

# **A New Defense Paradigm: Modernizing the U.S. Department of Defense**

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**00:02:** I'm really honored to be a part of the Aspen Forum once again, and I am really, really delighted and thrilled to be here with Michelle Flournoy. I have about 9000 questions for her, so I'm gonna jump right in. [chuckle] I'd like to start with China as Anja was just talking about. You have written quite a bit and spoken actually quite a bit about China this year, specifically warning that the next administration is going to face an increasingly aggressive and emboldened China. What is it about that that worries you?

**00:35:** Well, it worries me on a number of fronts. I do think that we are seeing a more assertive, rising China. I think we're seeing a China that assumes that given our internal domestic problems like COVID, our economy, the systemic racism that we're grappling with, that they're sort of counting us down and out, that they're assuming that we will be preoccupied and that we are a power in decline. And that just emboldens them further, and so we're facing competition that is multi-dimensional. It's economic. It's technological. It's ideological. It's political. It's security and military.

**01:14:** As someone who's spent a lot of time in the Pentagon, what worries me the most there is that I don't think we are using the resources that have been given to the Defense Department in the smartest way possible. And if we don't change the way we're making investments, we will risk losing our technological, our military and technological edge within a decade or so. And if we lose that edge, we will not be able to deter Chinese aggression effectively, and we'll open ourselves to a much higher risk of miscalculation that could lead to conflict between two nuclear powers. So that's the one that's keeping me up at night right now.

**01:57:** So miscalculation that could ultimately lead to some kind of a crisis that spirals into a conflict between potentially the US and China. It sounds as if you feel as if the US may not currently or is it more in the future be able to actively deter and defeat Chinese aggression. Is the US right now able to potentially win this war that they might be facing?

**02:24:** I don't wanna portray China as 10-feet tall, but the US today has the most powerful military in the world, and I believe that it is effective against China today. What I'm saying is that if you just stay on the path that we're on with the planned force and budget and you make no changes, 10 years from now, given what China is investing in technologically, that balance could shift in a way that might embolden China to think, "Actually, we're not so sure they have the resolve to push back, and we're not so sure they have the capability to push back. So why don't we go ahead and try to incorporate Taiwan into China through the use of force, or why don't we go ahead and seize an asset in the South China Sea that we've had our eye on." So I think that's what we wanna avoid, and that will take both changes in our diplomacy, in our statements of commitment and resolve about what we're willing to defend and what our interests are. But it will also take a very focused and concerted effort and investment in some of the cutting-edge capabilities that will make the difference in how we fight in the future.

**03:42:** Can you give us examples of the sorts of investments that you think the US military needs to make now? What does the next Secretary of Defense need to start teeing up so that a decade from now, the US is in a better position to deter and potentially defeat China.

**03:58:** So I think the next administration, whatever its political stripes, will need to place a number of big bets in the Department of Defense and then, most importantly, get Congress to help realign resources to go after those. First and foremost is a network of networks for communication and command and control that can actually operate even when they're being attacked, even when they're being contested. Because the Chinese will now be able to contest us in space, in the air, maritime, land, under sea, cyber, anywhere. And so it's like, imagine the electrical grid. When you have a power outage like, I think you had last night because of the storm here, the system automatically reroutes, usually, to try to keep the power on. We need a command and control system that is powered by artificial intelligence to enable that kind of resilience in a much more contested environment. That's one example.

**05:00:** Another is the use of unmanned systems. China has created a set of threat rings that are very, very lethal places for US forces to go. We wanna augment our manned forces with unmanned systems that are still controlled by a human being, but they dramatically improve our ability to project power to defend an interest or an ally who is under threat. And there's a whole laundry list of these big bets, but the key is to shift, to make a big bet over multiple years and then to really shift resources into that. And the hard part is in a budget-constrained environment as Secretary Esper alluded to, with defense budgets are probably gonna flatten in the coming years, no matter who wins the election. That means you have to make trade-offs. It means you have to make hard decisions. It means you probably need to buy fewer legacy forces in order to invest in the technologies that will actually make the force that you keep more relevant, more survivable, more combat effective and better able to underwrite deterrence.

**06:05:** So it sounds like one of the things that you're focusing on is Beijing's investment in their A2/AD, their Anti-access/Area denial capabilities, which really make it difficult for the US or anyone to penetrate that if in fact a conflict begins. Is the US military right now even postured to start moving in the direction where they could counter that, or is that something that the next Secretary of Defense may have to jump right in? Or even this secretary of defense, with the amount of time that's left in this administration, jump right in and start trying to counter right now? I guess how long would it take for those systems to be ready?

**06:48:** Yeah, I think there's two parallel efforts that have to happen. One is investments that may take a decade to be fully realized and integrated into the force. Another is the question of what can we do in the next five years with what we have, but use it differently? And this is where, this is not just a matter of new technologies. It's really about changing our mindset and how we imagine using what we have. And so I think there are ways in which new operational concepts that could take platforms we have, munitions we have, intelligence and surveillance and reconnaissance resources we have, you put them together in new ways to get a better deterrent effect than what we have today.

**07:36:** And so I think that those two parallel tracks need to be pursued together, and as this report I recently wrote for CNAS said, we were trying to sound a bit of an alarm that the urgency is there,

that our ability to deter is a... It's not gone, but it's an eroding asset, and we've gotta pay attention now to making sure that we attend to that and invest in that.

**08:02:** And you also focused quite a bit in that on the need for the Pentagon, the Department of Defense to buy these systems more quickly, to not have to rely on this bureaucratic budget process, but to figure out ways... Do you have a sense of how... How will that happen? I know Army Futures Command sort of is one of the things that the Pentagon put in place to try to circumvent this process, but are there other things that next Secretary of Defense could do?

**08:32:** Yeah, Congress has actually given the Pentagon a lot of additional flexible authorities to try to get programs from prototype stage rapidly into production, especially new technologies, but we haven't necessarily trained and incentivized the workforce to use those at scale, and we still... Sometimes when the department is trying to make those trade-offs to move money from one program to another, if they don't do a good job explaining that to Congress, they get the hand from Congress. And so I think one of the things we emphasize is we really have to make Congress much more of a strategic partner in this exercise. They need to understand what we're facing, their urgency, they need to be invited into the war games and to the simulations, and to the experimentation, and understand why these trade-offs are being made, and so you... To try to get better buy-in, and frankly, leadership from some of the key champions on the hill.

**09:36:** I wanna remind everyone that questions can be asked, we'll have a Q&A session a little bit later, they can be asked by using the raised-hand function located near the center of the meeting control bar, and hopefully the viewers are much more zoom-literate than I am and can find the raised-hand function, we will take questions.

**09:53:** Anja also mentioned the Secretary Esper yesterday speaking about allies. I wanna do kind of a worldwide look at some other hot spots. Afghanistan: In an Axios interview, President Trump said the US is gonna be drawing down to 4000 to 5000 troops soon. The military continues to say that this is a conditions-based process, but it's very clear that the conditions there have not improved since the peace process, the peace agreement earlier this year. Taliban attacks against the US and coalition are down, but they have increased against security forces, and some of the attacks have just been absolutely devastating and heartbreaking. What message does it send, not just to the Taliban, but to US allies, to the Afghan government, if the US decides to potentially draw down half of the current force there in the coming months, potentially this fall?

**10:45:** Well, I think we have to be very careful in terms of, first of all, remembering what our core objective still is, which is to prevent Afghanistan from being a haven for terrorist strikes against United States. And so there is a counter-terrorist force that is very important to keep there until we have a true peace. The US-Taliban agreement that you refer to does envision a drawdown, but as other conditions are met. And the number one condition beyond prisoner exchange and some other things is a true beginning, a good faith beginning of intra-Afghan negotiations, so the Taliban sitting down with the Afghan government, with Afghan Civil Society, and really getting at the true peace negotiations that have to happen.

**11:33:** I think it would be a mistake for the US to precipitously draw down or withdraw, particularly to leave Afghanistan before that peace is solidified, because we'd basically be pulling

the carpet out from under our Afghan government partners and Afghan women, Afghan Civil Society that we've fought so hard to help them achieve a place at the table. So I certainly don't think we wanna be there forever, but we're just on the cusp for the very first time of actually having true intra-Afghan negotiations. Now is not the time to do anything precipitous.

**12:15:** As someone who sat in Pentagon leadership position not long ago, I have to ask, when news came out just a few weeks ago that there was the potential that Russia was paying incentive payments to the Taliban to kill Americans, when you saw that, what did you think of that? And if you were still in the policy job, and in, as Anja mentioned, the number three position at the Pentagon of leadership, what would you have recommended the US response be to that?

**12:44:** Well, and when I was in government, that intelligence report would have appeared in the presidential, President's daily brief, which and all of the senior officials get, and we would have immediately had a conversation about, "What do we need to do to verify the intelligence, understand the sources with a level of confidence from the analyst, whether it's really true?" Then we'd make sure that people were alerted in the White House, particularly the President, and say, "Sir, we see a call that you're gonna have with President Putin on your schedule. You need to be aware that we're pursuing this intelligence and that needs to be top of mind and that should inform your talking points in the following way." Meanwhile we would start an NSC process, a National Security Council process, that would have developed options that, "If this is true, how does the US want to respond?"

**13:36:** To the best of my knowledge, none of that normal sort of inter-agency process really happened, and so you had the President having a number of calls with Putin under the shadow of this intelligence without it ever being raised. And I think if there is any truth to the intelligence, it communicates to Russia that they can get away with this, which is just absolutely egregious and unacceptable. When American forces are targeted, there needs to be a very direct and purposeful response.

**14:10:** Did you ever hear anything when you were in your time in the policy job, did you ever hear about this kind of incentives by Russia to the Taliban or anything?

**14:19:** Not at the time I was in.

**14:22:** I wanna turn to Iran. The Trump administration has implemented this maximum pressure campaign. The goal, of course, is to squeeze Iran with these crippling sanctions to deter their destabilizing activities in the area and then ultimately with the goal of bringing them to the negotiating table. Is the maximum pressure campaign working? And what do you see is the potential outcome for it if it continues?

**14:46:** So I believe that it was a mistake to abandon the agreement we had with Iran, which had basically rolled back and then halted their nuclear program and put a lot more time on the clock in terms of how long it would take them to dash to a bomb. And that it bought us some time as the international community to then go back and negotiate a more enduring agreement, an agreement that would also deal with other threats like ballistic missiles and their support to terrorism. But the

Trump administration walked away from that. It isolated the United States from the other parties like the EU and China and Russia, who had also backed the agreement, and they've instead focused just on this maximum pressure campaign. The problem is, yes, the sanctions have worked in the sense that they've been absolutely crippling to Iran's economy. And you add on top of that, the crisis they are having with COVID, and they are in very dire straits.

**15:42:** But there's been no larger strategy to use that pressure to transition into a diplomatic outcome, to get... My question is, "Where is the on-ramp to get them back to negotiations for a better agreement?" What we see happening instead is Iran feeling like they're just under pressure. There's no interest in engagement or negotiation. And so now they're turning to China. Now they're turning to Russia to ramp up their relationship with them, which is absolutely not in our interests. So I think we need to have a broader strategy. Coercive measures can be very useful, but they're most productive when they're in support of a clear diplomatic strategy.

**16:28:** I was struck by something I read in an interview that you gave earlier this year after the death of Qasem Soleimani, and you said that President Trump with the killing of Soleimani had poured fuel on the fire and introduced escalation, and that Soleimani's death put Iran in a position where they have to retaliate and do something stupendous. Do you still think that Iran will retaliate for his death and how?

**16:53:** Something we've learned about Iran is that they pick a time and place of their choosing, and it may not be immediate. You may think, "Oh, okay. They didn't respond to that." And then suddenly when they have an opportunity, they respond. Soleimani was a terrible guy, [chuckle] and was long on US targeting list for good reason. He was the mastermind of Iranian's terror campaign throughout the region. But the way in which this was done on Iraqi soil, on the soil of an ally, without Iraqi knowledge or consent, killing Iraqis in the process, an Iraqi in the process. So it was done in such a way that it took the protests that the day before were anti-Iran protests in Iraq and immediately turned them into anti-American protests in Iraq. So I think the way in which it was approached was just not what we would want to see. I think the jury is still out on how Iran will ultimately respond to that.

**18:02:** One more hot spot before we turn back to the US. On North Korea, Reuters reported this week that there's a draft UN report that said North Korea has probably developed miniaturized nuclear devices that can fit on their ballistic missiles. Has the diplomatic effort with North Korea made them less of a threat to the United States and to US allies?

**18:25:** No. I think the program truthfully has progressed during this period since the last summit or meeting between the leaders, and I don't think there's been the sort of concerted, working-level, diplomatic effort to really create more momentum. And so the program has continued, and I haven't seen the intelligence assessments recently, but it's certainly possible, given where they were and the time they've had and the expertise they have, but they could have actually gotten to a point where they can put a warhead on a ballistic missile that can reach the United States.

**19:02:** I wanna turn back to the US. The current administration, I'm sure you're very familiar with their National Defense Strategy, which finds the biggest threats are Russia and China, the near-peer competitors, and lays out how the military needs to be postured to face those threats. Do you agree

with the way that the NDS is being implemented right now?

**19:23:** And I actually think the basic shift from the last 20 years were focused primarily, almost exclusively on counterterrorism and counter-insurgency to recognizing that we've got a revisionist Russia to deter and a rising China to deter. I think that the shift in the strategy is absolutely right. I think a lot of the things that the strategy calls for are correct, but again, I just don't see the speed and scale of implementation in the program and budget that we need to see if we're gonna be successful.

**20:00:** Are a lot of the future programs that you talked about earlier, this military technological edge that the US needs to maintain, are they similar for the threat that's coming from Russia as they are from China, or is it sort of a whole another set of threats?

**20:13:** Also within this is a lot of overlap. A lot of what we may procure to gain an edge vis-à-vis China will be the same thing that we need vis-à-vis Russia, but the balance and quantities will be different. Russia is predominantly a land and air theater with some maritime approaches. Asia is maritime-heavy. And so you're gonna have different balance of forces that you need in each region to deter. But a lot of the same technologies and capabilities will be very useful in both cases.

**20:49:** Recently, the Pentagon's decided to withdraw about 12,000 troops from Germany, and that kinda brings us back to this idea of allies. What message did that send to Germany, but also to other US allies, to withdraw such a significant force from Germany, a country that has been a strong US ally for decades, one of the strongest countries in Europe, if not the strongest? What does it say to allies that the US did that so quickly? And do you think strategically and fitting in with the NDS, that that move was smart for the US?

**21:26:** So unfortunately, the move was announced by the President without consultation with the Defense Department as far as I understand, without consultation with Germany, and without consultation with NATO. So the allies were completely surprised. I think it was done in a way that implied that this was an expression of unhappiness with Germany and its failure to meet its stated goal of 2% GDP spending on defense. So it was seen as sort of punishing, and it was seen... And it underscores the narrative in Europe, unfortunately, that the United States cannot be relied upon, that we can't be counted on to sort of stick with them, that we don't value the NATO alliance and our relationships in Europe. And so I think it has had a pretty negative effect.

**22:17:** Strategically, I don't think it makes sense. I think the Pentagon is now trying to kind of dress this up and saying, "Oh, well, it's all part of repositioning within Europe." But the truth is they didn't know about this. They wouldn't have recommended it. They're now trying to make do. Europe is not only an important place for us to be postured to deter Russia, it's also a very important place from which we deploy to other places like the Middle East. When we have forces permanently stationed in a place like Germany, Germany actually foots a huge amount of the bill. It's going to be extremely expensive to bring thousands of troops home to a place like Fort Hood or wherever they're going to go because we're gonna have to build new housing, support those troops. And so it's actually gonna be more expensive to bring them home. I'm all for looking at our posture in Europe and optimizing it and saying, "Maybe we need more in the Baltics or in Poland or somewhere else or Romania." But that was not what was driving this. What was driving this is Trump's natural tendency to withdraw, to bring folks home and to frankly punish Germany for not

meeting his objectives.

**23:36:** And it's interesting, especially what we heard from Secretary Esper at the Aspen... His panel yesterday about this idea of, "This enormous defense budget isn't going to last forever." Well, it's going to cost the US billions of dollars to make these moves, and if in fact, it really is about the 2% GDP for NATO, well, both Belgium and Italy, two of the countries they're moving to, also don't meet their 2%.

**24:02:** There's a certain inconsistency in the logic. The good news is that this is not easy to execute quickly. You've already seen Republicans and Democrats in Congress step up and say, "Hey, we don't want you to do this." They may actually pass legislation prohibiting spending of funds on this move. If you have a new administration, the first thing they'll do is a posture review globally. So my hope is that this will not be fully executed because I don't think it's in the strategic interests of the United States, and it's very damaging to our alliance relationships. And as I understand, Secretary Esper said, "That is asymmetric source of advantage for the United States, our alliances."

**24:44:** One more reminder that if you have questions, to click on the raised hand function in the... Look at it near the center of the meeting control bar. Another issue that is going to most certainly affect the next Secretary of Defense as it has this one, is the politicization of the military. And I just wanna read you, General Votel, retired General Votel, I'm sure you worked with when you were in policy, he wrote an op-ed for UPenn Law last month or in June that really struck me. I'll just read you one line from it. "When the military is viewed as having been politicized, it throws our American institutions out of balance, and diminishes trust and confidence in our democratic form of government." And he talked about how that was something that he learned in a class at West Point as a young man, and how it stayed with him through his entire career, the importance of this.

**25:33:** Do you think it's such a bitter political environment right now in this country, and the country is so divided, and it has led to the increase in the politicization of the ranks, can Americans still have faith that the military is apolitical in this increasingly politicized environment? And what can the Secretary of Defense do to try to mitigate that?

**25:56:** Yeah. My answer is yes, and we have to really fight for this because this is so essential to our democracy and to civilian control of the military. The military must remain an apolitical institution, and military members are... This is drilled into them from the first time they take the oath of office, which is not to a particular President or a political party. The oath is to support and defend the Constitution of the United States. That is one of the reasons why the military is one of the most, if not the most respected institution in the country. We wanna preserve that. Now, some mistakes have been made recently. When you have former general officers showing up at political conventions and stumping for candidates. When you have the chairman walk across Lafayette Park after force has just been used in violation of First Amendment rights of Americans and for a photo op engineered by the President, these are very damaging.

**27:00:** And so I think the military needs to take steps to ensure that it stays apolitical, and I think that needs to be a priority for any leadership and the Pentagon as well. What reassured me after that incident in Lafayette Park is the number of former general officers like General Votel and others, who stepped up and said, "This is not okay. This is not the military. We will fail in recruiting and

retaining a quality all-volunteer force if we don't protect this institution from becoming politicized."

**27:37:** The Pentagon in the past couple of years has seen dozens of positions, high-level positions filled by actings, people who are appointed. I don't know of a time where we've had so many people performing the duties of a role as we have in the past several years. You know this building so well. What is the long-term impact of having so many acting officials and so many vacancies?

[pause]

**28:12:** Michelle, I think you're on mute.

**28:13:** Sorry, can you hear me now? Okay. It's very detrimental to the functioning of the Pentagon because you have a lot of empty jobs, you have a lot of people who have been promoted into jobs beyond maybe where they would be best suited, and you have... In the acting capacity, oftentimes, you don't have the full authority of someone who is Senate-confirmed to actually function in the position. So it does gum up the works, and it really also kind of incentivizes the bureaucracy to wait you out and to avoid making tough choices and hard changes that are necessary. So it can be pretty damaging. Now some of this happens at the end of every administration, but I think it's an unusually bad situation right now with the number of vacancies.

**29:11:** We are gonna take a question, so I wanna tee up our questioner so that she'll be ready in about a minute and get herself ready. It's Chelsea Asplund. I'm sorry if I've butchered your last name there, Chelsea, but one more question from me before we go to you. I gotta ask the question, the elephant in the room. You have a lot of great ideas about what the next Secretary of Defense should be doing, what another administration could do. If offered, would you accept a role in the Biden administration, potentially, as Secretary of Defense?

**29:42:** Well, one of the things I've learned over the years is not to engage in speculation like that, but I've spent 30 years in some form of public service, either in government or in the non-profit sector and so forth, and that is my calling. And so who knows? But I've come out and endorsed Joe Biden. I do think he's the right answer for the country, and I would do anything to support his success and for the sake of the country, frankly.

**30:14:** Now, I don't think I heard a "no" there, so I'm just saying. [laughter] Okay, Chelsea, if you would unmute yourself and ask your question if you're there.

[pause]

**30:34:** I'm not sure if we have Chelsea. So I'm going to ask one more quick question while maybe she gets herself unmuted. You have spoken and written a bunch about one of your concerns about the Trump administration is that he doesn't surround himself with... He surrounds himself with yes men, and he doesn't get a lot of honest feedback. Does that concern you that that could lead even in the time we have left in this current Trump Administration, assuming he's not reelected or whether he is, does it concern you that there could be... This could lead the US to war, maybe even potentially some sort of an October Surprise?

**31:11:** I do worry about the lack of dissenting voices or pushback around Trump. I think frankly, the Germany decision, this was not the first time he had this idea. He's also had the idea of pulling troops out of other countries. And in the past, it was Jim Mattis or John Kelly or HR McMaster or somebody who sat him down and walked him through and say, "That's why it's not a good idea." I don't see that happening now. And so he is much more unconstrained, and so I do worry about that. I also have seen in the Situation Room again and again, when you have a diversity of opinions around the table and you have an environment, a President who empowers dissent, expects you to speak up if you disagree, you get better decisions. Think of the bin Laden raid. I was privileged and honored to be involved in that planning. There were several different opinions about whether we should do the raid, how we should do the raid, what should be done. Every bit of dissent was used to buy down the risk of that very risky operation, and to make it a success. And so you've gotta have a decision-making environment around a president that enables that and demands it if you're gonna get good decision-making.

**32:34:** Alright, I think we have Chelsea with us now. Chelsea, are you there? Okay, we may not have her. I do want to turn back to Anja, who I think we do have, otherwise I can ask questions all day long, believe me.

[laughter]

**32:58:** I know, we should be going all night. Thanks, Courtney, that was an amazing interview. You guys really managed to cover a lot of ground in 35 minutes, the entire world, so thank you so much. Michelle, if I could just keep you for one last question. We touched a little bit on diversity earlier, but Secretary of Defense Esper and the leadership were ready to rename those Confederate bases. The president famously said, "Absolutely not." When Condi Rice was speaking in the opening session two days ago, she said she thinks it's time. Do you agree with that? And beyond that, is that enough, or what more do we need to do for diversity inclusion in the force?

**33:42:** I absolutely agree that we need to rename bases, but that is absolutely not enough. It's a first step. It's an important first step. It sends a signal. But I think the department needs to do a top-to-bottom scrub of why it doesn't have more diversity in the military ranks, in the leadership ranks, in the civilian ranks. Why it's not just about inclusion in terms of numbers, it's about people feeling like they truly belong, that they have equal opportunity within Defense, that they can contribute to their absolute best.

**34:25:** I think there's a lot of work that can and should be done. I think most of the leaders in the Pentagon, if allowed, would be leaning forward, running forward on this issue, but they need a White House that will allow them to do that good work, and to bring the full talent of the American population to bear in the national security cadre. If you have biases against women, you take 50% of the population, the talent pool off the table. And the same is true for various ethnic groups. Our strength has always been that we figure out how to draw from that, and we're better for it when we do, including in the performance of the organization. I think that's an area where we can make a lot of progress. We just need the right leadership to really not only allow that to happen, but to champion it happening.

**35:22:** Thank you, Michelle, that was really a tour de force around the entire world, around the defense globe, so to speak. Courtney, thank you very much, both of you, for being here. And we hope to see you next year in real Aspen, not in virtual Aspen. Thank you very much.

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