claimed jurisdiction over this thing called homeland security. The challenge is homeland security is inextricably interwoven with almost

everything we as a government do. You can't codify it and separate it from economic policy, foreign policy, military policy, health policy, science policy, and on and on and on the list goes.

So you do have an OMB crosscut but that only goes so far. You actually do need to look at this thing, look at the issue a little more holistically. And I have come to learn, not too tongue in cheek that we are a three-party system in America. You have got Republicans, Democrats, and appropriators. And we have got to make sure that the appropriators are aligned with the authorizers, and we need to make sure that those committees can actually come together.

I do think there is a need for superceding if not at the leadership level of the houses, the bi-cameral houses, that can try to bring some of these budgets together to get that snap shot. But we haven't even done the basics as far as I'm concerned. I'm not sure we have defined the requirements. I'm not sure NORTHCOM has defined the requirements for what the force structure should look like, and only then can you really get to identify what the gaps and the shortfalls are.

And I don't pin that on U.S. NORTHCOM; it's part of the larger defense planning structure. But even when we get across that bridge there is the much bigger bridge that you're getting to, and that is how do you bring some of the entities together. And we can't look at the world as we did in the past, pre-9/11, as foreign and domestic. The reality is these are inextricably interwoven.

And we want to make sure that we are saving the taxpayer dollars where we can because sure – there is an old adage in the security business: It is always too much until the day it's not enough. Well, we have got to start identifying how much is enough which is a hard set of questions, and we also have to recognize we have to assume some risk. And what those are, are very difficult questions. But until you can start aligning the budgets and getting the appropriators to sit down with the authorizers and beyond the armed services and homeland, we're going to have a challenge.

MR. MARSH: To follow up on what he said, only the Congress can reform the Congress. The Congress until just recently – by that, maybe a year, year-and-a-half – has not had a jurisdictional committee for homeland security on the authorization side. I think they were prompted to do that when a subcommittee of appropriations on the House side set up an appropriations subcommittee which drove I think the House committee and drove also the Senate committee. And to my knowledge, the Senate has not created a subcommittee of appropriations for homeland security. I think I am right about that.

But this congressional mushy-mushiness on these issues has some real problems in the federal system of jurisdiction and authority and policy, which indicates that it really has not yet been sorted out in the federal system.

MR. SHERRARD: Thank you very much. Thank you, Mr. Chairman.

MR. PUNARO: Okay. And I just might mention that many of us have been on the issue of congressional reform over the years. And I have it on good authority that St. Jude, the patron saint of hopeless causes, he wouldn't take on the issue of congressional reform.

Only a couple of more questioners to go, so I appreciate the patience of our witnesses – Commissioner Patty Lewis.

PATTY LEWIS: Thank you very much for your testimony this morning and all of your work. We sincerely appreciate it. And I'll try to be limited because you have been very generous with your time. But I do have two questions.

The first is the discussion this morning about the impact of entitlement programs on the Defense budget. There is also an issue internal to the DOD budget, and that is the impact of growing personnel and compensation costs. And Congress has enhanced medical and retirement benefits, and is considering expanding the applicability of those to the Reserve forces as well. And it's one of the tasks that this commission has been asked to look at.

This comes at a very high price within the Defense budget. And I understand that it supports the continuum of service concept. But what are your views about what we should think about as we consider benefit packages for the future force and the Reserve role in that force?

And – start anywhere.

MR. MARSH (?): Well, I – you know, I would put a couple of priorities. I think continuum of service is exactly the right way to go. I think it's essential. I don't think we're going to be able to sustain the military we need and get in the talent, the people that we want unless we provide that kind of flexibility. So I think that's just something we're going to have to bite the bullet and pay for.

The other thing is I think the all-volunteer force is the right way to go. I think it's proven. I think it's remarkable how well it sustains itself. What makes an all-volunteer force doable is you have to pay market rates for services and so your compensation costs are going to grow. That's just a fact of life. You know, how you bring defense compensation entitlements under control, what you can do to make things more efficient, I think you look to best practices, you look to businesses, you look to better business practices that can deliver these services better, faster, cheaper. I mean, if you continually do that, that's going to get you somewhere. It's not going to get you where you need to go; they're still going to continue to rise. And at the end of the day, though, I think you have to look to the larger spending issues. I mean, manpower costs are going to continue to grow, and what's going to happen is one of two things, is either we're going to cap the manpower costs and we're going to go hollow because we don't have the troops, or we're going to eat the manpower costs and we're going to have equipment that's 150 years old and we're not going to be able to send the troops anywhere.

So unless you keep it a robust defense budget, you can't stylish your way out of this one. You've got to have robust defense spending in the out years, you've got to be spending at 4 percent of GDP, even realizing that – you realize that your manpower costs are going to grow. They just are because you have to stay competitive with the marketplace. I think in the long term, continuum of service will give you some flexibility because it will allow you a lot more flexibility in how you handle your human capital, move people back and forth, and you look at what are the right business practices that can deliver services better, faster and cheaper? There's not a nice answer to that question.

MR. MARSH: I have really nothing to add. I concur in what he said, but personnel costs are the major portion of the budget, and the personnel costs are going to be the driver of the force and of the missions, and either we pay it or we don't have the forces or the people to do the missions.

MR. CARAFANO: If I could just add one other point very quickly. I mean, our analysis, which is very preliminary in this area that we've looked at says that today's workforce really does not value in-kind compensation and deferred compensation as much as it does real present compensation. So people, in terms of their decisions – things like whether you have a PX or not or other in-kind – where you don't actually see the dollars up front – they don't recognize that as much, and the deferred compensation issues or benefits, they don't see them as much either. So if you wanted to cut somebody short anywhere and not affect your recruiting and retention, my guess is that I would do cuts in in-kind compensation and deferred compensation because people are less making decisions based on those because, again, more and more they're not looking at one 30-year career with one company; more and more they're looking about jumping around.

And so portability of care, portability of retirement are more important and real – and immediate compensation are more important to them with in-kind compensation – which they can get anywhere in the marketplace – and deferred compensation, which they say, heck, I'm not going to be around for 30 years; what do I care about that?

MS. LEWIS: My second question relates to one of those business areas, and DOD operates a major medical system. Is it your view that that's an appropriate mission of the department to actually operate that medical system, especially when you – Dr. Carafano, you spoke earlier about using EMTs rather than doctors as diagnosticians. Is that a future role – appropriate role of the system, and how do you see the reserve components contributing to that role?

MR. CARAFANO: Just to give a very brief answer there, the problem with answering that question is that debate has to be done in the larger context of where we're going with healthcare in the United States, and we have to link national security and larger healthcare reforms into one debate. Healthcare is the single-largest growing portion of our economy and defense is just a small cog in that wheel. And so if you want a rational answer to that question, you have to have a rational answer to the whole

question, which is wither – you know, wither medical services and the healthcare sector in the United States.

So I think that is something that no matter what policies you adopt in the Department of Defense, it doesn't really have – it's not really going to have much long-term impact if the other long-term things that we do in healthcare in this country go in the wrong direction. So I think it's a discussion that should be had – you know, how much of this capability you want to keep in-house, how much do you want to contract out, but it has to be done in the context of larger issues of what we're going to do about healthcare in the United States. Anything else we do in the military I think in the next five to 10 years is not really going to significantly impact the cost – this trend of costs.

MR. CILLUFFO: Just to very briefly build on that, Commissioner, I agree with Jim; you have to link it to the larger healthcare sorts of issues, but we also want to keep in mind that there are some very specific needs and requirements to better protect in terms of prophylactics, vaccines and the like, our troops who may be in greater likelihood to be in harm's way than others. So I want to split out some of the – (unintelligible) – and some of the other medical roles that the Department of Defense plays where I do think there are some unique risks that our troops find themselves in that the rest of society may or may not. So I want to make sure that that doesn't get pulled into the larger debate, because I do agree with Jim, and even best practices in the business sector – to be honest, we're bailing out sectors of the economy that haven't done that well either.

So it's not just the military; this is something that is quite pervasive. So I just want to make sure that when we look at the medical issue you've got different components of that, and there are some very specific needs that I think the Department of Defense has served the country very well in the long run and our troops exceedingly well in the short run.

MS. LEWIS: Thank you very much.

MR. PUNARO: Our next questioner, if he has a question, is the chairman of our Funding Subcommittee, since all these issues relate. Commissioner Dawson, I will mention to you that Commissioner Eckles did raise the issue of the role of the head of the National Guard Bureau. He did address that question. I think you might not have been here, but perhaps you were.

RHETT DAWSON: Then I will pass since that was my question.

MR. PUNARO: Okay. You know, I might add for other commissioners that there was actually an amendment adopted to the House Armed Services Committee authorization bill yesterday that has directed us specifically to look at the legislation that Congressman Tom Davis has introduced in the House, and Senator Kit Bond and Pat Leahy and others have introduced in the Senate. The bill that General Lempke referred to yesterday, essentially the major pieces would elevate the head of the National Guard Bureau to make him a member of the Joint Chiefs of Staff, and there are various other

elements in that bill. And so we've been – we were looking at it anyway, but I'm not sure we consider that a feather in our caps. Sometimes you have amendments like that because they don't want to deal with the legislation this year, but I think apropos to many of your comments is all of these things need to be looked at in a long-term context, and you shouldn't address that without having some of these other pieces that have been brought out today about the appropriate balance and role. So that's one we will have to, Rhett, deal with specifically.

The last questioner, I believe – unless anybody else – does any other member of the commission have any other burning questions on their mind? I know Dan McKinnon had a couple that he wanted to pose on the funding area. And I might mention, I think these funding issues are the most difficult because everything is always about resources. I believe there's vast – I ask Dr. Carafano to think about there's a potential third option to the two you mentioned, and that is when you get in the budget squeeze you said one or two things could happen. My other – I think there is third option, which is that the size of the active duty military inexorably gets smaller and smaller. As we've seen both in the Navy and the Air Force, they are basically cutting the size of their active component to shift money to the modernization account. Perhaps that's what you meant by a hollow force, but they would suggest to you that they can take that force structure down and they can reapply that back, but we've seen this play many times before.

Dan McKinnon.

DAN MCKINNON: I think you brought up – first of all, the three of you have really done a great job of getting the mental juices of all of us really flowing and stimulated, so we really appreciate that. I think you brought up the real crux of the whole issue. There's a fellow named Jesse Unruh, who was the speaker of the house out in California, that money is the mother's milk of politics, and it's the same thing in defense. Today the Guard has about 37 percent, they claim, of the equipment necessary to do the job, and about 10 percent of that is just sort of 30-year-old junk that's sitting around.

The question really here is we've got a gross domestic product we're spending in the DOD right now of around 3.9 percent. So I argue with you in a way that 4 percent is not enough, that it needs to be greater than that. There's other studies that I've seen that show somewhere between 2020 and 2025 that the entire budget of the United States government will be used up with Social Security and Medicare and all those entitlement type programs. So what's the solution? It's great to hear all the problems, but how do we solve that? How do we get to the point where we have a strong defense, because all this other stuff is useless if you don't have a defense that's strong enough to protect this country?

MR. CARAFANO: Well, I mean, the sad thing is none of the answers in the Department of Defense, but the Department of Defense is going to be the recipient of all those problems. I mean, the answers – well, the answer is two parts. One is an entitlement reform. I mean, there has to be a control of entitlement spending and

entitlement growth, and there has to be capping of entitlements. There just has to be because you can't get there from here.

MR. MCKINNON: How do you get the American public to do that?

MR. CARAFANO: Well, you know, that's not – (chuckles) – I mean, I don't want to say it's not my problem, but we haven't even raised the issue with it. We haven't told them that what you are doing is you're making yourself less safe. Nobody has gone – I've not heard one politician in the United States go to them and say the greatest national security threat to you is not al Qaeda or Iraq or Iran or China; the greatest national threat to you is Medicare, Medicaid and Social Security, but that's the truth but we never even told the American people that. So if we could speak truth to the American people, that would help. But there's two ways you do this. You either grow the economy, which puts more money in the federal coffers in taxes, or you cap entitlements, and the answer is you have to do a bit of both. You have to have entitlement reform, and the most critical entitlement reform has to be in Medicare and Medicaid because those are the two largest and two fastest-growing programs. And my other argument is you have fundamental tax reform in this country that frees up wealth and grows the economy and that's going to give you plenty of money for defense.

But on your point about 4 percent of GDP, you might be right. I mean, I don't think this is an arguable issue. I mean, traditionally the United States has spent about 1 to 2 percent of GDP on defense over the course of its history, with the exception of wartime, and the only major exception to that was the Cold War where on average we spent about 7 ½ percent of GDP over the course of the Cold War, which you could really argue is cheating because we had a draft and our manpower of course were inordinately low. So probably truthfully we were spending an average of about 10 percent of GDP on defense over the course of the Cold War.

So nobody I think is arguing that we need to spend that now, so we know 7 or 8 or 9 is too much. We know 1 or 2 is too low. We know 3 is too low because that's where we were trading in the Clinton years, and I don't think any chief that served in that era wouldn't have told you that the force wasn't going hollow at that point. And so we know three is too low. We know 7 is too high. So my highly sophisticated math is the answer is somewhere in the 4 to 5 percent range. But I think it's ridiculous to look the American people in the eye and tell them that they can have the defense that they need to meet the needs of the world's largest and most powerful country, and our global security requirements and needs, and look anybody in the eye and tell them that even the finest managers in the world with the best-run company in the world could do that unless it's a 4 percent GDP. It just ain't going to happen.

MR. MCKINNON: In another area, have any of you done any studies to look at the manpower pool? The information I've seen shows that the 17-to-24 age bracket is shrinking compared to the baby boomer era, and only about 30 percent of those people are qualified to serve in the military because of health problems and overweight and all the other issues, and employers are after that same group too. I mean, has there been any

studies that you've seen – this is going to be a shrinking pool for us to draw from to even have the manpower that we need in the military.

MR. CARAFANO: Yeah, I think there's good news on that. I mean, one is that – the irony is that military workers are more valued potential employees than almost anybody else in the country, so there continues to be – where you would think that it's not so much the private sector taking away military workers, particularly in the early years because they're actually looking to them as future employees. And being in the military actually makes you more economically competitive because when you come out of the military after a first term or a second term, the odds are that you can command a salary that's ahead of your peers. So that doesn't appear to be the problem right now, and as the quality of education in our country continues to decline, the odds are military service is actually going to make you much more competitive.

But I think you're right; I think if you look at the very long term, in the 15 or 20 or 30 years, unless there's a change in the demographics in the United States, there is going to be a smaller pool of this, and it's going to mean two things. It's going to mean there are going to be more – it's going to be a more diverse military, just driven by market forces, so it's going to be more gender diverse, it's going to be more handicapped people in it, there's going to be more older people in it; there just is. So there's a couple of things you can do to manage that because there is a limit to what you can do in terms of recruiting because if you pay market rates, you know, pretty soon you're going to price yourself out of the market.

So I think at the force structure that they're at, I think – which is another reason why – there is only so – a limit on how much you can grow the force because you can't attract – if you want an 8-million-man force you couldn't attract that through an all-volunteer force. My guess is that we're fairly close to the cap that we can reasonably afford at a reasonable cost, so that's another limiting growth on the size of the force.

So one is you're going to have to pay market rate for labor. The second is you're going to continue to have to look at what can we contract out. What capabilities can we contract out that we're not wasting our scarce pool of 17-to-25-year-old men on that other people could be doing? And then the other is, is what kind of continuum of service can we do to bring people into the military to do these other types of missions that we don't – you're going to wind up seeing that group of 17-to-25-year-old men focused on a smaller and smaller percentage of the force because you're going to keep them in the jobs where you really, really need them. So it's going to be a combination of these things in terms of focusing where to use that manpower, continue to pay market rates, going to some kind of continuum of service, which is going to allow you expand the breadth of the workforce that you can bring into the military and a continued use of contractors to outsource things that you don't absolutely have to do with military manpower.

MR. MCKINNON: Frank, did you have –

MR. CILLUFFO: As the father of four children I'm playing my role to make sure we have – (laughter). But seriously, there is a graying of the workforce, and this does affect, again, more than just the armed services and obviously the reserve components, but the economy as a whole, and it gets to some of the healthcare challenges we're all dealing with, and in most – at least the transatlantic partnerships, the United States and Europe, it's been slow growth; other parts of the world, dramatic growth.

MR. MCKINNON: But, see, it becomes more critical too because if what you're saying, Jim, is that you have the fellows getting out of the military – guys and girls getting out of the military after their first or second tour, that creates the need to recruit more, and so it exacerbates the thing, really.

MR. CARAFANO: Yeah, I mean, I don't want to get too Frankenstein here, but – Andy Marshall (sp) likes it when I say this – you know, you look in the biotech fields, what's being done and what can potentially be done is called human performance enhancement in terms of capability to keep people up longer, to make them stronger. I mean, and we're not talking like Barry Bonds' story, I don't think. But there is an enormous potential there to somehow change that dynamic in terms of what you can actually – the human capital – you can alter the human workforce through biomedical enhancements. That's something that the Department of Defense needs to invest more in. There has been some reticence to invest in that area because people do kind of get the Frankenstein mentality of this thing, but the reality of it is the science is going to go there and the military needs to be on the cutting edge of that because you're going to be able to get more out of your workforce and more out of your manpower for your investment, so it's something that DOD continues to need to be really on the forefront of.

MR. MCKINNON: Okay, I appreciate it.

(Cross talk.)

MR. PUNARO: Go ahead, Secretary Marsh.

MR. MARSH: The discussion you've had is very helpful and very interesting but you also can make a very powerful case for the enhancement of the Guard and Reserve because the personnel costs, although not as dramatic as you might think in difference, nevertheless are significantly different than the active force. If you can develop a Guard reserve component force that has the adequacy of the active, you will significantly reduce your defense investment.

MR. PUNARO: I think, Secretary Marsh, that's a good point to end on because I think, as our witnesses know and our people on the panel – and this is not to make a comment pro or con one way or the other, but one of the real advantages of the bang for the buck in the Guard and Reserve is they don't have the tooth-to-tail ratio problems that we have in the active – or let's not say the active component but the defense establishment at large. They certainly don't have the fringe package. You don't have to provide a subsidy to a DOD-dependent school system. You don't have to provide, you

know – (cross talk) – a subsidy to the childcare system. You don't have to provide military family housing. You don't have anywhere near the healthcare or the contributory retirement cost – in other words, military retirement is non-contributory and we have to pay an accrual funding – which, by the way, is an entitlement. Military retirement is an entitlement. Also, healthcare for life for military retirees is an entitlement, and the Navy and Marine Corps, for example, each year have to take \$2 billion out of their current obligational authority and put it in a fund to pay for the future costs of healthcare. That's money they don't have for ships and weapons and things like that.

So when you talk about entitlement reform – and I agree completely with that – I think it's important to put all the entitlements on the table. They're not good entitlements and bad entitlements, but as Jim has pointed out, this is a long-term issue. This is a huge public debate and somebody has got to have the courage and leadership to get it started. And then the American people are really, really smart. You get all those things out there and you put them out there in priorities and they'll get it sorted out and they'll tell the politicians and we'll get the right answers that we need here. So these are big, huge, important policy issues, but you've all made a tremendous contribution to the work of the commission. We look forward to having a continuing dialogue. We'd particularly like to get back to you as we flesh out our ideas a little more and perhaps have you all act as a little bit of a red team or advisors to us to take a look at it and see what you think and give us some guidance.

One of the basic tenets – we know certainly not seated up here at this table is the font of all wisdom, and we know that particularly taking your guidance to look to the long term, we want to get it right, and this is not one where we want to just come up with a bunch of surprises at the end of the day. And I was glad to see that again today General Pace's personal representative, Major General Tommy Dykes (sp), is here, a great Reserve leader in his own right. And I just want to note for the record, Secretary Marsh, if I said anything controversial or that would get General Pace upset, please tell him it was really Jack Keane that said it. (Laughter.)

Okay, with that note, unless any of our commissioners have any closing comments, again, thank you so much for your very powerful and compelling testimony, for your service to the country in of a wide variety of jobs, and again, we look forward to staying in close touch and working very closely with you.

The commission stands recessed. (Sounds gavel.)

(END)