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Prepared for the

CONFIRMATION HEARING BEFORE THE U.S. SENATE COMMITTEE ON ARMED SERVICES

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Mr. Chairman, Senator Warner, members of the committee: It is a privilege and an honor to appear before you today as the nominee to be the next U.S. Secretary of Defense. I am grateful to President-elect George W. Bush for nominating me to this important post and for the confidence he has placed in me. I thank you and this Committee for your courtesy in scheduling this confirmation hearing.

With your permission, I will make a few opening remarks and request that my prepared statement be included in the record.

Some twenty-five years ago, I had the privilege of appearing for the first time before this Committee as President Gerald R. Ford's nominee for Secretary of Defense. We lived in a very different world then. In the intervening quarter century the world has changed in ways that we could once only dream of.

The last time I appeared before you in this capacity, America was locked in a nuclear and ideological standoff with the Soviet Union. Today, the Soviet Union is no more, and the world of superpower standoff has given way to a world of expanding freedom and, I would add, expanding opportunity.

The last time I appeared here for a confirmation hearing, U.S. armed forces and those of our NATO allies stood toe to toe facing the militaries of the Warsaw Pact_ready at a moment's notice to clash on the battlefield with Poland, Hungary, Czechoslovakia and East Germany. Today, the Warsaw Pact is no more; Berlin is again the capital of a unified Germany; and Warsaw, Prague, and Budapest are the capitals of our new NATO allies. As one who once served as U.S. Ambassador to NATO, I find these changes both breathtaking and fundamental.

When I appeared previously, American industry was facing an industrial challenge from Japan, whose productivity and competitiveness made American industry look fat in overhead, excessively layered in management and sluggish in confronting change and innovation. Today, U.S. industry has shaken off those handicaps and_in a process that I

have witnessed personally_and has become a leader and a model for the rest of the world.

The end of the Cold War and the collapse of Soviet military power have brought the twentieth century_possibly the most violent and destructive century in human history_to a remarkably peaceful close. U.S. military power was the indispensable instrument that contained the Soviet Union, confronted Soviet power and its surrogates at the geographic extremities of its advance, and provided the shield within which democratic order and economic prosperity were able to develop. As part of this process, the peoples of Russia and other states of the former Soviet Union have, or are in the process of, throwing off communism and reaching for democratic order and market economy. The United States has emerged from the 20th century in a strong position in every measure of nanonal strength_military, economic, scientific, industrial, diplomatic, political and, I believe, even spiritual. Even more important, the U.S. and our democratic allies in Europe, Asia and elsewhere enjoy a special position in the world that, if we can work together, offers the possibility to make the new century one of the most peaceful in history.

When the great struggle that was World War II had passed, this country found itself facing new challenges with the advent of the Cold War and the development of nuclear weapons. Today, with the Cold War Era history, we find ourselves facing a new era, one that is often called the Post Cold War Era or the Era of Globalization. It is an extraordinarily hopeful time, one that is full of promise, but also full of challenges. One of those challenges, one that, if confirmed, I look forward to working with President-elect Bush and the Congress to meet, is the challenge of bringing the American military successfully into the 21st Century, so that it can continue to play its vital role in preserving and extending the peace as far into the future as possible.

As President-elect Bush has said, ``After the hard but clear struggle against an evil empire," the challenge that we face today ``is not as obvious, but just as noble: To turn these years of influence into decades of peace." And the ``foundation of our peace" is a ``strong, capable and modern military."

The end of the Cold War did not bring about an end to armed conflict, or an end of challenges and threats to U.S. interests. Indeed, centrifugal forces in world politics have created a more diverse and less predictable set of potential adversaries whose aspirations for regional influence and whose willingness to use military force may well produce challenges to important U.S. interests and those of our friends and allies.

President-elect Bush has outlined three overarching goals for bringing U.S. armed forces into the twenty-first century:

First, we must strengthen the bond of trust with the American military. The brave and dedicated men and women who serve our country in uniform-active, guard and

Reserve_must get the best support their country can possibly provide them, so that our country can continue to call on our best people to serve in the decades to come;

Second, we must develop the capabilities to defend against missiles, terrorism, and newer threats against our space assets and information systems. The American people, our forces abroad, and our friends and allies must be protected against the threats with which modern technology and its proliferation confront us; and

Third, we must take advantage of the new possibilities that the ongoing technological revolution offers to create the military of the next century.

Meeting these challenges will require a cooperative effort between Congress and the Executive Branch, and with industry and with our allies as well. If confirmed, I look forward to developing a close working relationship with this Committee and your counter-parts in the House to achieve these goals, and to fashion steps to transform our national defense posture from its current form to one that will address the challenges of 21st Century security. Bonds of trust need to exist not only between the President and the armed forces, but between the Department of Defense and the Congress as well. We must work together if we are going to be able to address the real problems of inadequate funding, unreliable funding and resistance to change. Without cooperation and collaboration we will fail.

President-elect Bush is committed to a strong national defense. Therefore, if confirmed, one of our first tasks will be to undertake a comprehensive review of U.S. defense policy. This review will be aimed at making certain that we have a sound understanding of the state of U.S. forces and their readiness to meet the requirements of the 21st Century security environment.

We must ensure that we will be able to develop, deploy, operate and support a highly effective force capable of deterring and defending against new threats, so that our country can contribute to peace and stability in the world. This will require a refashioning of deterrence and defense capabilities. The old deterrence of the Cold War era is imperfect for dissuading the threats of the 21st Century and for maintaining stability our new security environment.

Primary Objectives

Mr. Chairman and members of the Committee, the explosive advance of modern technology, and the forces of globalization that are making the technology available to ally and adversary alike, make the transformation of U.S. military power essential. While much of the existing defense establishment can be

adapted to 21st Century needs, a good deal cannot. We must move forcefully to rationalize the costly burden of force structures and practices that do not contribute to current and future U.S. security needs.

If confirmed as Secretary, I plan to pursue five key objectives and implement policies and allocate resources needed to achieve those objectives.

First, we need to fashion and sustain deterrence appropriate to the contemporary security environment_a new national security environment.

The proliferation of weapons of mass destruction and their means of delivery are increasingly a fact of life that first must be acknowledged and then managed. While striving to prevent further proliferation remains essential, a determined state may, nonetheless, succeed in acquiring weapons of mass destruction and increasingly capable missiles. As a consequence, a decisive change in policy should be aimed at devaluing investment in weapons of mass destruction and their delivery systems by potential adversaries.

In a world of smaller, but in some respects more deadly threats, the ability to defend ourselves and our friends against attacks by missiles and other terror weapons can strengthen deterrence and provide an important compliment purely to retaliatory capabilities. Moreover, the ability to protect our forces is essential to preserving our freedom to act in a crisis. To this end, effective missile defense_not only homeland defense, but also the ability to defend U.S. forces abroad and our allies and friends, must be achieved in the most cost-effective manner that modern technology offers.

Nuclear deterrence remains an essential element of our defense policy. The credibility, safety, reliability, and effectiveness of the Nation's nuclear deterrent must remain unquestioned. But it must be adapted to 21st Century deterrence needs. Credible deterrence no longer can be based solely on the prospect of punishment through massive retaliation. Instead, it must be based on a combination of offensive nuclear and non-nuclear defensive capabilities working together to deny potential adversaries the opportunity and benefits from the threat or use of weapons of mass destruction against our forces and homeland, as well as those of our allies.

Second, the readiness and sustainability of deployed forces must be assured.

When U.S. forces are called upon, they must be ready to cope with any contingency they may face, and be able to sustain military operations over

an extended period of time if necessary. The pace of modern military operations in the Kosovo campaign revealed the kinds of demands placed on the readiness and sustainability of U.S. forces.

The price of inadequate readiness is paid in unnecessary risk to American interests and lives of American service men and women. But inadequate readiness exacts a further price in the future quality of the force. Our armed forces today are all volunteers. Whether Active Duty, Reserve or National Guard, they are men and women who have willingly answered the call to serve our country and accepted the burdens and dangers that go with that service. But, as President-elect Bush has said, ``even the highest morale is eventually undermined by back-to-back deployments, poor pay, shortages of spare parts and equipment, and declining readinessA volunteer military has only two paths. It can lower its standards to fill its ranks. Or it can inspire the best and brightest to join and stay." If confirmed, I look forward to working with the President and the Congress to make sure that our country's service continues to attract and keep our very best.

Third, U.S. command-control-communication, intelligence and space capabilities must be modernized to support 21st Century needs.

In his speech at the Citadel, President-elect Bush talked about how the threats to our security are changing: "We see the contagious spread of missile technology and weapons of mass destruction. All the unconventional and invisible threats of new technologies and old hatreds."

As the threats we face change, our defense capabilities must adapt and change with them. A modern command-control-communication and intelligence infrastructure is the foundation upon which U.S. military power is employed. The development and deployment of a truly modern and effective command-control-communication and intelligence system is fundamental to the transformation of U.S. military forces, and indispensable to our ability to conduct effective diplomacy.

I am committed to strengthening our intelligence to serve both our short-term and long-term national security needs. I will make establishing a strong spirit of cooperation between the Department of Defense and the rest of the intelligence community, under the leadership of the Director of Central Intelligence, one of my top priorities. We must strengthen our intelligence capabilities and our space capabilities, along with the ability to protect those capabilities against various forms of attack.

Fourth, the U.S. defense establishment must be transformed to address 21st Century circumstances.

The DOD has been unable to procure advanced weapon systems that can lower the cost and increase the performance of the armed forces. The need to swiftly introduce new weapons systems is paramount. The transformation of U.S. military power to take full advantage of commercially created information-technology may require undertaking a near-term investment to acquire modern capabilities derived from U.S. scientific and industrial pre-eminence, rather than simply upgrading existing systems.

The present weapons system acquisition process was designed for a different environment than the one that exists today. It is ill suited to meet the demands posed by an expansion of unconventional and asymmetrical threats in an era of rapid technological advances and pervasive proliferation. The cycle time (from program start to initial operational capability) for major acquisition programs conducted over the past several decades has averaged between eight and nine years. Some efforts take far longer. Such processes are not responsive to urgent new challenges that involve considerable uncertainties. They are not capable of harnessing the remarkable genius and productivity of the modern, information-based commercial and industrial sectors that have done so much to revolutionize the U.S. civilian economy.

In the 1960s and 1970s, the time from initial concept to actual deployment was significantly shorter than it is today. In short, the pace of development has become slower while the pace of technological change has become far more rapid. These two opposite trends conspire to create a situation where it is difficult for the acquisition process to produce anything other than capabilities that are already a generation behind when deployed. This problem must be addressed.

Simply tinkering with the present acquisition system will not provide the innovation and speed necessary to satisfy future military needs and take advantage of powerful new technologies. If confirmed, I will work with this Committee to develop a new acquisition strategy_one designed to take advantage of modern U.S. industrial practices_that will enable us to develop and field weapon systems at a speed that reflects the needs and possibilities of the new century.

Fifth, reform of DOD structures, processes and organization.

The legacy of obsolescent institutional structures, processes and organizations does not merely create unnecessary costs, it imposes an unacceptable burden on the National defense. In certain respects, it could be said that we, in a sense, are disa~rming ourselves by our failure to reform the acquisition processes and to shed unneeded organizations and facilities. If confirmed I will examine, in consultation with the Congress, omnibus approaches to changing the statutory and regulatory basis for the most significant obstacles to reform.

This agenda for the new security environment is admittedly an extraordinarily ambitious one. It is an achievable one if the Legislative and Executive branches of our government strengthen the bond of trust, and work together in a determined and collaborative fashion. If confirmed, I will work closely with this Committee and the other appropriate Committees of the Congress to develop, fund, and implement an overall defense program that can achieve our goals for the future and for the future of our children and grandchildren.

Again, I want to express my appreciation to the President-elect for his confidence and trust. I thank you Mr. Chairman and members of the Committee.