

**SECRETARY OF DEFENSE ROBERT M. GATES  
SUBMITTED STATEMENT  
SENATE ARMED SERVICES COMMITTEE  
TUESDAY, JANUARY 27, 2009, 9:30 A.M.**

Mr. Chairman, Senator McCain, members of the committee:

Thank you for the opportunity to provide an overview of challenges facing the Department of Defense and some of my priorities for the coming year. In doing so, I am mindful that the new administration has only been in place for a few days and new or changing policies will likely arise in coming months. Later this spring, I will present President Obama's defense budget, and, at that time, will be better equipped to discuss the details of his vision for the Department.

On a personal note, I want to thank many of you for your very kind farewell remarks at my last hearing. I assure you that you are no more surprised to see me back than I am. In the months ahead, I may need to re-read some of those kind comments to remind myself of the warm atmosphere up here as I was departing. Seriously, I am humbled by President Obama's faith in me, and deeply honored to continue leading the United States military. I thank the committee for your confidence in my leadership and your enduring, steadfast support of the military.

I'd like to start by discussing our current operations before moving on to my ongoing institutional initiatives.

### **Afghanistan and Pakistan**

There is little doubt that our greatest military challenge right now is Afghanistan. As you know, the United States has focused more on Central Asia in recent months. President Obama has made it clear that the Afghanistan theater should be our top overseas military priority. The ideology we face was incubated there when Afghanistan became a failed state, and the extremists have largely returned their attention to that region in the wake of their reversals in Iraq. As we have seen from attacks across the globe – on 9/11 and afterwards – the danger reaches far beyond the borders of Afghanistan or Pakistan.

There are more than forty nations, hundreds of NGOs, universities, development banks, the United Nations, the European Union, NATO, and more, involved in Afghanistan – all working to help a nation beset by crushing poverty, a thriving drug trade fueling corruption, a ruthless and resilient insurgency, and violent extremists of many stripes, not the least of which is Al Qaeda. Coordination of these international efforts has been less than stellar, and too often the whole of these activities has added up to less than the sum of the parts – a concern I'm sure many of you share.

Based on our past experience in Afghanistan – and applicable lessons from Iraq – there are assessments underway that should provide an integrated way forward to achieve our goals.

As in Iraq, there is no purely military solution in Afghanistan. But it is also clear that we have not had enough troops to provide a baseline level of security in some of the most dangerous areas – a vacuum that increasingly has been filled by the Taliban. That is why the U.S. is considering an increase in our military presence, in conjunction with a dramatic increase in the size of the Afghan security forces. Because of the multi-faceted nature of the fight – and because of persistent ISAF shortfalls for training teams – all combat forces, whether international or American, will have a high level of counterinsurgency training, which was not always the case.

In the coming year, I also expect to see more coherence as efforts to improve civil-military coordination gain traction – allowing us to coordinate Provincial Reconstruction Teams in a more holistic fashion, both locally and regionally. And there will be an increased focus on efforts at the district level, where the impact of both our military and rebuilding efforts will be felt more concretely by the Afghan people, who will ultimately be responsible for the future of their nation.

While this will undoubtedly be a long and difficult fight, we can attain what I believe should be among our strategic objectives: an Afghan people who do not provide a safe haven for Al Qaeda, reject the rule of the Taliban, and support the legitimate government that they elected and in which they have a stake.

Of course, it is impossible to disaggregate Afghanistan and Pakistan, given the porous border between them. I do believe that the Pakistani government is aware of the existential nature of the threat emanating from the FATA. The U.S. military knows firsthand how difficult it is to wage counterinsurgency with a force designed for large-scale, mechanized warfare – a fact complicated by Pakistan's recent tensions with India. Pakistan is a friend and partner, and it is necessary for us to stay engaged – and help wherever we can. I can assure you that I am watching Pakistan closely, and that we are working with State, Treasury, and all parts of the government to fashion a comprehensive approach to the challenges there.

## **Iraq after SOFA**

As you know, the Status of Forces agreement between the U.S. and Iraq went into effect on January 1<sup>st</sup>. The agreement calls for U.S. combat troops to be out of Iraqi cities by the end of June, and all troops out of Iraq by the end of 2011, at the latest. It balances the interests of both countries as we see the emergence of a sovereign Iraq in full control of its territory. Provincial elections in just a few days are another sign of progress.

The SOFA marks an important step forward in the orderly drawdown of the American presence. It is a watershed – a firm indication that American military involvement is winding down. Even so, I would offer a few words of caution. Though violence has remained low, there is still the potential for setbacks – and there may be hard days ahead for our troops.

As our military presence decreases over time, we should still expect to be involved in Iraq on some level for many years to come – assuming a sovereign Iraq continues to seek our partnership. The stability of Iraq remains critical to the future of the Middle East, a region that multiple presidents of both political parties have considered vital to the national security of the United States.

### **North Korea, Iran, and Proliferation**

Beyond these operations, one of the greatest dangers we continue to face is the toxic mix of rogue nations, terrorist groups, and nuclear, chemical, or biological weapons. North Korea and Iran present uniquely vexing challenges in this regard. North Korea has produced enough plutonium for several atomic bombs; Iran is developing the capabilities needed to support a nuclear weapons program. North Korea's conventional capability continues to degrade as it becomes more antiquated and starved – in some cases literally – for resources and support. Both countries have ballistic missile programs of increasing range and a record of proliferation.

The regional and nuclear ambitions of Iran continue to pose enormous challenges to the U.S. Yet I believe there are non-military ways to blunt Iran's power to threaten its neighbors and sow instability throughout the Middle East. The lower price of oil deprives Iran of revenues and, in turn, makes U.N. economic sanctions bite harder. In addition, there is the growing self-sufficiency and sovereignty of Iraq, whose leaders – including Iraqi Shia – have shown they do not intend for the new, post-Saddam Iraq to become a satrapy of its neighbor to the east. This situation provides new opportunities for diplomatic and economic pressure to be more effective than in the past.

On North Korea, the Six-Party Talks have been critical in producing some forward momentum – especially with respect to North Korea's plutonium production – although I don't think anyone can claim to be completely satisfied with the results so far. These talks do offer a way to curtail and hopefully eliminate its capacity to produce more plutonium or to enrich uranium, and reduce the likelihood of proliferation. Our goal remains denuclearization, but it is still to be seen whether North Korea is willing to give up its nuclear ambitions entirely.

### **Russia and China**

Even as the Department of Defense improves America's ability to meet unconventional threats, the United States must still contend with the challenges posed by the military forces of other countries – from the actively hostile, to rising powers at strategic crossroads. The security challenges faced by other nation-states is real, but significantly different than during the last century.

The Russian invasion of Georgia last year was a reminder that the Russian military is a force to be reckoned with in Eastern Europe and the Caucasus. We should not, however, confuse Russia's attempt to dominate its “near abroad” with an ideologically driven campaign to dominate the globe – as was the case during the Cold War. The country's conventional military,

although much improved since its nadir in the late 1990s, remains a shadow of its Soviet predecessor. Saddled with demographic and budget pressures, the Russians have concentrated on improving their strategic and nuclear forces, but recently have begun to devote more attention to their conventional capabilities.

As we know, China is modernizing across the whole of its armed forces. The areas of greatest concern are Chinese investments and growing capabilities in cyber-and anti-satellite warfare, anti-air and anti-ship weaponry, submarines, and ballistic missiles. Modernization in these areas could threaten America's primary means of projecting power and helping allies in the Pacific: our bases, air and sea assets, and the networks that support them.

We have seen some improvement in the U.S.-Chinese security relationship recently. Last year, I inaugurated a direct telephone link with the Chinese defense ministry. Military to military exchanges continue, and we have begun a strategic dialogue to help us understand each other's intentions and avoid potentially dangerous miscalculations.

As I've said before, the U.S. military must be able to dissuade, deter, and, if necessary, respond to challenges across the spectrum – including the armed forces of other nations. On account of Iraq and Afghanistan, we would be hard pressed at this time to launch another major ground operation. But elsewhere in the world, the United States has ample and untapped combat power in our naval and air forces, with the capacity to defeat any adversary that committed an act of aggression – whether in the Persian Gulf, on the Korean Peninsula, or in the Taiwan Strait. The risk from these types of scenarios cannot be ignored, but it is a manageable one in the short- to mid-term.

## **Wounded Warrior Care**

Apart from the wars in Afghanistan and Iraq, my highest priority as Secretary of Defense is improving the outpatient care and transition experience for troops that have been wounded in combat.

Since February of 2007, when we learned about the substandard out-patient facilities at Walter Reed, the Department has implemented a number of measures to improve health care for our wounded, ill, and injured servicemembers. We have acted on some 530 recommendations put forth by several major commissions and the National Defense Authorization Act of 2008.

Notable progress includes:

- Working closely with the Department of Veterans Affairs to better share electronic health data and track patients' long-term recovery process;
- Dedicating new facilities, with the help of private partners, such as the national intrepid centers in Bethesda, Maryland, and San Antonio, Texas; and
- Improving overall case management through programs such as the Army's "Warrior Transition Units" that shepherd injured soldiers back to their units or help them transition to veteran status.

More than 3,200 permanent cadre are now dedicated to soldiers assigned to warrior transition units, and they have cared for more than 21,000 men and women thus far. I have personally visited these units at Fort Bliss, Texas, and Fort Campbell, Kentucky.

Post-traumatic stress, traumatic brain injury, and associated ailments are, and will continue to be, the signature military medical challenge facing the Department for years to come. We have made some strides to reduce the stigma associated with the scars of war, both seen and unseen. For instance, last February, the Army Inspector General identified a disturbing trend: Troops were hesitant to get help for mental health because they were worried about the impact on their security clearance, and perhaps their career. To resolve this problem, we worked with our interagency partners to change “Question 21” on the government security clearance application so that, as a general matter, it excludes counseling related to service in combat, including post-traumatic stress. Put simply, mental health treatment, in and of itself, will not be a reason to revoke or deny a security clearance.

We have invested more than \$300 million in research for Traumatic Brain Injury (TBI) prevention, diagnosis, treatment, and recovery. The Department created a comprehensive TBI registry and thus now has a single point of responsibility to track incidents and recovery. In the last year, we’ve added more than 220 new mental-health providers to treatment facilities across the country.

The Services are doing more to address mental health needs. The Marine Corps is, for instance, embedding Operational Stress Control and Readiness (OSCAR) teams in front-line units to better channel medical attention to those who need help quickly. All the services have 24-hour “hot lines” available to troops. Health-care providers are being trained to better identify the first signs of psychological trauma.

We are addressing PTSD and related injuries on a number of fronts and have made much progress. But not every servicemember returning from Iraq and Afghanistan is getting the treatment he or she needs. I believe we have yet to muster and coordinate the various legal, policy, medical, and budget resources across the Department to address these types of injuries.

Considerable work remains as we institutionalize what has been successful and recalibrate what still falls short. The Disability Evaluation System is a useful example. In November of 2007, a pilot program was launched to streamline the Disability Evaluation System (DES) by providing a VA rating to be used by both DoD and VA. Approximately 900 servicemembers are currently enrolled in the pilot program, and it has enabled us to reduce the time required to determine their disability rating and, more importantly, to alleviate some frustration caused by a needlessly complex process.

Overall, I remain concerned that our wounded warriors are still subjected to a system that is designed to serve the general military beneficiary population – the overwhelming majority of whom have not been injured in combat. Earlier this month, we implemented a policy that allows the secretaries of the services to expedite troops through the DES who have combat-related illnesses or injuries that are catastrophic. Nonetheless, we must give serious consideration to

how we can better address the unique circumstances facing our servicemembers with combat-related ailments.

As long as I am secretary of defense, I will continue to work to improve treatment and care for every single wounded warrior.

### **Ground Force Expansion and Stress on the Force**

In an effort to meet our nation's commitments and relieve stress on our force and their troops' families, the Department continues to expand the end-strength of the Army and Marine Corps – growth that began in 2007 and will continue for several years.

The Army exceeded both recruiting and retention goals for FY 2008, and is on path to achieve its goal of an active duty end-strength of 547,400 by the end of this fiscal year. It will continue to increase the number of active Army Brigade Combat Teams (BCTs) with a goal of moving from 40 to 42 BCTs this year and towards an end goal of 48 BCTs.

Despite having fallen 5 percent short of its retention goal, the Marine Corps is on track to meet its end-strength goal of 202,000 by the end of this fiscal year.

In all, the Army and Marine Corps are undergoing the largest increase to their active ranks in some four decades. The expectation is that, with a larger total force, individual troops and units will, over time, deploy less frequently with longer dwell times at home. The goal for the Army is two years off for every year of deployment. The expected reduction of American troops in Iraq could be offset by proposed increases in Afghanistan, so it may take some time before we reach that goal. The Services are carefully managing their growth to ensure that it is consistent with the high standards expected from an all-volunteer force.

### **National Guard**

As a result of the demands of Iraq and Afghanistan, the role of the National Guard in America's defense has transformed from being a strategic reserve to being part of the pool of forces available for deployments.

In view of the National Guard's growing operations and homeland security responsibilities, and to elevate the Guard in deliberations over policy and budget, I am pleased to say that the chief of the National Guard Bureau is now a full general. Another senior Guard officer recently became Northcom's deputy commander, also a historic first that I hope will pave the way for a Guard officer to one day head that command.

One of the challenges we face is to see that, to the extent possible, the Guard's critical domestic responsibilities do not suffer as a result of its operational missions. The demand for Guard support of civil authorities here at home remains high: For example, the "man-days" that Guardsmen have spent fighting fires, performing rescue and recovery, and other duties increased by almost 60 percent in 2008 as compared to 2007.

With the support of the Congress, the Department has substantially increased support for America's reserve component – the Guard and Reserves – which for decades had been considered a low priority for equipment, training, and readiness. Today, the standard is that the Guard and Reserves receive the same equipment as the active force. For FY 2009, the base budget request included \$6.9 billion to continue to replace and repair the National Guard's equipment.

The panel created by Congress four years ago, the Punaro commission, has been a useful spur to the Department's efforts to ensure that both reserve components are better trained, manned, and equipped for this new era. We have taken, or are taking, action on more than 80 percent of the commission's recommendations.

For example, the panel suggested a combined pay and personnel system to fix problems stemming from the shift from the reserve pay system to the active duty pay system. The Department is now launching that integrated system.

Since taking this post I have tried to ease, to the extent possible, the stress on our reserve components by implementing mobilization policies that are more predictable and conducive to unit cohesion. We have provided greater predictability as to when a Guard member will be deployed by establishing a minimum standard of 90 days advance notice prior to mobilization. In practice, on average, the notification time is about 270 days.

There is no longer a 24-month lifetime limit on deployment, but each mobilization of National Guard and Reserve troops is now capped at 12 months. The goal is five years of dwell time for one year deployed. We have made progress towards this goal but are not there yet. For example, the ratio of dwell time to mobilization for the Army National Guard this fiscal year is just over 3 to 1.

Reliance upon the reserve component for overseas deployment has declined over time. For example, the percentage of Army soldiers serving in Iraq and Afghanistan who are Guardsmen or Reservists is about half what it was in summer 2005.

## **Nuclear Stewardship**

I continue to believe that as long as other nations have nuclear weapons, the U.S. must maintain an arsenal of some level. The stewardship of that arsenal is perhaps the military's most sensitive mission – with no margin for error.

That there should be any question in that regard is why recent lapses in the handling of nuclear weapons and material were so grave. They were evidence of an erosion in training, expertise, resources, and accountability in this critical mission. And they brought severe consequences, starting at the unit level and reaching up to the top leadership of the Air Force.

Nonetheless, despite the shortcomings of the past, I do believe the U.S. nuclear deterrent remains safe, secure, and reliable. The Air Force has taken significant steps to improve its nuclear stewardship by:

- Streamlining the inspection process for nuclear material to ensure that it is all handled properly;
- Standing up a new headquarters office – Strategic Deterrence and Nuclear Integration – that concentrates on policy oversight and staff integration for nuclear programs. The office’s leader reports directly to the Air Force chief of staff;
- Creating a Global Strike Command, which has brought all of the Air Force’s nuclear-capable bombers and ICBMs under one entity; and
- Reassigning the supply chain for nuclear programs to the complete control of the Nuclear Weapons Center at Kirtland Air Force Base, which is being overhauled and expanded.

A task force headed by former Energy and Defense Secretary James Schlesinger has now reported. It has identified many trends, both recent and long-term, that may warrant corrective action. Among its recommendations:

- A new assistant secretary of defense for deterrence to oversee nuclear management; and
- Develop and maintain a strategic roadmap to modernize and sustain our nuclear forces.

I will be evaluating all of the Schlesinger Commission recommendations along with the new service secretaries and defense team.

## **Defending Space and Cyberspace**

The full spectrum of U.S. military capabilities on land, sea, and air now depend on digital communications and the satellites and data networks that support them. Our communications, navigation, weather, missile warning, surveillance, and reconnaissance systems rely on unfettered access to space. At the same time, more nations – about 60 in all – are active in space, and there are more than 800 satellites in orbit. The importance of space defense was highlighted during my first year in this job when the Chinese successfully tested an anti-satellite weapon.

In an effort to maintain our technological edge and protect access to this critical domain, we will continue to invest in joint space-based capabilities such as infrared systems and global positioning systems. Air Force Space Command has nearly 40,000 personnel dedicated to monitoring space assets and is training professionals in this career field.

With cheap technology and minimal investment, current and potential adversaries operating in cyberspace can inflict serious damage to DoD’s vast information grid – a system that encompasses more than 15,000 local, regional, and wide-area networks, and approximately 7 million IT devices. DoD systems are constantly scanned and probed by outside entities, but we

have developed a robust network defense strategy. We will continue to defend our systems against network attacks, intrusions, and other incidents.

It is noteworthy that Russia's relatively crude ground offensive into Georgia was preceded by a sophisticated cyber attack. The massive cyber attack suffered by Estonia in 2007, which I discussed with our partners during a recent visit there, illustrates how quickly malicious hackers can bring even a technologically-sophisticated government to a standstill. To learn from this experience and share technological know-how, the U.S. government is co-sponsoring the NATO Cooperative Cyber Defense Center of Excellence.

## **Wartime Procurement**

When we are at war, I believe the overriding priority of the Defense Department and military services should be to do everything possible to provide troops in the field everything they need to be successful. To place our defense bureaucracies on a war footing with a wartime sense of urgency, I have accelerated procurement of a number of capabilities, notably:

- Intelligence, surveillance, and reconnaissance – specifically, Unmanned Aerial Systems (UASs); and
- Mine Resistant Ambush Protected Vehicles – or MRAPs.

UASs have become one of the most critical capabilities in our military. They give troops the tremendous advantage of seeing full-motion, real-time, streaming video over a target – such as an insurgent planting an IED. Last April, I launched a Department-wide taskforce to speed additional UASs to theater and to ensure we were getting maximum use out of the assets already there. Since then, the Air Force has:

- Increased Predator air patrols by nearly 30 percent;
- Opened a second school to train personnel on UASs;
- Created a career track for UASs; and
- For the first time, allowed non-rated officers to operate UASs.

We've also seen how relatively low cost, off-the-shelf technology can have a huge impact on the battlefield. The Army's Task Force Odin resulted in a dramatic increase in the amount of full-motion video available to commanders in Iraq. We are in the process of trying to replicate those successes in Afghanistan. As part of the effort to increase ISR, we are fielding more than 50 turboprop aircraft outfitted with sensors.

In Iraq, the majority of our combat deaths and injuries have been a result of road-side bombs, IEDs, and explosively formed penetrators. The casualty rate from an attack on an MRAP is less than one-third that of Humvees, and less than half that of an Abrams tank. In May 2007, I directed the Department to make MRAPs our top acquisition priority, and, with extraordinary help from the Congress, the Department has sent more than 12,000 MRAPs to theater. The Army is currently developing a lighter version of the MRAP better suited for the difficult terrain of Afghanistan.

The MRAP and ISR experiences raise a broader concern about wartime acquisition. In the past, modernization programs have sought a 99 percent solution over a period of years, rather than a 75 percent solution over a period of weeks or months. Rather than forming ad hoc groups to field capabilities like UASs and MRAPs, we must figure out how to institutionalize procurement of urgently-needed resources in wartime.

One option is to continue to spin out components of large-scale, long-term modernization projects in real time for early field testing and use in ongoing operations, then fold the results into longer-term product development. We are doing so in Afghanistan and Iraq with Small Unmanned Ground Vehicles, a component the Army's Future Combat Systems used to clear caves, search bunkers, or cross minefields. Such field testing ensures that a program like FCS – whose total cost could exceed \$200 billion if completely built out – will continue to demonstrate its value for both conventional and unconventional scenarios.

## **Defense Acquisition**

As I focused on the wars these past two years, I ended up punting a number of procurement decisions that I believed would be more appropriately handled by my successor and a new administration. Well, as luck would have it, I am now the receiver of those punts – and in this game there are no fair catches.

Chief among institutional challenges facing the Department is acquisitions – broadly speaking, how we acquire goods and services and manage the taxpayers' money. The Congress, and this committee in particular, have rightly been focused on this issue for some time. The economic crisis makes the problem even more acute. Allow me to share a few general thoughts.

There are a host of issues that have led us to where we are, starting with long-standing systemic problems:

- Entrenched attitudes throughout the government are particularly pronounced in the area of acquisition: a risk-averse culture, a litigious process, parochial interests, excessive and changing requirements, budget churn and instability, and sometimes adversarial relationships within the Department of Defense and between DoD and other parts of the government.
- At the same time, acquisition priorities have changed from defense secretary to defense secretary, administration to administration, and congress to congress – making any sort of long-term procurement strategy on which we can accurately base costs next to impossible.
- Add to all of this the difficulty in bringing in qualified senior acquisition officials. Over the past eight years, for example, the Department of Defense has operated with an average percentage of vacancies in the key acquisition positions ranging from 13 percent in the Army to 43 percent in the Air Force.

Thus the situation we face today, where a small set of expensive weapons programs has had repeated – and unacceptable – problems with requirements, schedule, cost, and performance.

While the number of overturned procurements as a result of protests remains low in absolute numbers – 13 out of more than three and a half million contract actions in FY 2008 – highly publicized issues persist in a few of the largest programs. The same is true of cost overruns, where five programs account for more than half of total cost growth. The list of big-ticket weapons systems that have experienced contract or program performance problems spans the services: the Air Force tanker, CSAR-X, VH-71, Osprey, Future Combat Systems, Armed Reconnaissance Helicopter, Littoral Combat Ship, Joint Strike Fighter, and so on.

Since the end of World War II, there have been nearly 130 studies on these problems – to little avail. I mention all this because I do not believe there is a silver bullet, and I do not think the system can be reformed in a short period of time – especially since the kinds of problems we face date all the way back to our first Secretary of War, whose navy took three times longer to build than was originally planned at more than double the cost.

That said, I do believe we can make headway, and I have already begun addressing these issues:

- First, I believe that the FY 2010 budget must make hard choices. Any necessary changes should avoid across-the-board adjustments, which inefficiently extend all programs.
- We have begun to purchase systems at more efficient rates for the production lines. I believe we can combine budget stability and order rates that take advantage of economies of scale to lower costs.
- I will pursue greater quantities of systems that represent the “75 percent” solution instead of smaller quantities of “99 percent,” exquisite systems.
- While the military’s operations have become very joint – and impressively so – budget and procurement decisions remain overwhelmingly service-centric. To address a given risk, we may have to invest more in the future-oriented program of one service and less in that of another service – particularly when both programs were conceived with the same threat in mind.
- We must freeze requirements on programs at contract award and write contracts that incentivize proper behavior.
- I feel that many programs that cost more than anticipated are built on an inadequate initial foundation. I believe the Department should seek increased competition, use of prototypes, and ensure technology maturity so that our programs are ready for the next phases of development.
- Finally, we must restore the Department’s acquisition team. I look forward to working with the Congress to establish a necessary consensus on the need to have adequate personnel capacity in all elements of the acquisition process. On that note, I thank you for continuing to give us the funding, authorities, and support to sustain our growth plan for the defense acquisition workforce.

## Conclusion

As we look ahead to the important work that we have in front of us, I would leave you with the following thoughts.

I have spent the better part of the last two years focused on the wars we are fighting today, and making sure that the Pentagon is doing everything possible to ensure that America's fighting men and women are supported in battle and properly cared for when they return home.

Efforts to put the bureaucracy on a war footing have, in my view, revealed underlying flaws in the institutional priorities, cultural preferences, and reward structures of America's defense establishment – a set of institutions largely arranged to plan for future wars, to prepare for a short war, but not to wage a protracted war. The challenge we face is how well we can institutionalize the irregular capabilities gained and means to support troops in theater that have been, for the most part, developed ad hoc and funded outside the base budget.

This requires that we close the yawning gap between the way the defense establishment supports current operations and the way it prepares for future conventional threats. Our wartime needs must have a home and enthusiastic constituencies in the regular budgeting and procurement process. Our procurement and preparation for conventional scenarios must, in turn, be driven more by the actual capabilities of potential adversaries, and less by what is technologically feasible given unlimited time and resources.

The choices we make will manifest themselves in how we train, whom we promote, and, of course, how we spend. As I mentioned, President Obama will present his budget later this spring. One thing we have known for many months is that the spigot of defense funding opened by 9/11 is closing. With two major campaigns ongoing, the economic crisis and resulting budget pressures will force hard choices on this department.

But for all the difficulties we face, I believe this moment also presents an opportunity – one of those rare chances to match virtue to necessity. To critically and ruthlessly separate appetites from real requirements – those things that are desirable in a perfect world from those things that are truly needed in light of the threats America faces and the missions we are likely to undertake in the years ahead.

As I've said before, we will not be able to “do everything, buy everything.” And, while we have all spoken at length about these issues, I believe now is the time to take action. I promise you that as long as I remain in this post I will focus on creating a unified defense strategy that determines our budget priorities. This is, after all, about more than just dollars: It goes to the heart of our national security.

I will need help from the other stakeholders – from industry, and from you, the members of Congress. It is one thing to speak broadly about the need for budget discipline and acquisition reform. It is quite another to make tough choices about specific weapons systems and defense priorities based solely on national interests. And then to stick to those decisions over time. The

President and I need your help as all of us together do what is best for America as a whole in making those decisions.

I have no illusions that all of this will be solved while I am at the Pentagon. Indeed, even if I am somewhat successful on the institutional side, the benefits of these changes may not be visible for years. My hope, however, is to draw a line and make systemic progress – to put the Department on a glide path for future success.

I look forward to working with each of you to gain your insight and recommendations along the way. Once more, I thank you for all you've done to support the Department of Defense and the men and women wearing our nation's uniform.

I look forward to your questions.

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