

The View from the Pentagon: A Conversation with Secretary of Defense Mark Esper

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00:04: Secretary Esper, thanks so much for joining us today. It's great to see you. Nick forgot to mention the most important thing, that you were born and grew up in Western Pennsylvania before going to West Point where you and I both were born and I know that you've carried that with you throughout your great career. I thought we're doing the Aspen Security Forum so I dressed appropriately. So I'm sorry I'm not lined up with you but we're glad to have you here and I know that you had some thoughts and prepared remarks that you wanted to start with. So why don't I turn to you and then once you've gone through those, then we can maybe just have a conversation.

00:45: Sure. Thanks Dave and thanks for your kind words and Nick, thank you for that nice introduction, good to see again. I'm glad to see that you both are doing well and I look forward to our discussion today and yes, I would like to say just a few things upfront to kinda set the stage if you will, to throw out some issues for discussion, if you will Dave, as we go through this over the next hour and I would begin this way, by saying when I was confirmed over a year ago during my confirmation hearing, one of the things I made clear is that my top priority would be implementing the National Defense Strategy and as you both and many of Aspen members know, that the National Defense Strategy says "Look, we're now in an era of great power competition, that our chief competitors are China and Russia, in that order. We have a second tier of countries we need to address. It's countries such as North Korea and Iran and of course, we have the unfortunately, the enduring challenge threat of violent extremist organizations."

01:41: So since that time, we have been moving out now for nearly 13 months in terms of implementing the NDS and the NDS says that "We have three lines of effort. Effort number one is to build a lethal and ready force. Number two is to continue to strengthen our alliances and build partners and then line of effort number three is to reform the department, to find greater efficiency" and I translate that into creating time, money and manpower, freeing up time, money and manpower to put into other priorities and what we've done over that time is to really flesh out and I did this early on with my leadership team, where like 10 goals that would guide us over the successive months and now it's in our rear-view mirror, if you will, in many ways, what we've been doing over the past 12 months.

02:25: So I'll list off some of the goals here: Review, update and approve all of our China and Russia plans. To implement what's called the Immediate Response Force, Contingency Response Force and Dynamic Force Employment enhanced readiness. Three, reallocate, reassign or redeploy forces in accordance with the NDS. Four, achieve a higher level of sustainable readiness. Number five, develop a coordinated plan to strengthen allies and build partners. Number six, reform and manage the Fourth Estate. Number seventh, focus the Department of Defense on China. Number eight, modernize the force by investing game-changing technologies. Number nine, establish realistic joint war games and exercises and training and then number 10, develop a modern war-fighting, joint war-fighting concept and ultimately doctrine.

03:13: So we've been moving out along those 10 objectives. We've made considerable progress.

Our goal was to complete many of them by the end of this year and we're on track. One of the challenges we've obviously faced over the previous seven months, of course, is the impact of COVID, which hit us in January. I've been tracking this since mid-January, as many of you know. The department received its first US Citizens from China in late January. We implemented our Global Defense Plan, I think on February 1st. So we've been at this now for seven months and I'm really proud of the Department of Defense that, I think at our high point over 60,000 service members on the streets of America, in many of the hot spots, particularly The National Guard whether it was medical professionals helping out in hospitals, distributing supplies, you name it, very proud of what the United States military did often putting themselves at risk.

04:05: During that challenging time, I outlined three priorities. Number one, take care of our people and their families. Number two, ensure that we can maintain our readiness to execute our National Security missions and then number three, of course, is support the whole-of-government effort and so we continue to carry on and to this date, we now have, for example, still have medical professionals deployed in both Texas and California.

04:28: On top of that, we also had to deal with civil unrest in the wake of the tragic murder of George Floyd, if you will. Our service members, again, did extremely well in serving their state governors. The Guard that is, aligned making sure that Americans had the chance to exercise their First Amendment right of freedom of speech and assembly to protest and to do that peaceably. So I've been very proud of our Guard in that regard, in that manner and then, of course, in the wake of that, I pursued three initiatives to address racial discrimination, diversity and inclusion in the ranks and we could talk about that in some detail but clearly, while the United States military has been a leader when it comes to dealing with discrimination in its ranks and making sure that it's not part and parcel of our force, we're not immune from what's happening in the broader society so we're taking a number of actions to do that for two reasons.

05:21: First of all, it's the right thing to do but secondly, it's important to our readiness. We need to be able to recruit and retain the best and brightest and make sure they all feel respected, regarded and have all the equal opportunities that everybody else does in our force and that applies not just for persons of color but your ethnic differences, sex, gender, sexual orientation, you name it. We wanna represent the American people that we've sworn an oath to protect and defend, if you will.

05:51: So with that, I just wanna say thank you for the chance today to talk about what we're doing at DOD and talk about broader issues in the external environment. I just want to assure you and everybody else that while America is focused inward, rightly so on issues of COVID and whatnot, at the same time we're doing both. We're focused inward, helping inward but at the same time maintaining our national security capabilities in defending the country and we see that as our top priority and are committed to continue to do so here as we move forward. So with that, David, thank you and I look forward to a good discussion today.

06:25: Thank you. That covered a lot of waterfront there and there's so much we could talk about but I thought I might ask you to elaborate a bit more on really the defining geopolitical challenge of our time, which is obviously the rise of China and how to think about that from a national security perspective and in recent weeks a number of your colleagues in the administration have made a very significant speeches about China's role in the world and about some of the challenges and you've

talked a lot about re-orienting the department towards the strategic competition and so I wondered if you might elaborate a bit. What do you mean by that? What are the specific things that are under way and how do you see that challenge evolving?

07:09: Sure enough. First of all I've been watching China's rise now, for many decades, I was a war planner, if you will, in a mid-1990s, while still in uniform here at the Pentagon, my first assignment focused on what was then PACOM and so I've...

[background conversation]

07:23: I've seen this over time in my various roles, whether it's at think tanks or on Capitol Hill, I served on a US Commission on Economic and Security Review Commission, if you will. So China has been on this path for some time now, on all forms, whether it's diplomatic, economic and the military and so I think then NDS rightly recognized that we are now in this era of great power competition and it's time that we woke up and addressed it and that we competed much more vigorously with China, than what we have been and so we have taken this whole of government approach with regard to the National Defense Strategy and by the way, I'll pause because I don't know if you all can see me but I can't see you now. We may have a technical thing on my side.

08:11: We've undertaken a number of actions so again, I said our focus to the department of China, we had to update our plans to be consistent with that. What I've done is turned to the National Defense University, I've asked them to focus 50% of their curriculum on China so that our most senior officers have a good understanding for how China operates politically, economically, militarily, what their decision-making processes are, what their values, how the party is organized and whatnot.

08:36: I've made China the pacing threat for our armed services, much like David, you and I would recall from our days during the Cold War so we're now understanding better Chinese order of battle and things like that. I wanna make sure it's taught in our schools, we're trying to expand our language programs but clearly it's gonna be the challenge of our time. I don't see China right now as an inevitable threat that we're gonna have a fight with them, whatever the case may be but we do have to compete and we have to be much more vigorous in all domains, if you will, whether it's again, diplomatic, informational, military or political.

09:10: I've been speaking out since early days of my tenure here, I gave a major speech at the annual think tank event Verantwortung in Germany earlier this year and spoke a number of times. So look it's a big challenge and we need to face up with it and I think our hope is that we can get China on the right trajectory where they share our same values, where they at least respect international rules and norms and don't try and alter them. Where they stop doing what we've seen them do to many of our partners around the globe, particularly in the INDOPACOM, where they're twisting arms and using other course or techniques to get their way and trying to play the regional hegemon. So it is a particular challenge. We need to continue to outreach to them but we also need to recognize that we're in a new era.

09:54: Yeah and you've spoken a lot about this and I know one of your priorities was a very ambitious Defense Reform Agenda, which you've laid out and of course as a former Defense

planner, you know that the challenge is to allocate resources so you're able to deal with the challenges immediately in front of you while the same time investing in the future set of capabilities that would be more aligned with dealing with some of the asymmetric threats that are evolving in China and Russia and elsewhere. Talk a little bit about that effort and I don't know where I read it but I also read about some of your efforts on the resources to make sure you were cutting out the fat with your I guess late night sessions in your office where you went line by line. So talk big picture and then go granular, if you will, about how you've tried to make that reform effort a reality.

10:47: Sure, it's so much about making choices and prioritization and I know you know that, others know that from their careers also and look, first of all, we have a very generous defense budget from the American people. I still believe we need to maintain 3% to 5% annual real growth to keep it that way, to make sure that we're as ready as we need to be to face not just today's threats but future threats and that is the trade-off. It's the present versus the future. It's what do you need to fight today's fights? 'Cause we have serious challenges, if you look in the Mideast with regard to Iran, other places around the globe, North Korea, clearly is a challenge for us but at the same time, I have to be thinking about the future, that's my role in so many ways and so it's making those trade-offs on a day-in, day-out basis.

11:34: The first week I came into this job over a year ago, we instituted a defense-wide review where we went through what we call the Fourth Estate, all the 29 plus defense agencies that make up the backbone, if you will of the military and found \$5.7 billion that I could put into these national defense priorities because, yes, we wanna always go after fat, sometimes you have to go after a little muscle too and after the defense wide review, we began a series of combatant command reviews and we got about six underway right now. Again to re-prioritize our resources, whether it's troops or money or resources or simply time to focus on the challenges of INDOPACOM and to me, that's the fundamental thing when you talk about implementing the NDS is how do I make sure that I have sufficient resources capability in that theatre to compete with China first of all and secondly, deter any type of conflict and third, if those two things fail, I gotta be prepared to fight and win and that means again, making hard choices, pulling things from other theaters, if you will and the China competition, by the way, is not limited INDOPACOM it's a global competition.

12:44: So we see them in all parts of the world. So it's multifaceted and it requires tough decisions and look we're making those tough decisions as best we can.

12:57: I can't hear you Dave.

12:58: Part of that that you've talked about is innovation and I wanted to maybe ask if you could go a bit deeper on that, I think if you walk the basement of OMB or down in NSS where you'll probably see some dust on former transformation reform efforts, some of which haven't come to fruition in the ways that the originators had hoped. What makes this different in your mind and what are the impediments that you see as the Secretary to Innovation within the Department of Defense and within the services?

13:32: Yeah. It's a great question. We're clearly at a pivotal moment, an inflection point, if you will. I will tell you from my days as Secretary of the Army and you would recall this as well, we were still living off the Reagan build-up of the 80s. The big five weapon systems of the Apache and the

Abrams and the Patriot were all the same systems we were using. Upgraded of course but still using. So I think we just reached a point where it was time to make that change and across all services, you now see everybody doing this, whether it's the Air Force with a new stealth bomber, obviously three services with the F-35, the army is moving out in new directions as well to upgrade but if you step back, the underlying technologies are very clear and we're putting a lot of dollars into this and we have these 11 modernization priorities to get us there and it includes stuff like AI, which I think will be a game changer in terms of our ability to maintain over-match in the future. It's AI coupled with robotics and machine learning to do those things.

14:32: Directed energy, Hypersonics, Quantum physics, Biotechnologies, these 11 areas where we think are game changers in the future that we gotta put big dollars into and we are committing to and when I talked in your previous question about reform, it's doing those types of reforms, it's ending legacy programs, it's curtailing activities that have a low ROI in order to free up that money to put it into those modernization either capabilities or technologies. If we are going to continue to dominate the future and win the future and win in the sense of just preserving the international global order the way it is, consistent with our values so that everybody can live in security and prosper much as we've done the last 70 or so years.

15:21: One of the things that is related to that, that you and I've talked about, I recall a couple of times over the years, long before you were in this role, was culture and the culture of the military services and when you think about the pace of change, if you believe the theory that these emerging technologies and the pace of change is accelerating, the question comes to mind about culture and whether the culture of our services is appropriately risk-taking, appropriately entrepreneurial to be able to adapt and I know you've spoken a bit about the risk-averse culture or the fear of it I guess that you've seen. How do you see that playing out and how do you imagine we might evolve it if it is a real issue?

16:07: Yeah. This gets to the second part of your last question that I didn't answer so I'll address it now. Culture is dominant, it's what drives so much of our behavior in so many ways and you asked before, what are the obstacles to modernize in the force to success? And I will tell you in that regard, it's the culture of DoD, which first of all is we're heavily bureaucratic and it is very risk-averse. So you have people protecting their programs, protecting their activities, protecting their staff and on top that is the risk aversion of taking risks that should be taken.

16:46: So I think on one, the big hurdle is again, the bureaucracy, the culture. Sure, there are legislative obstacles that are put in place, there's things we have to do based on federal policy but all those aren't the big issues, the big issues are all internal to us and our willingness and ability to overcome bureaucracy and that's something we could talk in great detail about. When you get down to the services, they each have unique cultures, usually it's really good, there's that diversity of culture in there and I will tell you, when it comes to war fighting, I don't see a risk aversion. I see a very culture in each of the services where they wanna take a managed risk, where they understand the mission and are willing to act boldly to accomplish it and so I'm very encouraged from a war fighting perspective that we're building the right type of leaders and that we're giving them sufficient guidance and coaching and opportunity to grow and learn.

17:42: It's everything behind them, the bureaucracy, it's DOD writ large, the big agencies where we

really need to develop a different culture and that means giving people room to fail and that means that if people fail, understanding why and then taking appropriate action, it doesn't mean that everybody loses their job because they took an appropriate risk and so part of that is changing the leadership culture as well.

18:08: And how do incentives, promotions, promotion boards fit into that? As you and I remember from our days in uniform, there was a very clear path to being promoted and that was ultimately what directed the choices that individuals made, how do you see that playing into your decision-making process?

18:28: Yeah. Again, there's two different types of systems, you see. Of course, you got the civilian system on one hand and the military in the other one and certainly with the military, it's still fairly structured, if you will, in terms of a career path but I think what we need to do and I see the services taking this on in different ways, I'll speak to the army because we were developing it then and I know Secretary McCarthy and Chief of Staff for the Army McConville continue to develop it but you have to take the approach where it's less structured and less rigidity in there and it's not an industrial age management practice but a 21st century talent management process where you give the people the room if you will to pursue their interests, their ambitions based on their attributes, their skills or behaviors. As long as it's consistent with Army needs and requirements and you don't penalize them for going off track a little bit and what you tend to find is that the more breadth people have in their experiences, that they end up being, having far greater value for you in the long run, particularly when you get to positions of senior leadership.

19:32: If you allow them that room to kind of maneuver outside of a traditional career path and do things like go to advanced civil schooling or to take an assignment in another department or in another service and that's why I think joint assignments are so great. We need to continue to encourage that type of broadening, if you will one's assignment history.

19:55: Okay, thank you. I wanna just shift topics if I might, to diversity and inclusion, which is obviously on the national consciousness at the moment in a very profound way but also something that you've really made a priority and I was struck by some videos that came out earlier this spring of some senior enlisted leaders and senior officers talking about their experiences with prejudice in the military and you start your comments by saying "The military has been one of the great institutions for integration in our country but also has room for improvement." I wondered if you might give us your assessment of the state of the military today in terms of race and then also how you're dealing with whatever gaps there are in the kind of institution we want?

20:48: Yeah, it's a great question. It is a profound issue. As I said upfront, I think the murder of George Floyd was a wake-up call. It brought Americans out on to the streets to protest this discrimination that many of our fellow Americans, African-Americans experience and it was a wake-up call for us as well as leaders. We know we're not immune to what is happening in broader society, that society that we serve and look it's clear 'cause we bring young men and women into the service all the time from all walks of life, all corners of the country. Urban, suburban, rural. Black, White, Asian-American, you name it, all types and I don't think what everybody appreciated, at least me personally, is the depth of sentiment out there among our service members of color, particularly Black Americans, about how much the killing of George Floyd and the other incidents

that preceded it and succeeded it had on them and what they were experiencing in the ranks as well and I'll tell you within a week or two of that, I started going on the road to check out training, I did it as part of COVID to see how our recruiting and training base in particular was holding up under the stresses of COVID and it eventually turned into listening sessions as well.

22:13: So I've done eight, nine, 10, if you will, across the United States and abroad, listening to service members, various diverse groups and you get a true sense of what they had experienced. Anecdotes, story after story and the good news or maybe the bad news is it's all consistent. Everywhere I go, regardless of service, regardless of location, same type of stories, same type of experiences.

22:38: So look, we took it upon ourselves as a leadership team that we had to do better, we must do better. DOD had a history of leading on these issues and it was time for us to step up again to really capture this moment. So I laid out three initiatives. Number one was to come up with what I call quick action items that we could do now to really make a difference and to get things moving and I signed that on I think July 14th. July 15th was initiative number two, where we stood up a defense board for diversity inclusion led by the Secretary of the Air Force Secretary Barrett, she was joined by the senior enlisted advisor to the chairman Colón-López.

23:17: A very diverse team and diverse not just in terms of having persons of color and different ethnicity but we also wanna get the persons different in ranks, we get young officers, mid-grade officers, younger enlisted, mid-grade enlisted because we knew they would own the future. They really had to help us lead us on this and we wanted to be part of that. So she's doing a six-month sprint, if you will, to bring me back recommendations in December.

23:43: The third piece, the longer piece is the Defense Advisory Committee on diversity and exclusion in the armed services mirrored on the very successful DACOWITS, which took up the same charge when it came to women in the military and we'll be standing that up probably end of November, if you will but that will be the long-term enduring, independent, if you will, body that will look over time and really help us see ourselves better and help us make progress on issues of diversity, inclusion and equal opportunity in the force. Again, it's critical because first of all, it's the right thing to do but secondly it's important to readiness. If we're gonna deploy and employ a ready-capable force, we have to have Americans of all walks of all colors, ethnicities, etcetera filling part of the team and part of the team.

24:33: You made the point that if anything, COVID has heightened our awareness of some of the challenges around diversity and inclusion, I also wondered how has it affected through your eyes, the readiness of the force. What are the strains and stresses that it's created, what changes in operational tempo training and so forth and how do you see that playing out over time?

24:58: Yeah. So clearly when it hit early on, we could see it kind of coming, this is back to January, if you will and it took some time to see the full effect by April, if you will, quite concerned about our personnel and how they would hold up and obviously, as you know, you can't afford to lose a part of your force and perform your mission. So we were very careful in terms of issuing at this point now, I think, 13 guidance letters on how to protect the force, how to protect one another. Giving broad guidance to commanders and their medical staffs about how to do that so we made the

job number one, if you will and it's held pretty well. Our rates of infection are lower than the population we serve, every death is a tragedy particularly in the military and thank goodness, however we've only lost one person, one active duty member to COVID. So I think with the measures we took in place held up as well. As a result, the force has been able to perform its national security missions inside the country but outside the country as well and we've tiered our forces to do that.

26:02: The areas where I became most concerned were two-fold, one was can we recruit and can we bring young recruits in in this COVID environment? And we made some adjustments to do that and we can talk about that if you will but I think the services took slightly different approaches but generally the same and were able to manage that pretty well and I think we're gonna hit our end strengths this year, for the most part. The Marines may fall a little bit short but that's been manageable because if you don't otherwise, you could create a hole in the system that will take years to work its way through.

26:32: The other one, which is a lot more challenging is the Defense Industrial Base and why do I say that? Because unlike the military, where we have a young fit, healthy population that can withstand COVID better than most, the Defense Industrial Base is an older, less fit, if you will, population that I'm more concerned about and obviously, your most important resource is your persons, your people, their ability to fight and win but they need that hardware, that technology, those instruments of war, if you will, to do their jobs and that's where I have been concerned or remain concerned. A lot of credit to the team here that handle acquisition and sustainment under Secretary Lor who's done great things to keep the defense industrial base afloat, to help them with progress payments, cash payments, everything we can do to keep those industries healthy.

27:24: Particularly as you know, when you get into those third and fourth tier suppliers, they can't afford to take a month off, they can't afford to lose a contract without going completely out of business so that was and remains my principal concern right now as I look at the impacts of COVID. That said, I will tell you, there are silver linings in the COVID cloud that we found as well and we could talk about that if you want.

27:48: Yeah. Yeah, please. What are the silver linings?

27:52: Well so when I went to Parris Island to see the Marines and how they were adapting to COVID, they for example took in a practice where they brought a man and for two weeks they would socially distance him in a separate barrack, separate area, if you will and that was very successful in terms of limiting the spread of COVID but what we eventually found too was not only did it reduce the COVID cases considerably, dramatically we also saw fewer cases of other types of respiratory illnesses and other things that afflict young people when they all come together. So at the end the day, we saw higher rates, if you will of duty on a daily basis.

28:30: Another example was instead of giving young recruits a week plus breaks in between basic training and extended training, if you will, by only limiting them to maybe a long weekend, three days, we found that they came prepared for that 2nd tranche of training, again, more fit because they didn't take a week off, they weren't getting in trouble at home, they were more ready for the training. So we're seeing benefits in different ways and I could talk to each of the services and show

you how we found silver linings in each of these things.

29:02: Even the Army said, again a different type of training where they allowed the recruits for the first 14 days while they were restricted movement to do a little bit more bonding, if you will, under far less duress than they would normally have on day one and what they found as a result, by giving them 14 days to bond and get to know one another, once they hit that traditional day one, high stress, high duress drill sergeants in your face type of situation, we're seeing lower rates of attrition because they know one another, they can lean on one another, they've bonded already and it's having a much improved impact on our ability to get larger numbers of folks through the pipeline.

29:45: I see. That's interesting. One of the things you've mentioned earlier in your remarks that sort of related to COVID is, there's a math problem that we as a country are facing and if you think of our economic might really underwriting our national security, we as a result of COVID have significantly increased our deficits or debt as a percentage of GDP and so even under the most optimistic scenarios, there's a much different fiscal outlook and it's not clear that we're at all done spending yet. A much more difficult fiscal outlook than there was three months ago or January 1st and so how do you think about that? As a national leader, with your point about the 3% to 5% and there's sort of the reality of our moment and how would you advise policy makers, members of Congress and so forth to think about those trade-offs?

30:44: Yeah, look, I give the President and Congress a lot of credit for coming up with these trillion dollar plus spending packages. The first one was what? \$3,000,000,000,000 plus and we'll see what the next one will be to help Americans, to help the economy stay afloat, to do all those things we need to do. We're also all cognizant of the fact, I am as well that as you noted, it adds to the debt and the deficit, which inevitably puts more pressure on the federal government, on DoD in particular, in terms of downward pressure on our budget.

31:16: I said upfront that in order to sustain the great progress we've made over the last three years, President Trump, year after year, we've seen increases in our budgets, which has resulted increases in readiness and increases in our investment accounts and all those things but to continue to expect that type of generosity from the American tax payer when we see discretionary spending arise, mandatory spending arise, means we had to be much more aware of what's happening in there over time as well. We were talking about this just yesterday, when we talked about how do you grow the force, how do you grow the fleet. Conscious of the cost it will put on the system.

32:00: So that's why I continue to beat the drum that we have to be much more cost aware, cost efficient, we gotta make those hard choices. We gotta get rid of legacy systems. So many programs are important but frankly, some are more important than others and if it's not delivering a high ROI, as we say, you're just gonna have to get rid of it because it's hard to sustain that level of spending, we just need to be realistic. I will continue to go out there and fight for it, I think it's important but at the same time, the one thing I can control is how we spend our dollars and I'm gonna continue to emphasize that with the services and with the combatant commanders.

32:40: Great, thank you, I'm gonna pivot again to a new set of questions for those in the audience, I wanted to encourage you to put questions in the Q&A section and we'll try to draw those questions into the conversation. Mr. Secretary I hope we might turn to allies, alliances and partners, which I

know has been a very significant... I think your travel schedule is indicative of the priority you place on that and they're key to our national security. I hope you might give us some context and background on the repositioning of troops in Germany. What's the thinking and the reaction within NATO and how does that advance the National Defense Strategy that you described?

33:28: Yeah no look, allies and partners are critical. It's the asymmetric advantage we have over both Russia and China hands down, our allies and our partners. So it's something inconsistent with our National Defense Strategy line of effort number two that we've gotta continue to "strengthen the allies and grow new partners". So you're right, I've spent a lot of time on the road traveling, particularly to the INDOPACOM theatre, well over 200 or so meetings with foreign partners. Just in the past week alone, I've spoken to my partners from Indonesia to Brunei, Australia, you name it, the UK, the NATO Secretary General, etcetera. Gotta continue to build those and strengthen them we do it through not just diplomacy but through arms sales, through training and extra exercises, all those things that make us a very capable strategic force so very important that we must do that.

34:22: In all those cases, we have to look for ways on the other hand to... I said earlier, multiple times, free up time and resources to apply into our priority theatre so I have these COCOM reviews under way six right now, presently, one of those that we began some time ago was the European Command one and so I'd given General Walter some instructions, if you will, how do you look at your command, how do we reposition? How do you give me as Secretary of Defense, more strategic flexibility and yourself more operational flexibility as an example, then in June, the President issued his directive that accelerated that with regard to pulling forces out of Germany so we went at the task, General Walters in particular. I said "Look, we gotta meet the President's objective. I want you to follow these five principles, number one, enhance our deterrence of Russia, number two, reassure allies our partners, number three, strength and the alliance. Number four, give me greater strategic flexibility and your own operational flexibility and number five, take care of our service members and their families in the process."

35:25: I think they did a really good job. The number they came back with was to pull 11,900 out of Germany. That would leave nearly over 24,000 troops still in Germany, still the largest country hosting US forces but what we did in the process and what will be under way is the way by which we made the alliance more capable and I'll just speak to it in strategic terms. With regard to Russia, what we'll end up doing is actually move moving forces further east, in other words, following the trail of our newest members of the alliance so we see putting more rotational forces into the Black Sea region Romania in particular and then my aspiration is also to put more forces up into the Northeastern flank as well, both the Baltics and Poland and if you saw in the past week, we announced the deal was made with Poland where we'd have 1000 troops there, A full deployed V Corps headquarters as well but some of the things that he came up with were things that had been talked about for many years, for example, I think nobody can deny the fact that by aligning his headquarters, co-locating it with his SHAPE headquarters in Belgium is an efficiency that will allow greater interoperability between our staffs.

36:44: Reuniting units that had been separated for years so for example, moving the elements of the 173rd Airborne Brigade Combat Team from Germany down to Italy with their host units makes obvious sense. Same thing with combining other headquarters as well. Now one of the things we're doing of those 11,900, 6,000 or so will come back to United States. Principally the Striker units but

what that does is it gives me great strategic flexibility. Our ambition is to bring them back but put them in other strike units back on the road.

37:15: So whereas in the past we may have had full deployed at any one time training one battalion, in the future, we'll have an enduring presence of a brigade and by the way, as I said to general Walters, if you don't want strikers, if you think you need a armor brigade combat team, we could do that too. Whatever it takes to meet those five principles and we could talk about... The Air Force rejoining airforce squadrons. I think one of the things that has been talked about for years when I first came on board was keeping the airmen... We have a refilling squadron and a special Ops squadron or wing in Mildenhall England, keeping them there in England made obvious strategic sense in the wake of the NDS so we're keeping 2500 airmen there.

38:00: So I think when you go through it, you'll see these moves make a lot of sense when you put in the context of those five principles... I know it's a long answer but look I will say this much. I think the feedback I've gotten from my team, that I've personally heard from allies or that have been reported on from allies has generally been positive for most of them and Germany to their credit, I spoke to my counterpart a week and a half ago now, obviously disappointed with regard to losing forces but recognize the important thing was strengthen the alliance and doing those other things and so again, I think at the end of the day as we... And we'll make adjustments over time is just, we wanna move as quickly as possible but we gotta be deliberate in it that you'll see these things pan out just as just as I laid them out to you.

38:52: I think, just as you've suggested, I think it's important to note also historically, there's been a number of ebbs and flows over the years as people in your position and military leaders have looked at the right force posture, including in the Clinton administration, where there were significant reductions in forces in Germany. So this is... Continues that to some degree.

39:13: Look and the other thing too it deserves mentioning, I think you may have addressed it, is this issue about allies paying their fair share and I've gone back, either reading my predecessors book, I've spoken to many of them. The Obama Administration, to their credit, had the Wells form, it was in Wells where everybody agreed to meet this 2% target. So this has been an historical issue for the United States, getting the European partners to pay, to pay more, to pay their fair share. We said the fair share is 2%. Frankly, I think it could be, should be more than that depending on how wealthy a country is and I've come to the point where I've kinda put that standard out there for all of our partners, whether it's in Asia or elsewhere, is if we're all gonna work together, if we're all gonna commit to collective security in order to protect the international rules and norms, in order to push back against countries that want to infringe upon individual rights or another country's sovereignty. Then we all gotta work together. We gotta contribute together and we gotta understand what that means and that means we all have a certain minimum level of commitment to get there to deter bad behavior and if we can't deter it, we all gotta be ready to fight and win.

40:28: Can you spend a minute Asia and the same question and the importance of the quad, the Prime Minister of Australia was on yesterday. Obviously, Australia has taken a very different defense posture in recent months and years based on the rise of China, how do you see our alliances in that part of the world and comment on the quad in particular?

40:48: Yeah it's a great question. It gets back to you the first one you asked about China. So I think what we've seen with regard to what's happened in the last seven months coming as part of COVID if you will, we've seen China become more aggressive, trying to use the tragedy, if you will of COVID to their advantage for propaganda purposes and I think they've really over-played their hand and we've seen them continue to try to exercise this muscle in the South China sea. They sunk a I think a Vietnamese fishing vessel a few months ago, they continue to twist the arms of others, they deploy troops along the line of actual control in India. So again, we see them acting out in the way that it's inconsistent with international norms, rules of behavior, if you will and many of our allies and partners are reacting as well.

41:40: I give great credit to the Australians and in particular, the Brits as well, whether it's pushing Huawei out of their systems or the Australians with a brand new defense strategy that has a long-term commitment to funding. Secretary Pompeo and I just did a two plus two with them where we talked about these issues but what you see... And oh, by the way, another silver lining of COVID, is because we haven't been able to travel as much, we're doing much more online, much like you and I and all of the Aspen members are doing today. So we've been doing FVEY partners, civets meetings. We've been doing trilateral meetings, if you will and so what I hope and what many of us my Australian counterparts, Japanese counterparts, I think have agreed to is we need to do more of those and we need to multi-lateralize them.

42:25: So as you know so many of the relationships unlike Europe in Asia are bilateral, US-Korea, US-Philippines, US-Australia. We need to multi-lateralize those. Maybe not officially, right? But in terms of knitting things up so we talk more as a group. That's the best way to push back against China and it's bad behavior in the Pacific and I see that as another positive outcome if you will, of us being unable to travel, we found new ways to communicate and to do it in a multilateral way and I think we need to continue to advance that.

43:00: Yeah, I couldn't agree more. I wanna draw a question from our audience, this is from Drew Dornstadt there it's about alliances. He's a West Point grad, he put Beat Navy in his question. So he came to the top of the queue and it's related to what we just talked about, which army futures command has many ambitious modernization programs such as the future vertical lift and long range precision fires, to what extent should we be engaging our international partners to strengthen their capabilities and enable them to keep pace with our own?

43:35: Yeah, early and often. One of the things that we did as part of the NDS strategy is my policy team has done a superb job, we have the first ever global outreach, if you will, when it comes to allies and partners. So we're doing stuff like expanding IMET by 50% over the next five years. IMET to me is, you can't beat the return on investment, that's International Military Education and Training but we're also looking at how we advance arm cells and weapon cells. So we built interoperability, we build relationships, that's one of multiple facets of this new strategy. So yes, we should be reaching out now to partners, whether it's advanced aviation, the Army, I recall from my time, not too long ago that we're trying to restore mobile short range air defenses but not just missiles now on mobile platforms but directed energy.

44:24: We're trying to get longer range artillery and what they're doing right now in places like Yuma Arizona, what they're testing is just remarkable. It'll give us a range and precision we never

had. So all those things we should be working closely with allies and partners and I know we are and so it's important to sustain that and not just obviously for the army but for all the services and that's just again, that's the way how we further develop is asymmetrical advantage we have over the Russians and the Chinese when it comes to allies and partners.

44:55: Great. I'd like to draw another question from our audience, this is from Ambassador Sanders and it's a question regarding Russia and maybe asking you to elaborate a bit on how you see the strategic competition with Russia as a potential threat. I know part of the repositioning you described with the move with the troops to Germany was designed around that and then a second part of that question is if you could comment Africa command. In particular, some of the terrorist activity in Africa, some of which is apparently supported by the Russians. So if you could comment on both things, I'd appreciate it.

45:35: Yes so on the first one, obviously under Putin, Russia has taken on a much more aggressive posture out in the world, where you obviously have seen a move into the Middle East, Syria in particular, they're playing multiple hands in various parts of the world. We see them in Libya. Obviously, they're in Africa too so and we know well their invasion of Georgia, annexation of Crimea, they're occupying part of Ukraine, they're stirring trouble up in the Baltics. So look it's focused the attention of NATO, it's unfortunate, we're in this situation but we have to stand up and deter them. We have to stand up to them and that means committing funding, committing troops, committing more capabilities to deterring Russian bad behavior. So that so there isn't conflict in Europe so we can continue to defend those democracies that we count as our allies and that's my commitment.

46:27: I served as a young officer in Italy as part of NATO, actually it was part of the NATO rapid reaction force so I know the value of the Alliance and I know the value is greater than the sum of the parts when you work together so Russia has given us that focus and we need to continue to address them wherever we see them out there playing which... So one of those areas is Africa. Of course, you mentioned that Africom, I think I just got off the phone a short while ago with General Townsend, the head of Africom he is doing a great job down there. As part of the reforms, what I've asked him to look at is, yes, we need to focus on the counter VEO threat in Africa and there are groups in both principally West Africa and East Africa but we have to be able to distinguish between threats that are local or regional in nature and those that threaten the homeland and our strategic interests so as we look through our reform options there and we've made a number of changes already, he's focused on that and what I've put though at the top of his list is focus on great power competition in Africa, where do we need to be in order to address what China and Russia may be doing, whatever footholds they are trying to gain, whatever governments they're trying to influence and so as part of that process early on, what I said is...

47:45: Look I'm gonna deploy parts of a security force assistance Brigade, it's a new organization in the Army which is geared to doing that type of assistance for other countries' militaries and so he's moving out on that front, part of the discussion, we had a short while ago is other places where we may address. Again, great power competition but I've tried to give him a prioritization list and he's working through that and as we continue to review his combat command, I think we'll continue to make good progress when it comes to moving forward on the National Defense Strategy.

48:21: We've had a number of people raise a question about... I don't know if you're able to speak about it, what happened in Beirut, are you able to share anything on that or is that something where you're still getting information.

48:32: Yes, still getting information on what happened. Most believe it was an accident as reported and beyond that, I have nothing further to report on that. It's obviously a tragedy. We mourn for the dozens, if not hundreds of Lebanese possibly killed and thousands hurt and it's just Lebanon is struggling right now in a number of ways and it's a shame to see it happen. When you see the video, it's just devastating and you wonder... It's really, really bad. It could have been much worse but we wanna help. I spoke to secretary Pompeo this morning. We're reaching out to the Lebanese government, have reached out, we're positioning ourselves to provide them whatever assistance we can, humanitarian aid, medical supplies, you name it, to assist people of Lebanon. It's just again, it's the right thing to do, it's a humanitarian thing to do in the wake of this tragedy.

49:26: Got it and just prior to your session, we had Brian Hook interviewed and so there was a lot of talk about Iran and the Iran deal and so forth or actually the Iran deal rather but I wondered if you just could talk about that through the eyes of DOD and how you think about that threat and think about DOD strategy and the national defense strategy in terms of being prepared to respond.

49:53: Sure. Now look well, first of all, we absolutely support the maximum pressure campaign. Iran has been a bad actor in that region since the revolution in '79, spreading malign activities all the way from Africa, across today into Afghanistan, the other stans, stirring up problems, controlling, influencing governments and it's been really bad. So you have that aspect of it. You have hostage taking happening for many years, we know their pursuit of long-range weapons, missiles and of course, to top it off, their pursuit of a nuclear weapon, which we absolutely cannot allow so DoD's posture is again, continue to Strengthen our allies in the region. Whether it's Israel or our partners, such as The Saudi Arabia and other countries in the Arabian peninsula, reassure them, make sure we can deter Iranian bad behavior, wherever it happens, whether it's on the land and places, again, across the Arabian Peninsula or even into Africa.

50:56: Certainly deter bad behavior in the Maritime-sphere we saw last summer where they were stopping ships, sabotaging ships, doing things that would disrupt commerce and freedom of navigation and that's one of the key principles that the United States tries to enforce out there, uphold is freedom of navigation, freedom of commerce, whether it's the Persian golf the strait of Hormuz or the South China Sea, where we do freedom of navigation Op. So there's that piece of it.

51:22: And then you have Iraq, where we've been for many years now, trying to help Iraq get up on it's feet, step on it's feet in a very challenging neighborhood. We have full respect for their sovereignty. We're there as guests of the government to help them, ensure the enduring defeat of ISIS but at the same time, we don't wanna see them captured by Iran and we wanna see a sovereign Iraq out there that can stand up for itself so we're balancing a number of things, we're supporting the policies set forth established by the President, implemented by the State Department. We stand there to support our negotiators and maintain the peace and really deter Iranian bad behavior and again, if that fails, we're prepared to act as we did in December and January.

52:08: Thank you. I'm gonna give you a final question here, which draws a bit on what some of the audience have said but also just something that I'm interested in, which is... It's really two parts. One, I have some sense of what it's like through your eyes in terms of your going to West Point and then serving as a combat officer and now having the great privilege of leading the men and women in our Armed Services. So I wondered if you could reflect on the last year as Defense Secretary and just give us whatever thoughts you have on that and also related to that, you've traveled around the world. You've met the men and women in uniform. We talked about this, right, when you took the Army Secretary job and the thing that comes out just as it did today but always when I talk to you, is just this admiration, love, respect, feeling of absolute commitment to the men and women in the armed forces and I know sometimes when we talk about weapon systems and billions of this and NDS is that, sometimes it's easy to forget those young faces and all that they're doing for our country so just ruminate, if you will on both of those points as we close out.

53:26: Yeah. On the first one, I'd say you come into these roles and you know they're not gonna be... You want them to be predictable. You want to be able to implement your agenda. As I've said many times, my agenda was implementing the National Defense Strategy and the policies of the Administration. You want that but you know it's gonna be upset by reality by what happens in the world. So it's not unexpected to see threats happening, to have to deal with an Iran or counter-terrorism operations, things like that but look, nobody a year ago would have predicted we'd be facing a global pandemic that has shut down the economies of the world, that has done so much damage and of course the human toll which is terrible.

54:13: So that and then we faced for a period of time civil unrest so you never know what the world... What fate will throw at you. I've just been blessed to have a really good leadership team beginning with the Deputy Secretary of Defense and the chairman of the Joint Chiefs of Staff who I've worked together with both previously. Great in terms of civilian secretaries and service chiefs and a combatant commander. So we have a really good team that was flexible, adaptable.

54:41: One of the things that I did when I came in was to break down the silos that we had at the time where the service secretaries would meet in one meeting, you'd have a different meeting with the tank and the Joint Chiefs of Staff, you'd have another meeting with just OSD staff and we immediately went to a format where we all sit together twice a day on a Monday, the morning deals with quarterly updates on things such as modernization or our people or readiness and things like that and then the afternoon session with all those players, plus the combatant commanders. We talk about strategy and how to implement the NDS and how to deal with Russia and China and so we've really flattened the organization that really enabled us to deal with COVID and things like that, I think much more effectively.

55:23: So look, you never know what the world is gonna throw you. Who knows what's gonna happen tomorrow but we've had a good team and I think we've held up pretty well given all that happened. With regard to your second question I mean, you're spot on. There's nothing that I enjoy more than going out on the road and spending time with our soldiers, sailors, airmen and marines. They inspire you each and every day, their stories, where they came from, why they joined, what keeps them motivated, what their aspirations are, learning about their families, about their careers.

55:52: As I so often tell them, particularly when I do Swearing-In Ceremonies for brand new folks

joining the military, I just say they're just such great Americans. They're willing to raise their right hand and swear an oath to the Constitution and give their life, sacrifice themselves for their fellow Americans in defense of an idea of ideals that say that we're all free. We have these inherent rights that are guaranteed us in a constitution, that we believe in democracy and that this is what bonds us together. People from different backgrounds, ethnicities, against sexual orientations, gender, you name it. We all are bound around this notion of the Constitution, what it means and they all swear their... Raise their right hand and swear that oath and commit to give their lives to that cause.

56:43: You can't help but be inspired by it. It chokes you up and every time I go out there it just kinda renews your faith in the future and the next generation coming behind us. I'm sure you and I both remember when we stood on the plane at West Point. On the early morning in July or probably late afternoon in July, raised our right hand and swore that oath for the first time and all the aspirations and potential we had and again, you just get inspired that this next generation coming behind us is gonna carry that torch and remain committed to defending the country, the American people and all that we believe in.

57:21: Mr. Secretary, thank you. Dave, thank you. Secretary, can I just thank you for what you've just said? That was really stirring and we thank you for your public service and thank you for defending all of us in our country and all best for the challenges ahead.

57:33: Thanks, Nick. Thanks to you and Dave. I've enjoyed our time and thank you once again. I hope we can do it again some time.

57:39: Thank you, sir.

57:40: Thank you.

57:41: We thank you so much.

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