APRIL 6, 2009

GATES AND CARTWRIGHT Q&A

GATES: Ann?

Q: I expect the e-mails are already coming out from Congress complaining about cuts to programs that various lawmakers support. A question for both of you. Do you feel like you're walking into a buzz saw here? And do you assume that certain parts of this -- (word inaudible) -- budget program are basically DOA?

GATES: Well, there's no question that a lot of these decisions will be controversial. My hope is that, as we have tried to do here in this building, that the members of Congress will rise above parochial interests and consider what is in the best interest of the nation as a whole

I set out here to develop a budget and a program, really, that I thought best served the national security interests of the United States. And I, frankly, decided that I would not take the political issues associated with any of these programs into account; I would just do what I thought was best for the country. And my hope is that in the months ahead, that, first, the president will approve this budget, and then second, that the Congress, after careful deliberation, will support as much of it as possible.

Q: Can you tell us a little bit more, Mr. Secretary, about the analysis that went into these decisions? Even over the weekend there was some criticism that such bold decisions before the QDR, before this top-to-bottom review, perhaps don't have the analytical framework that would be required Can you give us sort of the 1-2 about how this all was put together?

GATES: Well, first of all, I think that there is a very sound analytical basis for these decisions because they emanate directly from the National Defense Strategy, which involved a great deal of analysis on the part of both the Office of the Secretary of Defense and the Joint Staff and the Joint Chiefs. So there is a strong analytical base.

There are a number of decisions -- a number of these programs that I described as being delayed in many cases are in fact going to be programs that are examined in the QDR to see whether there is a -- what the need is going forward. I mentioned that with respect to our nuclear and strategic delivery capabilities, particularly a follow-on bomber. I mentioned it in terms of our amphibious capability. There's a list out -- that came out of this exercise of probably 10 or a dozen or more major issues that will be examined in the QDR.

CARTWRIGHT: I think also the work of the past few years associated with the conflicts that we have in Iraq and Afghanistan, this department and the DNI have undertook several analytic efforts, the operational availability effort inside the department, that

starts to get at what Joint Forces Command has developed as a robust lessons- learned system, taking those lessons learned, putting them in an analytic framework and then working with them.

On the intelligence side, the work that we've done with operational research analysts out in the field on our ISR systems, not just the platforms but how we move data and how we inform warfighters inside of decision cycles, these analytic pieces make this as quantitative as ever I have seen in one of these budget developments.

Q: The F-22 decision is going to get scrutinized now that your budget has emerged from the shadows, so to speak. Can you give a sense of whether this was a close call or a no-brainer, in one -- and why couldn't you have bought more? Why wouldn't it fill the role that the Joint Strike Fighter will be filling that you outlined?

GATES: For me, it was not a close call. And the basic conclusion was that, first of all, we have fulfilled the program. I mean, it's not like we're killing the F-22. We will have 187 of them. That has -- the 183 of that has been the program of record, as I recall, since 2005. So we are completing the F-22 program. And the military advice that I got was that there is no military requirement for numbers of F-22s beyond the 187.

Q: What about the Air Force advice? They've been (allegedly ?) badgering you with all sorts of analysis that they need 60 more.

GATES: That was their advice as well.

Q: Excuse me. It was their advice as well that --

GATES: Yes.

Q: -- that you didn't need more than 187?

GATES: Yes.

Q: Really? Okay.

Q: Mr. Secretary, I wonder if I could ask you to elaborate on one of the things you talked about and clarify a couple of other things. The $500 million to increase rotorcraft capabilities -- how's that money going to be spent? Is that -- is that for procurement or is that all crew training? And then I'd like to ask you two other things, please.

GATES: Well, one question to a customer.

First of all, one of the things that I was most focused on going into this exercise was the need for more helicopters. Everywhere I go, I hear about the need for more helicopters. What become clear in the analysis that was being done was that the principal shortfall

was not in air frames, but in crews. And so, as I recall, virtually all of this money or most of it is going to go to accelerate the training of helicopter crews and pilots.

Q: They'll be for the Army?

GATES: Yes.

Q: Then, just -- did I understand correctly that you want to restart the presidential helicopter competition, write new requirements, or --

GATES: Yes. We will -- we need -- there needs to be a new presidential helicopter. There's still good service life left in the ones that are in the fleet right now. So we have time to do this. And so we will begin a review of the requirements with the White House as soon as the FY '10 budget is submitted.

Q: On CSAR-X, is that the same case? Will you --

GATES: We will -- we are cancelling the Air Force program. We will look at whether there is a requirement for a specialized search and rescue aircraft along the lines that the Air Force had in mind and whether it should be a joint capability.

Q: Mr. Secretary? You said before this you tried not to allow political considerations, especially from the Hill, to weigh into this calculus.

That said, last time you spoke at this same venue, you talked about the Pentagon's role as a major employer in the country, as a major acquirer in the country. Given the current economic conditions, did you have any hesitation recommending program cancellations, given the job loss that they'll almost certainly -- result from those decisions?

GATES: No, because as I mentioned -- I mean, I am concerned for the possibility that these decisions will have an impact on individual companies and workers around the country. By the same token, as I indicated, there are a number of these programs where we will see increases in the program.

And let me just give you an example. One of the concerns is particularly with respect to the F-22. Well, employment -- direct employment, according to the numbers that are available to us on the F-22, is about 24,000 this year. It'll decline to 19,000 in '10 and about 13,000 in FY '11. The last F-22 rolls off the line toward the end of 2011.

But the joint strike fighter, the F-35, in '09, already has 38,000 people working in direct employment. It will go to 64,000 in FY '10 and 82,000 in FY '11. So -- and these decisions on shipbuilding, I think, do a pretty good job -- I think -- of taking care of the industrial base there and trying to even out things in terms of employment and the workforce.

But -- so -- you know, we cannot be oblivious to the consequences of these decisions. But nonetheless, we have to make them as a whole in terms of what's in the best interest of the country.

Q: Dr. Gates, you famously complained about next-war-itis. Does this proposal cure this building of next-war-itis? And if so, how?

GATES: Well, it certainly doesn't cure it. That may be incurable.

I mean, the reality is that -- and let me put this very crudely -- if you broke this budget out, it would probably be about 10 percent for irregular warfare, about 50 percent for traditional, strategic and conventional conflict, and about 40 percent dual-purpose capabilities.

So this is not about irregular warfare putting the conventional capabilities in the shade. Quite the contrary: this is just a matter -- for me, at least -- of having the irregular-war constituency have a -- have a seat at the table for the first time when it comes to the base budget.

Q: As far as ground-based missile defense, it sounds like no more interceptors. ABL, you cut it off at the present experimental plane. There will not be a second tail in the buy. What about European missile defense, kinetic-energy interceptor and PAC-3s?

GATES: First -- well, why don't you go ahead and take that one?

(Laughter.)

CARTWRIGHT: See if we can start it backwards, anyway. Try the math here. (Laughter.)

PAC-3 is in production and continuing to be in production, so that system's working. The SM-3 and the THAAD are coming out of their testing and are moving towards full-rate production. We need those assets. You can see just in the past weekend the value of THAAD and having its system.

For the third site and the Ground-Based Interceptor at the third site, the discussion right now is that there is sufficient funds in '09 that can be carried forward to do all of the work that we need to do at a pace that we'll determine as we go through the program review, the quadrennial defense review, and negotiations with those countries.

Q: On KEI, what is happening there?

CARTWRIGHT: The Kinetic Energy Interceptor? Looking at the boost phase is going to be an area that we're going to do more R&D. Clearly, there is great leverage in working in missile defense in the boost phase, because you catch it before you have the sophisticated threats or capabilities that might emerge, decoys and things like that. But we've got to figure out what the right way forward is, what the right balance is between

the mid-course and the terminal. We've got now a good mid-course. We've got a good terminal capability. What do we need in the boost phase? What kind of attributes does it have for mobility and location, etcetera? Those are the things that we've got to understand before we go any further with the boost phase.

Q: Is that the only one --

Q: What's your latest thinking on how to break this political logjam that's holding up the Air Force's acquisition of aerial refueling aircraft? You say you want to go ahead and solicit big this summer, but there's movements in Congress -- there's movement in Congress to split up the buy. You've opposed it in the past. What's your latest thinking?

GATES: Well, I've had conversations with Congressman Murtha. We've talked about it. I obviously have a lot of respect for him. I still believe that it is not the best deal for the taxpayer, to go with a split buy.

I think the only reason people are pursuing the idea of a split buy is -- is that they think it's the only way that we can move forward in getting any kind of a tanker; that the competitors will be in such a place with respect to Capitol Hill that we just won't be able to move forward. My view is that if we do this right, if we structure this fairly and we carry out the process by our own rules, the way we're supposed to, that even if there's a protest, there's no assurance that that protest would be upheld by the GAO. After all, in the last time we went through this, the GAO examined about 110 different items in the contract, and found problems with, I think, eight.

So if we do this right, there's no reason a protest would be upheld, and we could move forward with the -- with an approach that is the best deal for the taxpayer and also the best deal for the Air Force in terms of not having to maintain dual logistics trains, dual training systems, dual maintenance, all the things that go along with them.

Q: And how do you look at the idea of acquiring them more quickly? Murtha's proposal is to double to 24, I think, a year, the number that would be purchased. Is that consistent with your --

GATES: Well, we could do that with one tanker, too.

Q: Yeah, we sure can. Is that consistent with your thinking to what might be --

GATES: I would be very happy to look at accelerating the build if -- along those lines.

Q: You mentioned that you only looked at threats, not politics. If North Korea's missile test had been more successful, how would it have changed your view on this budget, specifically with missile defense?

GATES: It actually would not have changed it at all. I think that, as General Cartwright said, we had -- for the terminal phase we had the THAAD missiles in Hawaii, prepared

to protect Hawaii. And if we had -- if it had been a -- an intercontinental ballistic missile, the ground-based interceptors in Alaska could have taken care of that challenge as well.

So I think we have in place, as the -- as the general said, we're in a pretty good place in terms of -- with respect to the rogue missile -- rogue country missile threat, in terms of the ground -- in terms of midcourse and terminal phase. What we're looking at and doing -- continuing the R&D on is the boost phase.

Q: Mr. Secretary, two items on missile defense. You mentioned the issue about threats, focusing on threats. MDA has consistently said that they see a threat of multiple incoming warheads around the middle of the next decade, 2015-ish. Does the termination of MKV call that threat assessment into question? And then I have a follow-up as well, on ABL.

GATES: I think it acknowledges the fact that the threat will evolve and become challenging. But it also acknowledges the fact that there's probably greater leverage in the boost phase to go after that type of threat than trying to address it individually in either the midcourse or the terminal phases.

Q: Okay. So then along the lines of ABL, the issue of poor program execution being one of the main criteria for getting the program killed, ABL's a classic non-execution program. What saved the ABL? And is this a stay of execution until the QDR, or do you expect to really make that into a serious program later in the year?

GATES: Well, the key attribute of ABL is that it's directed energy. And so if it's in the right place at the right time, it has the capability of catching an -- I'm sorry -- ICBM in the boost phase. Okay.

But it is kind of at the rudimentary level of our understanding of directed energy.

It is what we have today. It needs to go further. We need to worry on -- work on weight and power and cost, and work off the risks of that technology. It was our judgment that this technology needs to continue in the R&D phase but it is not ready for production.

Q: I was going to ask you about -- if you have any estimates about the overall cost savings down the road for these decisions, what the impact will be. And for both of you on North Korea: Do we see this weekend's launch as a significant improvement in their capabilities, or we have any indication that this launch was, as you said, as NORTHCOM said, came up short, I mean that the missile will actually explode in air?

GATES: Well, in terms of the cost savings across the FYDP, we will have to -- as I said, there are a number of other decisions, including classified programs, that I've made that I have not talked about here today. We will have to sit down with all of those. We only handed these decisions to the comptroller last Thursday, and so a lot of this work now has to be done in detail to get the detailed budget to OMB. And I think only when we've done that and they've completed their work and sent the budget to the Hill will we be in

a position with some clarity to talk about how much we have either saved or how much more is involved in the Five-year Defense Plan.

Q: On North Korea?

GATES: North Korea.

CARTWRIGHT: There's two things that we look at on the North Korean missile. One is their ability to develop an intercontinental ballistic missile capable of carrying a weapon of mass destruction, and the second is their desire to potentially proliferate that and sell it around the world.

On the first, the technology they were seeking after the first two failures was the ability to stage; in other words, transition from one stage of boost to the next. They failed. On the idea of proliferation, would you buy from somebody that had failed three times in a row and never been successful? (Laughter.)

Q: On the destroyer, Mr. Secretary, it sounds like you've put the ball in the industry's court. Could you say in a little more detail what's going to constitute the success they need to achieve to get to the whole three-ship --

GATES: Well, I haven't -- I mean, other than the broad decision, I haven't been involved in detail, and certainly haven't talked to the contractors. But the people here in the building believe that building individual prototypes in two different shipyards with one-offs is about as inefficient and cost-ineffective an approach as you can have. So if you can put all three of these ships in one shipyard, then we think that the cost, actually, of all three would not be -- it would be greater than two being built separately, but not at the equivalent of a -- the third would not be as expensive as either of the two -- first two prototypes.

So we think that from a shipbuilding standpoint, that having all three built by the same company in the same shipyard would lead to a much more efficient and cost-effective approach.

That said, if we do that, as I indicated in my remarks, we would then -- this is also contingent on seeing if we can smoothly restart the DDG-51 program in Pascagoula.

Q: (Off mike) -- if I heard you right the first time. You -- on missile defense, with all these changes that you're making right now, do you foresee the regular missile defense acquisition going back into the regular acquisition process, or will those programs still be having their own special form of buying things?

GATES: The intent will be -- what the powers are that we gave to missile defense, MDA, in order to move forward was the ability to focus in a very narrow area, in this case ballistic missiles, long- range ballistic missiles, and to keep that focus in the program

and allow them to move forward and to let that be the site of the requirements that they worked against. That won't change. Keeping that focus has really served us well.

Q: What will change?

GATES: What will change is we're going to start to shift and understand in that first phase what the leverage and potential opportunities are in the boost phase, focus on the threats. Remember, the idea here was protect the homeland, then protect allies, deployed forces and friends. We're going to focus on our deployed forces, our allies and friends.

So the systems that are considered operational -- SM-3, THAAD, Patriot -- building them out in quantity so that we can deploy them and move forward quickly there while we start to reassess what it is we can do in the boost phase for long range.

Q: Mr. Secretary --

GATES: And I just -- and I would just underscore that if there is a shift of emphasis here, it is sustaining the work that is going on with the ground-based interceptors in Alaska and the continuing R&D and effort to improve those capabilities over time.

But we are adding a significant amount of money in terms of trying to provide tactical or theater missile defense. We are basically maxing out the production lines for the SM-3 and the THAAD. We are -- as I indicated, we're going to convert six additional Aegis ships to have ballistic missile defense. So I think that's a real focus here.

Q: Secretary Gates, the South Korean prime minister this morning said that South Korea may need to start developing long-range missiles, and the Japanese have talked about developing a preemptive capability. Are you concerned about a new arms race in Asia?

And if I can ask General Cartwright, did the second stage and the third stage of the rocket fall into the same place in the Pacific?

GATES: You know, one of the -- one of the questions that it has seemed to me that both North Korea and Iran ought to consider as they go forward with their missile and nuclear programs is whether those programs actually, in the long run, enhance their security or detract from it.

And the reality is, in both cases, that if they spark a -- an arms race on the part of their neighbors because they feel threatened, then I would submit that their security has not been improved, but has diminished. And I think that's an aspect of this that they ought to think very carefully about.

CARTWRIGHT: Relative to the second and third stages, we're still going through the data, but what fell to Earth wouldn't resemble second and third stages anyway. I mean, it --

Q: (Off mike)?

CARTWRIGHT: We can't tell how much, but they're very close together.

Q: Secretary? Secretary Gates, I understand that in this budget you have included some military assistance for Mexico to fight the war down south, the border. Can you explain about this support?

And I understand also that, by -- the first time, the military -- (off mike) -- is going to participate with military forces from U.S. -- (off mike) -- exercises.

CARTWRIGHT: I'm sorry, I couldn't catch the last part.

Q: I understand there's going to be -- Mexico, by the first time in the history, is going to take part in some military exercises (in Florida ?), as I understand.

CARTWRIGHT: Right. I just hosted my counterparts in the Mexican military last week up here. We worked through several areas where we're going to start to cooperate in ways that we have not done in the past, both at the service level, for training, and then at the operational level, with the commander of NORTHCOM, for support in the drug conflicts that they're working their way through, but also for general support in their ability to defend their country. I think that that will be more robust than it has been in the past, by a significant amount.

The work that the service chiefs are doing -- service to service -- is very significant, both in helping their government -- the Mexican government -- grow their forces, but also make this transition towards what we have talked about here as being irregular warfare and in the training and the equipping that goes with that, which they need some help with.

Q: (Off mike) -- you know, you talk on the one hand about wanting to reform that position process, but in accelerating that, didn't the GAO warn recently that you'd be getting ahead of the testing on that and that that would put that program more at risk, to accelerate it?

GATES: Actually, what we've done, while we're increasing the buy, we have taken a more cautious approach to the ramping-up of production over the course of the next five years. So we actually, in the five -- I think I mentioned 513 aircraft by the end of the five-year defense plan. That's actually, I think, several dozen aircraft fewer than the original planned buy.

We have tried to do this in a way that keeps the numbers at a level that the cost to our allies and partners in this program do not go up. And so we are very mindful of the risk of rushing too fast to large-scale production. I don't think people feel concerned about that, going from 14 to 30.

CARTWRIGHT: Also, part of the increase is to buy more test articles, so there'd be more aircraft available for the test program.

Q: Mr. Secretary, you mentioned that this reform was based on lessons learned in Iraq as well as Afghanistan, and that you're concerned about under-investment which could lead to potential vulnerabilities. Based on that, do you believe that the president achieved -- or that he could with our allies in Europe, specifically NATO -- putting enough troops and money to help us in terms of winning the war in Afghanistan?

GATES: Actually, I think that what came out of -- what came out of the NATO summit in terms of commitments was for me a pleasant surprise. I have believed for some time that there was not much likelihood of a significant increase in the number of troops, and I took the approach in Krakow that what we were really interested in with the other defense ministers was civilian expertise and paramilitary police trainers. And so for the Europeans to have pledged an additional 3,000 or so troops plus the trainers I think was a significant achievement. I think there were some major commitments made in terms of the NATO trust fund to sustain the Afghan force. So I think that the -- I think the summit was actually more successful than I expected in what we were able to get.

Q: Sir, what you have mentioned all favor a growth -- well, going from 48 to 45 Army DCTs, and you talked about the benefits, such as that would reduce the use of stop-loss. Are there trade-offs, such as does it possibly delay the Army's plan to increase dwell time?

GATES: I don't think it will. And, I mean, we talked about this a lot, and I think, you know, I would be -- I think the Army does have some concerns about this, but there's a fundamental logic for me in this process. If you have -- the Army has trouble filling some of the units that they already have, in terms of deployments. They have problems with dwell, and they have problems in terms of the number of people not available to be deployed. It seems to me that if you keep expanding the force structure, with the same number of people, you're going to get thinner in the ranks. And it seemed to me that at least as an intermediate stage, let's stop at 45; thicken the ranks; make sure these units have the people that are needed to deploy, along with all those that are out training and doing other things.

At some point, perhaps the Army would resume the increase in the force structure, especially if they got more people, or if they got more people out of the institutional Army or out of the categories of people who are individually assigned and so on.

So, you know, I'm not saying that that's where the force structure will stay forever, but it seems to me that until we get rid of stop- loss, until we get these ranks thickened, that it makes sense to stop at 45.

STAFF: Mr. Secretary, you probably have time for one more, maybe.

Q: Sir, I'm wondering, aside from the Air Force, which was -- which you discussed last year, regarding the nuclear enterprise, I'm wondering what changes will be reflected in the budget dealing with changes you're making to nuclear oversight or stewardship across the DOD enterprise based on the recommendations of the Schlesinger task force -- (inaudible) -- report?

GATES: Correct me on this, but I think that we have an additional $700 million in the budget for nuclear surety. Is that about -- that's about right, about $700 million for nuclear surety. That takes into account all of the things you just described.

Last question.

Q: Mr. Secretary, the debate about Defense spending has been simplified by this conventional versus unconventional -- (inaudible) -- conflict. To what extent do you think that's too simplistic? And how -- can you just speak a little bit more to how this budget reflects that complexity?

GATES: Well, I think that -- let me -- let me give an answer, and then let the -- let the general give an answer.

I think that this debate between conventional and irregular is quite artificial. Most of the people that I talk to are now increasingly talking about, instead of one or the other, a spectrum of conflict in which you may face at the same time an insurgent with an AK-47 and his supporting element with a highly sophisticated ballistic missile, where you -- where you have what we have been calling in the last year or so complex hybrid warfare. And so you really need to be prepared across a spectrum to deal with these capabilities.

And that's why I -- going back to my crude carve-up of the budget of 40 percent dual-purpose, I think we have to be prepared all along that spectrum. And again, I think what people have lost sight of is I'm not trying to have irregular capabilities take the place of the conventional capabilities. I'm just trying to get the irregular guys to have a seat at the table and to institutionalize some of the needs that they have so that we can get the need -- so we can get what they need to them faster and so that we don't have go outside the Pentagon bureaucracy every time there's a need for the warfighter that has to be met in a relatively short period of time.

CARTWRIGHT: I think probably -- maybe three more attributes that I would use to characterize -- the first is lethality. Heretofore, we always figured high-end war was more lethal than this low-end war, so to speak. The reality that we're coming into, because of proliferation and because weapons of mass destruction are getting out into areas that are non-nation state areas -- so in other words, we're having to deal at the low end, what was considered the low end of conflict in this spectrum, the reality is the lethality is just as bad down at the low end as it was in -- at the high end in the past.

That's point number one.

Point number two is, heretofore, conventional warfare was, I know your home address. I know exactly who we're fighting, and we know exactly where. And the problem is, that's not the case anymore in cyberwarfare and weapons of mass destruction, because there are venues without attribution that we have to deal with as we move to the future.

And the third point is that the reality of hybrid warfare is the reality that you're dealing at the entity level. I must know who you are. I cannot accept the collateral damage to just know generally where you are. And that changes the equipping. That changes the mindset of the warfare. It is a much more difficult activity, and yet it is equally lethal. And so, putting all of that together, you start to understand the challenges as a warfighter across this spectrum.

It's just not -- there's conventional maneuver warfare and there's hybrid, and we're denigrating one for the other. The reality is, they're coming together in ways that heretofore were just not the case.

GATES: Thank you all very much.

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