

Speaker 1: [00:25](#) [inaudible]

Tory Bruno: [00:25](#) good morning. Is everyone enjoying the beautiful weather here in Aspen this morning? Well, we've got a great panel for you today in one that is very timely given current events. This is the panel for planning for critical and emerging future threats. And we've got a couple of great panelists here. They're going to take you through it. I'm Tory Bruno, CEO of United Launch Alliance. If you're not familiar with us, we will be. We build gigantic rockets, 30 stories high, the last big satellites in the space that support our national security. But why? The reason I'm here, and I think this panel is so exciting, is because we're really at a critical and almost unprecedented time. We continue to have terror threats around the world that are ever adjusting and taking advantage of new technologies that are going to influence that. But also we're seeing an emerging sort of return to great power competition. And even in that world, something we have not seen before is those peer competitors, China in Russia, extending that competition into space. And finally we're seeing a weaponization of space. So this is a pretty exciting and really critical moment in our history for security and with that I'm going to turn it over to Catherine to get this going. Thank you all.

Speaker 1: [01:52](#) [inaudible]

Catherine H: [01:54](#) thank you very much for the kind introduction. I'm Catherine Herridge. I'm the chief intelligence correspondent for Fox News. Thank you for being here this morning and being four invested in our nation's security. I'd like to acknowledge the Aspen Institute, the Aspen Security Forum, Nicholas Burns and his team for making these conversations possible and for inviting me to participate. This is my 10th year at Aspen. I am always so grateful to be a part of this dialogue. This morning I'm joined by the Under Secretary of defense for Policy John Rood and as is my habit, I'm going to lay out a roadmap for all of you. We're going to talk for about 35 minutes and then we'll open it up for your questions. I do us a favor and the audience identify yourself if you're chosen to pose a question to begin with, let's just talk about the landscape in your position. How do you rack and stack your priorities?

John Rood: [02:50](#) Well, first of all, thank you, uh, to the Institute for inviting me to speak and it's just great to be on stage with you, Catherine. When I look at the global environment, it's become a bit of an understatement for me to say this is the most complex and dynamic security environment in my lifetime. But when I look back just at the arc of my career, when I started in the late

1980s at the CIA as an analyst, a lot of the discussion then was on the Cold War. And then very shortly thereafter when the Berlin Wall fell, there was a very interesting debate about do we even need a CIA? Serious people like Senator Moynihan putting forward a bill to retire the agency. Now, of course, today, no serious person would argue we don't need a strong intelligence capability. But, uh, the CIA director at the time described the security environment saying that a large dragon had been slain, but there was a bewildering array of snakes in the garden that looks very quaint today because a, I then later served when I first came to the Pentagon a little after 2001 some 16 years ago.

John Rood: [03:51](#)

And that security environment also looks very quaint in comparison. We were very focused as we needed to be on the fight against terrorism. But fast forward now, 16 years later, we are in the midst of a, a tremendously complex and consequential period in the security environment around the world. We talked for the last 20 years about this unprecedented rate of change. Well, guess what? That unprecedented rate of change has occurred. And we are now in that new world in which the, the specter of a conflict and competition among the world's largest powers or great powers has come back. And when we look at the world and sort of ruthlessly triaged what our biggest concerns are around the world. Uh, half of the list is China in terms of the one country, uh, the largest country with the ability to change our way of life in the United States and to change the global order for good or ill.

John Rood: [04:47](#)

Uh, Russia is a, another great concern. And really when we look at the top threats, those two are substantially above others in part because of the tremendous lethality that the Russians possessed. And in the Defense Department, we stay very focused on those kinds of things and the willingness to use malign influence around the world to interfere with elections, to conduct assassinations of political opponents, to violate the sovereignty of others. And shortly they're behind that. When we look at the other big threats really after those two big three are another two is three others for five, uh, North Korea, Iran. And then the fight against terrorism remains. And we are engaged our forces as we speak today in that conflict in many places around the world. So that's kind of the triaging of, of the greatest security threats with China being at the top of that list.

Catherine H: [05:39](#)

How is China expanding its global footprint and unexpected or unconventional ways? [inaudible]

John Rood: [05:46](#)

one of the things that makes that a challenge is of course a the greatest generation in this country after World War II had the

wisdom to work so closely with friends and allies around the world to put in place global system of free trade free movement of ideas, uh, things like the IMF, the World Bank, a system of, of trade and commerce and Aviation and standards that uh, that became the global standard. And one of the things that China is doing is both benefiting from that standard and that system while at the same time challenging it and using a, a whole of society of whole of government approach. I think it's not well understood by security thinkers that we are in again, in an ideological competition. And what China is selling is not, fascism is not communism. Chinese Communist Party is selling state run authoritarianism with free market principles in some elements of that that the state can choose to intervene with.

John Rood: [06:44](#)

And there's a promotion of that, uh, philosophy worldwide that we're seeing, uh, in to an unprecedented degree. And I'm happy to talk more about that as we go forward. But I think the most important thing is there's economic growth. There's military growth, there's an attempt to compete in the areas that have been core competencies, the United States and soft power and challenging alliances in creating a worldwide system of both economic and military presence, again, in promotion of something which challenges freedom, which challenges our principles and challenges that global order in ways that are violative of the kind of principles that have led to this unprecedented growth in the global economy and the growth of freedom.

Catherine H: [07:25](#)

So let's get into some specifics. How are they setting up shop in different parts of the world where we have not seen them before?

John Rood: [07:32](#)

Well, I think, uh, there's a lot of focus and if you did sort of a internet search or something, I think most of the articles would be returned around the south China seas and other things. But if I could leave you with one thought is this is a global competition. You know, as an example, a few months ago I went to Greenland to visit our, uh, Tooley air force base there. I also visited Iceland and the primary activity in those areas is China's growth. Uh, you know, as an example, the Iceland leaders told me the largest embassy and the largest presence to grow their presence of any country in Iceland was China as part of the one belt one road initiative. Those that are familiar with the one belt one road initiative, uh, this was, um, brought forward by China's leaders as well. The imagery around it, this be similar Marco Polos, Silk Road promoting trade with China.

- John Rood: [08:25](#) Now it's interesting, they call it one belt, one road, because the idea behind that is it's one belt, one road that China owns and that others pay to use. Our concept is a free and open trading system with many belts and many roads as others have pointed out. But when I was in Iceland and you see that, you know, to my knowledge, Marco Polo never visited Iceland. I mean there's not some long historical tie here between the Chinese people in their Icelandic counterparts and certainly not in Greenland. Why are they there? We'll look at the map. It's a strategic location and if you looked at the map and you chose strategic locations where the world is changing and global commerce is changing, you would find remarkably a very high correlation between China's interests and those areas. And I don't know that it's well understood, but as the Arctic changes today, if you're sending a shipment from Rotterdam to, uh, to Japan, that would be about 11,000 kilometers, uh, that she would need to travel.
- John Rood: [09:23](#) Now by comparison going the northern route will only be 7,600. So it's about a two thirds, uh, of the journey shave 10 days. This is going to remake global commerce. Uh, why then do you want positions in Greenland and Iceland? Well, I think the answer is obvious. And this will grow to become also a military show point. And if you did the same thing in other areas, why is China's first military base in Djibouti? Again, probably not a long historical tie between the culture of the Djiboutians and their Chinese counterparts, but because if you look at the map and the strategic location, Shebooty is one of those strategic locations. And you could go around whether that be in South America, Africa, the Arctic, Asia, and you will find this correlation. And so we need to take this seriously because it's not just economic commerce, it's promoting an authoritarian model and it's closely coupled with military activities, strategic military activities, intelligence activities in the line between commercial activities and today's China and those of the state. Is it a very, very thin line that exists mostly on paper.
- Catherine H: [10:30](#) So they're using that economic model to anchor themselves or get a foothold. And then what you're saying is that there really is, um, that opportunity to then expand militarily and then also it's an excellent intelligence gathering opportunity.
- John Rood: [10:45](#) Well, that's right. And we see a economics leading and President Xi Jinping has acknowledged some of this to a certain extent in saying in January of this year that there is a security dimension to the one belt, one road activity and minister of defense way has echoed those statements and other comments acknowledging what people have known for some time that there is a security dimension to that. And so leading forward

with a predatory lending, for example, for infrastructure development, uh, providing loans that the countries like in Sri Lanka with a 99 year lease on the port there after the Sherlock and government benefited from the infrastructure investments then could not pay the loans. Uh, having to give that up and increasingly turning over their sovereignty over that port and that activity to China, but leading with economics, following with security, but a very tight coupling between these activities and with a state, which that doesn't hide the fact that the state authorities are controlling and directing. Much of this

Catherine H: [11:48](#) is the theft of American secrets in their DNA. I

John Rood: [11:54](#) don't know if it's in their DNA. I think that China's approach has been to both benefit from the global system, uh, as well as to challenge it and where necessary to violate it. And so you do see some comments, uh, for example, Minister of defense way recently spoke at the Shangri-la dialogue in Singapore where he acknowledged, uh, some of this activity. Uh, the Chinese government of course requires firms investing in China to provide access to their intellectual property, to uh, provide access to operating systems and things of that nature. So there, there is that a type of activity that's occurring that again, for, for us, uh, who believe in these sorts of norms of trade and uh, and commerce. You can't really have that type of system persist gun go on challenged.

Catherine H: [12:42](#) Is it possible to reconcile China's global ambition and the u s maintaining its position of superiority?

John Rood: [12:51](#) I like to think optimistically that that is the case of having a met with Chinese leaders along with our secretary of defense and other officials. I think we're at the stage now where we have to have a dialogue with China about what our strategic intentions are. Uh, our intentions are not to, uh, constrain China's rise or to, uh, contain China. But rather we welcome China to be a responsible player on the global stage. And we've struggled through successive administrations to determine how to talk about that. I mean, for instance, I'm looking at general hooper who's a native, fluent mandarin speaker. And, uh, at one time we tried to say China should be a responsible stakeholder. Well, it turns out that word doesn't even translate into the Chinese language. And, uh, and, and I'm not some, uh, expert in Chinese, uh, culture and philosophy. But my Chinese mother, uh, you know, often had me read books of Confucian heir sympathy and other things.

John Rood: [13:47](#) And I don't ever recall that concept being found in Confucius's writings, but I am certainly no expert in this area, but my limited experiences, we struggled with how to translate that. But I think what we can translate is that we recognize China is a, and I think their leaders believe they are the stewards of a great and, and, uh, ancient society that can be the world's greatest. Uh, we, we don't need to constrain it, but we need to say our intentions are to reach a collaboration and a type of peaceful competition. Uh, we are quite happy in this country to be competitors. We relish that. We love competition. That's the American way, the best and the brightest determined through competition. Uh, we're not, not only do we not fear it, we welcome it. But that being said, we want to do that in a way that China recognizes our willing to do that.

John Rood: [14:33](#) We haven't always been adversaries. The Chinese Communist Party's telling of the last hundred years is of a sort of a conflict and domination by foreign powers. But the real historical record and World War II, we fought together. We have a, there are people alive today that we've all read about or met in person who fought in China against a common enemy. We've done a lot of collaboration over the years and uh, we are not destined to be adversaries. Uh, for instance, when we hosted a minister of defense way recently in the United States, that was the main message we delivered. And in some ways our collaboration is increasing, uh, in the military to military to area. For instance, we have a negotiated a series of roughly 10 key exchanges per year that we do with the Chinese and they embrace them. They, they like that because what we're trying to create is traditionally military to military relationships are a ballast in the ship that helps stabilize the relationship or at an as a minimum you understand each other.

John Rood: [15:36](#) That's a big change. In the last 10 years I went to Beijing, uh, when I worked at the State Department with the, with Nick Burns, uh, secretary rice asked me to go and lead a security dialogue with them. And in 2008, the Chinese view was we are not interested in transparency. We are not interested in this type of dialogue. Uh, I mean, in fact they told me very frankly, uh, we don't like transparency. It would reveal our strengths. It would reveal our weaknesses to you. By the way that son sue can conceal your strengths, consider your weaknesses from your adversary when they were very frank at that time. But I tried to make the case as others have that if we don't understand how we're communicating with each other through actions and words, the possibility for unintended conflict goes up exponentially. And so on the good news side, I see China's current leaders embracing that concept.

John Rood: [16:25](#) They are collaborating with us, uh, for our military to military dialogue and understandings. They are less, uh, they're much more open to transparency. So, you know, again, I think we've got to have a conversation about what are our strategic intentions and our strategic intentions are not to constrain China's growth, but rather that China be a responsible player on the world stage, uh, and that we engage in competition. What do you think China's greatest weaknesses and how would we exploit it as a matter of policy? Well, I think the lack of a compelling ideology, uh, what, what China is, uh, selling around the world is that authoritarianism and the bargain that they have made with the Chinese people, that personal freedoms will be constrained, uh, that economic freedoms will be allowed within very constrained areas, political freedom and expression constraint. Um, that doesn't sell very well around the world.

John Rood: [17:21](#) Uh, economic trade. You hear this repeatedly around countries. We like trade with China because we also want to grow economically. And by the way, here in the United States, we like trade with China. The approach where I'm offering is not a return to the cold war and seeing, strike the word Soviet Union, insert the word China. This is a very different situation, fundamentally different trade commerce, uh, investment. All welcome. But what the you hear from countries around the world as they like those things but they don't like the model that China is selling and we need to return to uh, emphasizing some of what makes us great. And our biggest selling point is who we are as a people and our values. That is what we hear repeatedly around the world. Come and talk about your values. Come and talk about the fact you're here for a free and open Indo-Pacific region.

John Rood: [18:11](#) Come and talk about the fact that you are prepared to engage in free and open commerce. The free movement of ideas we take for granted a little bit that a lot of the standards that are in place today, things like the way the Internet operates, these are uniquely American values. The people who set the system up, there is no hierarchy in the Internet. These are cell forming networks. I mean, who knows where they're going to go. And the idea of the innovation that comes with that and the free expression of ideas, not all of it, which we like, but that's part of the strength of this American system of ideals and freedom that we're promoting. And when you're in Asia and when you're in places like I was in Iceland, that's what you hear repeatedly come and talk about who you are and sell your model because that's much more attracted to us than what China's pedaling.

Catherine H: [19:00](#) China's trying to build a relationships, uh, particularly with, uh, Russia. It was recently described, um, by the DIA director Ashley as a transactional relationship. Um, how much of a concern or a threat is that relationship to the United States?

John Rood: [19:19](#) Well, there is some concern there that I, that I have in the sense that, uh, China and Russia are collaborating more. You see, for example, in military exercises, they've, they've collaborated politically for some time. Uh, but there is a deepening, uh, cooperation with them, but it's, it's a difficult one because first of all, they don't have that much in common in terms of their shared views. When I look at a president, Putin, imagine what must go through his head. This must be a very difficult existence to look around you and see a states' growing like China in their influence. Uh, Russia's the toolkits that you have, if you will, to, uh, to handle your, your interests diminishing due to the demark demographic, weakness of your society, the economic weakness that you face at home. Uh, and so in, in China's case, I think they see themselves very much the senior partner in that, right?

Catherine H: [20:13](#) Russia, the junior partner. Yes. And the Russians like that, don't they? Well, yeah.

John Rood: [20:19](#) And so I think that introduces some tension and there's not a real overlap of interests and where you want to go in places like the Arctic, what they want to accomplish except a protection of authoritarianism, a protection of the idea that where are they can violate other sovereignty and Ukraine or Georgia, that there's a common view of that, uh, of, of controlling your societies and regrettably that, uh, some opposition to the United States in that there's some commonality of interests. But over time I think that's hard to sustain. And one of our, if you look at our national defense strategy, the core of it in general hooper we'll talk about this is building alliances and maintaining those. That's been a core competency that the United States has had, which China cannot match.

Catherine H: [21:06](#) Does China try and build relationships or maintain relationships more through coercion versus this idea, an American idea of shared values?

John Rood: [21:15](#) It is more through that, uh, offering things like, uh, incredibly cheap loans to establish a beachhead, um, unfair trading practices to provide, uh, illusory benefits that later, um, you know, are, are challenged in some cases offering grants of military equipment and other things like that. But ultimately that model doesn't work for the long run. I think where we have

had such tremendous success over successive administrations in the United States is recognizing that shared values, a shared outlook on the world, trying to build enduring relationships. That's been what's really worked for us. And, um, you know, to be sure, uh, allies and relationships are not always fun and there can be strains and, uh, you know, for instance, we've, uh, we've had some really strong debates at NATO over the last two years, but that being said, we're committed to those relationships and, um, you know, family squabbles occur, but, but we have in some enduring capability to build on that and it's not going to be challenged by kind of the ebbs and flows. If you start with the fundamentals, uh, that you have shared values and shared objectives in the world and something that you're working together to defend and to collaborate upon

Catherine H: [22:31](#) on North Korea. From a policy perspective, how do we blunt their nuclear capabilities? Ambitions

John Rood: [22:41](#) three has been a perennial challenge for us over the last, uh, few decades. Uh, you have in addition to a very authoritarian society, which when I started my career in the late eighties, for example, at CIA, uh, in the beginning of the nineties, I was assigned to do some work on North Korea. And there was a big debate at that time. Will this dynastic dynasty that is kimial songs survive for the transition to his son? Well, they've done it to success at times. So I think we've tested the proposition that that will work. But this authoritarian closed society with a very large military forward deployed, uh, in a invasion posture with a substantial capabilities that threatened the United States. And our allies have, for example, nuclear weapons, possession in North Korea, long range missiles capable of reaching United States. So that's, and a willingness to use violence. So that's what you're dealing with is a concern.

John Rood: [23:34](#) Now in response, first of all, we've got to be able to deter and defend ourselves and if I had been in this audience, uh, 10 years ago or certainly 15 or it was a raging debate, uh, amongst people across the political spectrum, do we need a missile defense system? Our missile defense is destabilizing. It's a lot of what I worked on in my career to get the United States out of a treaty that prohibited us from defending ourselves and to put in place a system. Well, thank goodness we have that because that is incredibly stabilizing. Not Don't, don't it not destabilizing. That has produced the stability that it has allowed time and space for things like diplomacy to occur. So one, we got to be able to deter that kind of attack. We have to be credible with our allies and have deep relationships. That's what we do at the Defense Department.

- John Rood: [24:24](#) For those that aren't aware, for example, our alliance with South Korea, which is incredibly strong, we have a unified command. The American commander is commander of both those South Korean forces as well as the American forces. We have to maintain those capabilities. And then what you see president Trump doing is, is being willing to move forward to take some political risks to say, uh, let's see if we can have a diplomatic solution to this exercise. He's been willing to do some things that, you know, has produced some criticism on the right and left unconventional. Uh, I would, and I suspect he would do and say, uh, and I imagine he would describe it as unconventional in the right way. Um, but I think one of the things that gives me some hope is Kim Jungan is not his father and he's not as grandfather. Uh, for example, is grant.
- John Rood: [25:14](#) His father's slogan, the guided North Korea was military first. All elements of society were federal, military first. Kim Jong Moons. A slogan for the country is economy first. And so that opens up some opportunity that, uh, perhaps through a combination of the sorts of, uh, pressure that we've placed North Korea under. And we've put some under a lot of economic and other pressure to the ability to deter and if necessary to defeat aggression, the involvement of our allies, and then a true willingness to take some risk with a diplomacy and a willingness to offer economic benefits that could transform the North Korean society. Perhaps there's a solution in there. Now, this is not a recent problem. If we'd been sitting here 20 years ago, we were talking about this, I supported the 1994 agreed framework as an example. Uh, the United States and our allies at least four times have reached agreements with North Korea in which they've agreed to give up their nuclear weapons. So there's a lot of road to be traveled, but, uh, witnessed the fact over the last a year here, North Korea hasn't conducted more nuclear tests. We haven't seen long range missile testing. North Korea has destroyed their nuclear test side. We have seen them take some other gestures, including the return of the remains of American service members. So there, there are some, uh, green shoots if you will, that we can look at and, and look optimistically that perhaps there's a way that we can reach a resolution
- Catherine H: [26:46](#) and the window. In your view, what's new is this economic piece.
- John Rood: [26:50](#) I think that's very new. I think also as China evolves, China has been the traditional benefactor of North Korea. Uh, I mean some people forget. We Americans have very short memories of our own history. Of course China fought on with North Korea and the Korean War and took enormous casualties in that war

and for a long time preserved North Korea as a buffer state. Uh, to a certain extent they still believe that, but their views of North Korea and its usefulness have, have evolved quite a bit. China's view is evolving. And so, um, you know, one of the keys that we've never figured out, the combination to, if you will over the success of administrations is how to get China to truly use the full weight of its influence with North Korea. And they have substantial influence. Um, and I think we saw them use that last year in the military realm as an example. We took some very serious steps to be ready for, uh, you know, rising threat from North Korea and tensions were very high. Uh, they're in a better place and, and we did see some cooperation from China, not what we would like and certainly not to the full extent of their international obligations. Uh, but we'll, you know, we'll stay at it

Catherine H: [28:02](#) on Iran. We've seen the recent escalation of events. In your view, what is the risk of a miscalculation?

John Rood: [28:11](#) Well, I do worry about the risk of a miscalculation. Um, Iran has taken a number of provocative steps, uh, a number of serious military steps in, uh, in the past few weeks that have caused us some concern. Of course, we've had an, I know Seagal Mandel clever talked about this yesterday. We've had a longstanding set of concerns about Iran. His behavior, it's export of militancy, it's support for terrorism, arbitrary detention of Americans, pursuit of nuclear capabilities, long range missiles. There's a serious bill of particulars that concerns us. Now in response to that, we have placed the Iranian economy and the State Department and the Treasury Department lead this a but under tremendous strain, unprecedented strain really. Um, and that's had a, a very salutary effect in the military realm. For instance, uh, in March the iranians published their a budget and showed a 28% reduction in their defense budget, a 17% reduction in the budget for the Iranian Revolutionary Guard Corps.

John Rood: [29:15](#) That unprecedented economic pressure having an effect on their ability to fuel this, these military ambitions. And you see a lot of reporting about decreased support for things like Hezbollah because they cannot sustain that due to the economic pressure they're under. Uh, the IMF forecast, the Iranian economy has declined, declined by 6% this year, uh, reduce, uh, deficit. So, um, the potential for miscalculation is high. I think on the Iranians part, they are taking steps as they did with the seizure of the, a vessel from the UK. This kind of friction in a small waterway starts to increase the possibility of unintended conflict. Now, what are we doing about it? And at in the defense realm, starting a concept called sentinel in which

we will have a series of countries engaged to preserve the free and open passage of commerce in the Straits of Hormuz and in the Persian Gulf, uh, we will have, uh, not only u s military assets involved, but those of many other countries to uh, to allow for that.

John Rood: [30:19](#) We're also have moved a number of additional forces there to try to restore deterrence and maintain deterrence, make clear to the Uranians the credibility of our capabilities, their presence in the region, things like [inaudible] is a carrier battle group, additional fighter aircraft, additional air and missile defense capabilities so that we are postured both to defend ourselves to deter attacks and you know, if necessary in response to a miscalculation respond. And I do worry either through intention and misunderstanding or resolve or through an accident that we could see the Iranians take some step that would be very concerning and that would be a grave mistake on their part. Uh, that, that I think is something that we are studiously trying to avoid. We do not want a conflict with, but the Iranians should not doubt our resolve to protect our people and our forces. Uh, that, that is just something that we have the will and the capability presence in the region to be able to deal with that.

Catherine H: [31:19](#) Do you anticipate further deployments in the near future? [inaudible]

John Rood: [31:22](#) we were, we're in the process of completing some that the secretary of Defense has authorized. I think, uh, if the situation remains a, this is always a dynamic thing that we evaluate on a daily, weekly basis. But you know, basically if the situation can, uh, can get to a point where there's a little more deterrent and stability, I think we could see that. But one of the things in, you know, coming attractions is as part of this sentinel concept, you see it, we'll see more international partners coming to participate in this joint effort.

Catherine H: [31:56](#) You recently lost your number two to retirement. Um, what would you say to critics who see a power vacuum at the Pentagon at this period?

John Rood: [32:07](#) Well, one of the things that's wonderful about a, a military culture and the Defense Department culture is I think unlike any other institution in government, uh, we're able to do successions and changes in leadership very easily. There's a very established process. I mean it's like some machine that just kind of chunk, chunk, chunk, chunk, chunk, chunk, chunk, all the route, nice steps that you are supposed to do and sign and deputize people and immediately a transitions of responsibility

occur. And there's a, there's a respect and a tradition of hierarchy. So as an example, within minutes after someone is the acting secretary or acting fill in the blank, uh, they are recorded that, that responsibility that it takes those very steps. This last week we did and you know, as an example, the current acting secretary, a Richard Spencer who's the secretary of the Navy, uh, he assumed those duties. I was in his office meeting with him I think in under an hour after he assumed those duties.

John Rood: [33:06](#)

And then, uh, within hours after that he began making decisions as the secretary of defense and people bringing things to him. I mean there is a, uh, a culture in the military and in, uh, in the defense world that we can handle that. Now. I mean, clearly there are a number of people in the pipeline to be named for other positions. Yes. I mean, w the, uh, uh, secretary of the army mark has been nominated. He's been through his confirmation hearing, uh, God willing and the creek don't rise. We'll see him confirmed to be the secretary of defense here in the next week. And so obviously we, we are looking forward to a, a permanent confirmed secretary defense and it's helpful, but I mean, we have a very strong capability to operate on a day to day basis in that culture and, and so I don't lose sleep over that.

Catherine H: [33:54](#)

Like to take the last 10 or 15 minutes for some questions, uh, right over here in the corner. Just do us a favor, wait for the microphone and, uh, tell us your, your name and who you're with please.

Audience Member: [34:07](#)

Thank you. Uh, Brian Bender with politico. Nice to see you. Mr Secretary. Uh, you alluded to, um, the ABM treaty, the Anti Ballistic Missile Treaty, uh, that obviously the u s is no longer part to a party to um, more broadly, uh, there's widespread belief that the arms control framework more broadly, particularly dealing with nuclear weapons is fraying that the, the treaties from the Cold War era that have limited atomic weapons are of the u s and Russia are sort of in question. Obviously Russia has violated the INF treaty. I know the administration is trying to find a way forward to perhaps extend the new start treaty with Russia. But can you tell us, uh, are you concerned at all that the threat of nuclear weapons and perhaps miscalculation between the United States and Russia is increasing? Uh, and do you feel like we are in this, if not an arms race, we are sort of marching into one as many, uh, security experts believe and worry about, but if you could just tell us where you think we need to go and are you concerned, uh, that we are engaged in a nuclear arms race with the Russians?

John Rood: [35:30](#) Well, certainly there is a growth of concern on my part about the strategic security realm and the nuclear capabilities. Uh, what we see occurring in, in Russia is a substantial growth of their nuclear capabilities, additional production of additional nuclear weapons, uh, pursuit of very new capabilities. I mean, President Putin as an example, as you recall, gave a large press conference in which he described a number of those new capabilities, uh, things like transoceanic torpedoes, uh, hypersonic weapons, et Cetera. Uh, so clearly that there is a, we always look at capability, but we also like to look at intent. So you have both a growth of capabilities and production of additional so-called tactical nuclear weapons, which I have never liked that term. These are strategic weapons in my view, but that's the term of art growth and production of these capabilities. But in addition to that capability, some signs of intent and what you see in, in Russia's exercises and their writings about a doctrine of escalation to deescalate, potentially envisioning the use of nuclear weapons earlier in a conflict.

John Rood: [36:41](#) You recall, President Putin talked about in the invasion of Crimea that the Russians had evaluated the potential use of nuclear weapons early. A different way of thinking about that. And so in China you see substantial growth in their capabilities. Uh, you know, by counter example, we haven't produced a new nuclear weapon in this country in decades. Uh, but what we are doing under the nuclear posture review is modernizing our, uh, nuclear deterrent because we have to maintain a vital and capable nuclear deterrent. We also have to look across that spectrum and say, where is there destabilizing activities where we can restore deterrence? Where is deterrence challenged? And that's challenged. We think in the Russian doctrine that seems to believe at a certain level they could use smaller nuclear weapons against the United States or our allies and not face a similar response. And so that's why the president and in our nuclear posture review, we have asked for some supplementary capabilities to modify some of our existing weapons to fill in that blank, to shore up deterrence.

John Rood: [37:47](#) So one, you've got to have deterrence to working with friends and allies to preserve things like the arms control agreements. We've talked about the big issue for those that aren't familiar with the INF treaty, you're probably familiar with the fact that banned intermediate range nuclear capable missiles, but the Russians violated it and violated it very centrally. I mean the treaty says don't have intermediate range missiles. They deployed several units of intermediate range missiles. I mean it's a, it's as clear a violation as you can get and so part about preserving those agreements is, it was over five years ago, they

were formally declared by President Obama's administration to be in noncompliance. We have to say we're not going to live up to agreements that the other party is violating. So fundamentally because these things have meaning to us and so we one, we have to enforce those things.

John Rood: [38:35](#) We're doing that with allies. You saw NATO unanimously support our position on that. But then we have to also as you say, be concerned about the future and that we work with others to persuade the Chinese, the Russians, that these sorts of approaches are not, uh, stabilizing that they're not going to lead to the sort of security they want. And then we work collaboratively and where we can, for example, find a solution to the things like preserving, uh, the type of agreements we had in the new start treaty or other agreements. We have to do that together. Uh, with others. There are many people around the world whose interests and their security is at stake. This isn't a u s only problem, but central to that for us at the Defense Department is having the ability to deter and preserve stability in that area. Uh, and we are working very hard to retain those capabilities and to make sure they are credible. If I, oh, right here please.

Speaker 1: [39:37](#) [inaudible]

Audience Member: [39:38](#) thank you Chris [inaudible] with CBS dues. Last question again on Iran, uh, Iran is clearly escalating its attacks on shipping through the Gulf. Is there any consideration being given at the moment to strengthening the security regime for escorts, for example, of, of, of shipping through the Gulf, changing the rules of engagement to allow US warships, for example, to protect, okay. A tankers that are flagged by other countries that are, or other, other, other, any other kinds of things that are under consideration along those lines?

John Rood: [40:06](#) Yeah, the short answer is yes. And, uh, in the concept that we've begun to, uh, discuss publicly called a sentinel, the idea is that to have, um, additional sentinels, if you will, being able to observe the activity in the Gulf with, um, intelligence and surveillance assets, having a naval and air presence to, uh, restore stability and also having capability to respond where that's necessary. So we're going, uh, we have a concept to do that throughout this very congested waterway. Our objective is to preserve freedom of navigation in that area, uh, to deter, uh, military attacks or other unwelcome behavior like that. And so we're going to do that with allies. We've been having conversations with them both at NATO, uh, where we've, uh, been pleased at the support we're receiving from NATO

countries, uh, individual nations as well as, uh, some of our partners in the Gulf and elsewhere.

John Rood: [41:03](#)

And so that's one of the things that, uh, over the coming days and weeks you'll see, um, come into being and that we hope will, uh, lead to more stability in that very vital waterway. Um, there's a tremendous amount of the world's, uh, petroleum and oil, the products that move through there. It's a vital to the global economy and so we have an interest there with our friends and allies, but we're, it's not a US only initiative. As the president's made clear, this is going to be something where we would expect our partners who are frankly more on that trade than we are to bear a substantial part of the, of the load. We have time for two final questions. I don't want this side of the room to feel ah, left out. Uh, the gentleman here in the blue shirt.

Audience Member: [41:46](#)

Yeah. Bruce Mack can deal with world aware whenever we have these conversations. I always feel like the focal length is too close. Okay. I Iran, China, Russia, North Korea, over and over and over. I want to talk a little bit about the over the horizon stuff that's coming at us. Full speed climate change, bio threat with technologies like CRISPR, AI, robotics and displacement of labor force and what that's going to have effect on the u s economy and us as citizens take few minutes to talk about your thoughts at that spectrum. Thank you for your question. Well, first a, these mega trends if you will, that you, you identify are, I, I take your point. There's a certain strategic level well above where we're at today, that the, that is transforming our lives. Um, it's a little hard to predict exactly where that will go. I think one of the things that we, um, in this information age in which we live in, we've taken for granted a little bit is that the United States has been the leader in that area.

John Rood: [42:48](#)

But there are other competitors out there. And I'd say in thinking about your question about artificial intelligence and, um, the role that this kind of machine learning, uh, will do, it has the potential to transform our society and we need to be at the forefront of that because we want that done in a way that that is reflective of the kind of values that we have that respects the role in some cases as a human being in maybe in having some rule setting k, uh, capability versus machine learning. Uh, that's not embraced by everybody in the world. So one of the things that we're trying to do is, uh, one be serious about how we don't allow our technological leadership to be siphoned away. Uh, China's doing that in a variety of ways. Yeah. For example, in a theft of IP and penetration raising consciousness to that being more serious about screening investments.

John Rood: [43:43](#) I mean, according to the CFO council, foreign relations, China invested \$46 billion in this country in 2016. Many of those investments in silicon valley and in other areas. So we haven't acted new laws, new tools to try to screen some of that investment. That will be part of the response. Not the only thing. We've also got to be confident in our innovation system, but provide the right kind of stimulus to it. So at dod as an example, our budget requests this year is the highest for R and d spending. It's been in 70 years. Uh, we're also substantially increasing spending for things like artificial intelligence to try to, uh, provide some fuel to that, uh, system. But I think we've, we're not going to do this alone and we're having this conversation in great Ernest with countries around the world and trying to blunt some things worked.

John Rood: [44:36](#) We see China using a predatory trade practices again with five g to allow for very cheap infrastructure investments, uh, to allow that to be installed. So we're starting to warn countries and you're seeing in this country as take steps to try to guard against that. But ultimately we're going to have to have more wind behind our sale. But I, I don't know about you. I feel very confident if we can get to the point where we're just competing on models for innovation. Our model for innovation will beat there's any day of the week. And the reality is with this free movement of people, ideas of stimulus, nobody knows how these inventions were created. How does Steve Jobs decide in his garage to build a computer? Uh, we, we have that going for us and the biggest sign to me that the Chinese recognize that is they know it because they have to steal from it. And that's the central organizing principle. How they're going to fuel their innovation engine cause they know ours will beat theirs too. And so a little confidence in what we have and fostering that, creating the right conditions in this country and preserving that I think I think is our greatest strength. And we just need to be a little bit self confident about that.

Catherine H: [45:46](#) K uh, in the blue here in the center please. Thank you. Mara Karlin, director of strategic studies at Johns Hopkins Sys. Uh, last year, the bipartisan congressionally appointed National Defense Strategy Commission expressed some real concerns over how well the national defense strategy was being implemented. So what grade would you give the Pentagon in its implementation and what sort of extra credit can it do to lift that grade up over the next year or two? We all love extra credits.

John Rood: [46:19](#) If I could figure out a way to get some, I'd take, um, you, what a Mara is referring to is of course the, the Congress mandated review of the national defense strategy. It was done by an

independent panel and it largely endorsed the, both the, uh, efficacy of the strategy, but also how well it was being implemented. There were some areas that the independent group identified that were, you know, areas that needed improvement. I'd say overall I'm pleased and I'd give us a good grade in terms of implementation of the nds and its, uh, expression. So for example, I talked about China being the largest, uh, concern we have. If you did a analysis of the budget we submitted to the Congress this year, you'd find a very strong match to the degree I haven't seen in my career in government behind deciding what capabilities we're going to need to pursue and matching that against our strategy and the specifics.

John Rood:

[47:10](#)

For example, \$14 billion request for space capabilities. China is extremely active in space there. Second only to the United States today and the number of satellites they haven't space and their ambition is to dominate that domain. They have a rough analogous force to what the president's proposed creating in this country. A space force. He's presence made a proposal to Congress to create such a space force as a sixth branch of the military. We looked at other areas like cyber, nearly \$10 billion budget request. Again, matching the growth of that capability, a hypersonics two point \$6 billion budget requests, matching the growth of China and Russia's capabilities and trying to again preserve leadership there and whether we're looking at our basing structure around the world, what partnerships are important to us. You know, as an example, the central element of the India says you will know, but others may not be as familiar with line of effort.

John Rood:

[48:07](#)

Number two, after lethality of the force is alliances and building friends and, and uh, relationships with friends and allies. General Hooper, we'll talk about that. But, um, and that's not only with existing partners but with new friends and allies and, uh, you know, as an example, we're featuring the Indo-Pacific. I think we're doing pretty well there, both with our longstanding allies like Japan and Korea and Australia, New Zealand, Singapore, but with new ones. Uh, Nick Burns and I did a lot of work, uh, on India for example. The growth of that relationship since that work to today is really very remarkable. We're still working on that. Uh, other areas like Indonesia and Vietnam, former foes, I mean, it's remarkable to host in the Pentagon, the leaders of the Vietnamese military and talk about, uh, putting the bed, the, you know, the remnants of that conflict. So I think in general, I would give us a very good grade on, on that work, most certainly. And with your knowledge, you'd spit out 10 areas where we need to do more. And let me just stipulate, you're right. I mean there's plenty of areas, uh, where we,

where I would self identify. We, we do need to work on that. So the [inaudible]

- Speaker 6: [49:21](#) grade is p plus a. B.
- Speaker 7: [49:25](#) See there is no answer I can give to that. That's not going to get me in trouble, but I'd say it's pretty good. All right,
- Speaker 6: [49:34](#) one more, uh, the lady in the pink
- Speaker 7: [49:37](#) that's you or I'm colorblind. Maybe bell.
- Speaker 6: [49:45](#) Hi Ellen Sabin. Um, I spent a lot of time in Africa and found that the ambassadors were amazing tools in diplomacy and relationship building. And you answered Katherine's question about the transition in the military being seamless and easy. Um, I'm curious about, if I'm not mistaken, large transitions in our tool of diplomacy, um, and ambassadors and sort of the, um, the gap that we now have to use that as a tool for relationships and was wondering, um, if it's as easy and what we're doing about making that as seamless and that as um,
- John Rood: [50:28](#) as an important a tool as it can be, um, in, in the arsenal that you use. Well, the relationship between the, the State Department Defense Department when it's going very well, you see the tremendous power of that relationship. And increasingly this needs to be a multi, uh, department approach. I know we say a lot of times whole of government, it's not just the fact that there's a whole of government meaning five departments and agencies or six or something, attending or being part of a delegation. What I mean is true integration of the different efforts, whether it's what Seagal Mandelker and her team are doing with pressure through the economic system and with the State Department and ambassador's doing with political pressure or the State Department has a number of ways to affect economic trade and commerce or military activities as well, by the way. And then the relationships that we have and the activities isn't, sometimes it's what you say sometimes what our military forces are doing either in exercises or signaling or building relationships depending on the country.
- John Rood: [51:32](#) In some cases the military may be more influential in leading change than the State Departments, colleagues, uh, counterparts or other. So if we do it well, there's a tight coupling between those activities. It is a challenge. I mean, every stove, pipe and government, I've learned all of the problems pretty much occur along the seams of those stove

pipes and the relationship between ambassadors and their defense. Attache is a, for example, general Hooper's served as one of ours in Egypt, though that's a garden that needs continuous tending or the or the weeds, overrun it or worse, um, when they don't work together well, it's a big problem. So, you know, it's a constant challenge because we're always changing over our people. The investors are changing in and out. But the fundamentals of that you need to really actively work at that in some cases are ambassadors and in conflict areas like Yemen, Libya, they rely on us in the, in the Defense Department to get them to protect them, to move them to and from their engagements with the leaders of these other countries.

John Rood:

[52:37](#)

So, um, I'd say the relationship there is very good overall. Uh, there's a lot of countries in the world. If we tallied up the 190 200 countries, I mean, you know, there'd be a heat map of from a to f, uh, you know, along that spectrum. But, but I, I understand your point. And, and particularly in a place like Africa, uh, our military to military war security assistance building in some cases leads the way. I mean, if you, one of the things we've regrettably learned as a, as a country and as with our partners is unless there's security, a lot of the other areas for economic aid development, uh, the work to improve the education standards, they're not possible without that. And it's not possible for us to just do that ourselves. We have to local partners and the local partners lead the way with our assistance to really accomplish the objective in any kind of durable way under secretary Ruth. Thank you for such a thoughtful and [inaudible]

Speaker 1:

[53:36](#)

the conversation. Thank you to the Aspen Institute and thank you to all of you for participating. Good. [inaudible].