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Transforming the Defense Establishment

Remarks By Dr. Stephen A. Cambone, Director, Program Analysis and Evaluation, Bear Stearns & Company, Monday, January 27, 2003.

In his September 1999 speech at the Citadel, then-candidate George Bush declared that, if elected, he would seize on an opportunity created by what he called a "revolution in the technology of war."

As a result of that revolution, he said, power "is increasingly defined not by mass or size but by mobility and swiftness. Influence is measured in information, safety is gained in stealth, and force is projected on the long arc of precision-guided weapons. This revolution perfectly matches the strength of our country, the skill of our people, and the superiority of our technology. The best way to keep the peace," he said, "is to redefine war on our terms."

The President went on to sketch his vision of the armed forces.

He said, "Our forces in the next century must be agile, lethal, readily deployable, and require a minimum of logistical support. We must be able to project our power over long distances, in days and weeks, rather than months. Our military must be able to identify targets by a variety of means, from a Marine patrol on the ground to a satellite in space, and then it must be able to destroy those targets almost instantly with an array of weapons from the submarine-launched cruise missile to mobile long-range artillery."

"Our land forces," he said, "must be lighter, our light forces must be more lethal, and all must be easier to deploy. And, these forces must be organized in smaller, more agile formations, than cumbersome divisions.

"On the seas, we need to pursue promising ideas . . . to destroy targets from great distances.

"In the air, we must be able to strike from across the world with pinpoint accuracy with long-range aircraft and perhaps with unmanned systems.

"In space, we must be able to protect our network of satellites essential to our flow of commerce and defense of our country."

As a way of underscoring his determination to bring about the transformation of the military forces of the United States, the President reminded the audience of another time of what he called "rapid change and momentous choices."

"In the late 1930s, as Britain refused to adapt to the new realities of war, Winston Churchill observed, 'The era of procrastination, of half-measures, of soothing and baffling expedience, of delays, is coming to a close. In its place we are entering a period of consequences.'"

Well, that period of consequences arrived here in this city just two years later, on September 11, 2001.

The remainder of this talk will focus on how we have answered the call laid down by the President during his candidacy. Let me sum them up: He asked us to do three things.

He asked us to assure the well-being of the men and women in uniform and the civilians who work for the Department.

He asked us to provide the means to them to defeat today's threats.

He asked us to take on the transformation of the defense establishment to meet the challenges of the future.

Before I take on each in turn, that is to say, what we've done for our people, how we've met today's challenges, and what we are doing for the future, let me take a moment to tell you what we think transformation is, and what it is not.

What it is, we think, is a continuing effort over time. It is not a static objective in time. So, if you are looking to judge this transformational process or the progress that we have made, and you try to pin it to a certain place in a certain time and use a static measure, you will be disappointed and probably mislead yourself and others.

Secondly, it is a change in culture. A change in culture that is reflected in what we do, how we do it, and the means we choose to accomplish our objectives. I can't stress enough the importance of the change in culture that comes with the transformation. Those of you who have watched various companies merge and come apart over the last decade or so will understand just how important changes in culture are to a transformational effort.

It's also about balancing risk. We have identified risk in four categories.

The first area of risk has to do, not surprisingly, with our people. Are we keeping them in proper trim, as it were? Do they have the means to do their training; are they able to see their families; do they live in decent housing?

Second, are we able to conduct operations today at a minimum of risk not, mind you, without risk, but at a minimum of risk, by assuring that our people are well positioned, well led, and have the proper means to conduct operations?

Third, have we made the investments that are necessary to prepare for the future? and

lastly, our business practices; have we gone any way toward reforming them? It is our belief that those four categories of risk need to be properly balanced. We cannot over-invest in any one and expect to succeed in all.

Now, let me say a word about what we think transformation is not.

It is not change for its own sake.

Nor is it measured as a success or a failure on the basis of programs that have been cancelled, programs that have been completed, or programs that have begun.

It is easy to keep score that way, and we will, in a few minutes, talk about some of the programs that we have cancelled and programs that we have begun.

But, again, that is not a very good scorecard of the progress of this transformational effort.

I call you back again to what transformation is. It's about culture, about what we do, how we do it, and the means we choose to accomplish those objectives.

If you were going to develop a checklist to measure transformation, I offer you the following set of points. There are seven, and I'll give them to you in fairly quick order.

The first would be to look at the guidance that we have given both to our civilian and military personnel.

Some of that guidance is available to you, for example, in the form of

the National Security Strategy that has been published by the White House and the Quadrennial Defense Review that was published by the Department of Defense.

Others are not available to you-except when they're leaked to the newspapers-for example:

The Nuclear Posture Review, which reconfigured our nuclear forces, and allowed the President to take the steps to reduce the size of our nuclear offensive arsenal and to incorporate into our future strategic force conventional weapons as well as nuclear weapons.

The Contingency Planning Guidance, which is given to our combatant commanders and signed out by the President, and which directs combatant commanders to prepare plans for contingencies now and into the future that reflect the tenets of the strategy that was laid down in the National Security Strategy and the Quadrennial Defense Review.

But guidance is fine Going back to my point about culture, however: Are we changing the culture? It is often changed by changes in organizations. And I have to tell you, we have changed organizations quite extensively within the Department. We have done so with the aim of enabling what we call joint operations, i.e., the ability of our land, sea, air, and space forces to be combined under the control of a single combatant commander and used in ways that are most appropriate to achieving the objectives of the campaign that he has laid out.

We have changed the structure of our commands:

We have added a combatant command for the United States called Northern Command. It "stood up" just recently.

We have merged our Space Command and the old Strategic Command into a new command designed to make use of the new instruments of strategic power.

We have changed the mission of our Special Operations Command.

We have undertaken changes to our organization in the office of the Secretary of Defense.

The Army, the Navy, the Air Force—each of them has restructured their staffs and their functions.

Third, I said we were interested in joint operations. Well, it turns out the Department of Defense does not have a joint concept to guide the conduct of joint operations. What we have are concepts that have been generated by each of the services about how they would prefer to fight. We have, however, no overarching concept for the employment of the joint force. So we have, indeed, set about that task. I would expect by springtime, probably early summer, that we will, indeed, have a joint operational concept that will begin to frame for our services how they ought to go about the task they have under Title X—to man, train, and equip the armed forces of the United States.

But the services—the fourth point of the seven—have not been lagging behind. If, for example, you look at what the Navy is proposing, what the Army is proposing, what the Air Force and the Marines are proposing, you will see their effort to begin transforming their own service and to make it friendly to the joint operational environment.

But it's not enough to say we want to fight joint, we have to train joint, so we have taken steps to put in place a substantial amount of funding to enable joint training, and we will do it for the most part in a virtual environment, but this will be an enormous step in the direction toward joint operations.

What about our investments? Investment is made up of a combination of RDT&E—research, development, test and evaluation—coupled to what we procure. We will talk in a few minutes about that investment, but I do believe that, if you look at it, you will begin to notice that it is favoring the enabling of joint warfare. So, as we look through our choices during the course of our just-completed program review, we constantly came back to the same question: What will this investment do for joint warfighting?

Lastly, processes and practices within the Department of Defense. Under Secretary Wynne and Dr. Zakheim, both of whom have spoken to you, and others are working very hard to alter the manner in which we do our business. This will be the most transforming thing the Department of Defense can do.

We can spend a great deal of time on any of these seven points, but let me ask you to bear in mind a summary point that arises out of them:

Because we do not know who our adversaries may be either in the near term or the long term;

or how they may choose to fight;

but because we do know that modern technology is available to our adversaries or potential adversaries, as readily as it is available to us;

and because we know that as a democratic society we are vulnerable to attack:

We decided to pursue our strategy for transformation in a way that would provide our combatant commanders with what we are calling a portfolio of capabilities. We have tried to avoid the point solution to any particular problem. We are looking to equip them with a portfolio of capabilities with which that combatant commander can conduct joint operations.

The reason I mention this to you is that, as you begin to review the budget programs and think your way through what that means, you've got to keep coming back to the question: Has the Department chosen the right set of capabilities to support joint operations?

Next, let me outline what those capabilities and joint operations are intended to provide. Let me tick off a list of six points for you that we think are the appropriate characteristics by which to measure these capabilities.

First, does it permit the force to rapidly transition from its steady state peacetime garrison its training its presence mission does it allow it to transition rapidly into combat operations?

Second, do we have a set of capabilities that will provide timely and wide-ranging effects applied to targets throughout the full depth-the full depth-of an adversary's battle space?

Third, can we apply those effects to both fixed and mobile targets? Fixed targets are a delight; they sort of stay right where you always thought they were. It's the ones that move around that vex us all, and it's very, very difficult trying to track and attack those targets.

Fourth, does it provide us the kind of persistent surveillance we're going to need especially for the purposes of tracking mobile targets.

Let me digress here for a moment. The difficulties we see in the efforts to gain intelligence is a function of how hard it is to gain that intelligence. If one has only a periodic view of events, it is difficult to collect and stitch that information together. To the extent that we are able to provide a persistent level of surveillance for our combatant commanders, they will be able to make their plans with a great deal more knowledge and information than they have today.

We must continue to dominate the air, we need to learn how to operate from sea bases, and we need to improve our ground

maneuverability.

Fifth, the above capabilities need to allow us, as well, to hold at risk an adversary's command and control network as well as his weapons of mass destruction.

Sixth and last, but not least by any means, they are capabilities that we must have in order to be able to force any fight in which we find ourselves to a rapid conclusion.

That concludes the top-level chapeau of what we're trying to do and why. Let me turn to our program proposals.

I'll begin with the most important resource that we have, which is our people.

We have, since 2001, made a substantial effort to increase the pay and benefits of our troops. We have, in fact, gone farther than others might have thought. We have gone to a targeted pay raise for our senior enlisted and mid-career officers to ensure that we keep the talent that we need and develop the skill sets that a military 10 and 15 years from now is going to require.

We have also managed to reduce to near-elimination within two years the kinds of out-of-pocket expenses that our personnel have to pay for their housing when they live on the economy.

In terms of housing on bases, we will have eliminated most of (the substandard) housing by 2007, and we will have privatized a lot of that housing, particularly with respect to the Navy and Army.

And, as I said, we have gone a long way toward providing the kind of joint, national training that we think our people are going to need in the years to come.

In addition to our people, we need a firm foundation, a solid foundation, in what we call our operations and support activities and in the infrastructure that is part of the Defense establishment. Toward that end, we have included in the proposal that we sent to the President, and that he will send on to Capitol Hill, a great deal of additional monies over this program period designed to support our operations and maintenance budgets.

We did this for a very good and sound reason. Over the years, what has happened is that funds for operations and maintenance, the daily upkeep of the force, has been systematically underfunded.

The consequence of systematically underfunding it has been that, in the event, in any given year, when those

bills begin to mount, the services went looking for dollars. Where that money came from traditionally has been out of the investment account, that is, out of procurement and out of RDT&E.

What we are looking to do is to stabilize the investment programs by funding the O&M accounts. That is a principled approach to what we are trying to do. So, the hope is that over time, those investments will be more stable than they have been in the past.

Investments

With respect to the investments, as I said, we have both RDT&E and procurement in the account.

That account is up substantially, on average, over what was in the plan that we found when we arrived at the beginning of 2001.

What is interesting about it is that, proportionally, we have increased the RDT&E accounts a bit more than we have the procurement accounts.

There's a reason for that. One is that it signifies a certain leaning by the Department toward reducing the risks of having inappropriate forces and equipment in future years.

It also reflects an approach toward funding some of our near-term efforts, particularly with respect to the Navy, which will fund the first ship of four new classes of ships that it intends to begin during the course of this program. It will fund that first ship of each class out of its RDT&E accounts because in fact those ships are, indeed, experimental, from the point of view of the Navy.

The services, in trying to meet the demands of transformation, have made some important decisions about shifting their resources.

You will discover, for example, when looking at the Army's accounts, that:

It will have moved roughly \$20 billion out of programs it might have funded in its '02 program into different accounts.

It has, since 2002, terminated 24 systems, and it has reduced or restructured another 24.

It has done so for two reasons: first, in order to be able to fund its highest priority for modernization.

Second, at the same time, the Army, over this coming program period, will shift something on the order of \$13-14 billion into the development of its Future Combat System. That is, indeed, its transformational system.

The Navy, from the period of 2002 until the end of this program period:

will have retired 36 ships. Some of those ships could have been modernized. Service life extension programs could have been conducted for those ships.

The Navy decided to retire them, take the savings, and invest those savings into a number of new classes of ships. Those ship classes include a new littoral combat ship, a new cruiser, a new destroyer, a new helicopter-deck ship, and a new prepositioning ship, and it includes resources shifted to a new design for the next generation of aircraft carrier.

The Air Force, for its part, has moved something on the order of \$20 billion in its budget.

It has retired a number of older aircraft, it has done some internal consolidations of its squadrons,

It has funded its highest priorities which are its readiness and people and, importantly,

It has made commitments to a number of programs which I will discuss in a moment.

So, there is a great deal of work going on inside the Department in terms of reallocating resources. It's not simply a matter of having been afforded more money by Congress, but rather, we have taken steps to move dollars inside the accounts in the Department.

Now, when we're done, what we think, is that that capabilities package that I talked about will enable us to better perform what we think are six of the most important operational goals for our

force. Let me give them to you:

First, we have to defend what we call our bases of operation, that is to say, the United States, our people, our forces abroad, and our allies.

We have to protect them not only against the kinds of attacks that occurred two years ago in New York and at the Pentagon, but also against missile strikes and other forms of offensive operations.

We have to be able to project and sustain our forces abroad. Recalling the President's words, we need to be able to move quickly in order to bring the fight to a quick conclusion.

Third, we need to be able to deny sanctuary to our adversary.

This is where the issue of persistent surveillance, for example, comes into play. If we're trying to find terrorists hiding in remote places, we have to have the ability to essentially sit on top of them and their activities and watch them and follow them as they go about their business.

But having done that, we have to be able to attack an adversary no matter where they are and no matter how deep inside the land mass they may be or where they might be on the oceans or in the air.

Fourth, we have got to enhance our space capabilities. We are highly dependent upon space for both commercial and defense needs, and we will have made a substantial investment in enhancing those capabilities.

Fifth, we need to do what is necessary to leverage our information advantage

Last, we need to ensure that the information on the network is secure.

So, in making our investment set, let me tick off for you some of those which have probably gotten your attention for a variety of reasons.

The first is missile defense. The President committed to bringing about a missile defense for the United States. We have invested quite heavily in the RDT&E program for missile defense.

The President has decided that, beginning in 2004, we will begin to deploy a small number of interceptors inside a test bed arrangement that we have developed for the testing of our land-based missile defense capabilities. Those interceptors will give us a modest capability against a small number of long-range ballistic missile

warheads launched at the United States.

That test bed is located on land, so the President has asked us as well to see if we couldn't put some missile defense interceptors aboard ship by about the 2004 time frame as well, and we have committed to doing so.

We have made a very large investment in transformational communications. What do I mean by that? It has three parts.

We are committed to the development of a laser-based communications satellite, which will allow us to communicate by light via space. Today, we do it by radio-frequency waves, both from ground to satellite and from satellite to satellite. What we hope to be able to do is to do that by light. Essentially, we hope to move fiber optics into space.

We have, as well, made a very large investment in expanding what we call our global information grid which is, itself, a fiber-optic net, which will be expanded substantially.

We have made major investments in command, control, communications, and computing systems.

We have made a similar investment in assuring the information net will work within that transformational communications system.

In order to gain the persistence that I have talked about, we have made investments in systems like Global Hawk, which is an unmanned drone aircraft that is loaded with sensors. You have read, I'm sure, of the exploits of Predator, a much smaller drone that has been used extensively in Afghanistan. But we have also invested in a space-based system, which is a radar.

The idea is that, if we are able, around 2012, to put up a constellation of satellites, these radar satellites would enable us to have the kind of persistent surveillance that I talked about a few moments ago.

If you take the information that is available on the space-based radar and other surveillance assets and imagine moving them through a system that I described that is essentially a fiber-optics system, you can understand how fast we can move that information, how much information we can move, and the fact that we can move it and deliver it in formats that are useful to the receivers.

If we can do that, and we believe we can, we will be

able to see, hear, talk, act, and assess much more rapidly than any adversary we could encounter.

If we can do that, in near-real time, we will have achieved what many might want to call information superiority.

Shipbuilding. Let me take a moment there.

We have committed to about seven ships a year if we can do it. That will enable us to stabilize the shipbuilding base over the course of the FYDP, but

We also have made a major decision with respect to the Navy's follow-on aircraft carrier, called CVN-21. The Navy has taken many of the improvements that would have been included in a ship that they had believed would begin building in FY2011 and has moved many of those technologies and changes in the organization and internal structure of the ship and its equipment sets back to the carrier that is slated to begin construction in FY2007.

With respect to combat air forces, we have studiously gone about the business of attempting to create competition for the missions in this area.

As you know, we have the F-22, the F/A-18. They are the main aircraft in production.

The Joint Strike Fighter is intended to follow on toward the end of this decade, but in addition,

We have made investments to improve our capabilities with respect to unmanned combat aerial vehicles (UCAVs), unmanned aerial vehicles like Global Hawk and Predator, and their successors.

We have made an investment in a national aerospace initiative which will stress hypersonic missile technology which will allow us to move at very rapid speed. As the principal proponent of that program likes to say, "Speed kills." You can imagine that hitting a target at 7 or 8 Mach will do real damage to that target.

Lastly, we have tried to look at whether or not we can revive a conventional ballistic missile capability which would, as the President said, allow us to strike around

the world at a moment's notice with pinpoint accuracy.

The Army, for its part, is deep into its transformational effort in keeping with the President's words about being more lethal and quicker to move and not taking so long to build up. The Army is attempting to do so with its objective force and its so-called "Future Combat System."

They are hopeful to come in this Spring with their proposals on how they intend to proceed with this program, and

as I said a moment ago, they have invested near to \$14 billion over the FYDP for that program.

Those are some of the highlights of the investment strategy, and let me just tick off for you some of those changes.

When we started in 2001 on this process of transforming our capabilities, we didn't have a missile defense capability; by 2004, we hope to have a limited capability.

We were using conventional radio-frequency waves for our satellite communications; we hope to move to laser-based communications.

We didn't have a space-based radar program; we do now, and we hope we can deploy it by 2012.

We had no submarines that could launch large numbers of conventional cruise missiles. Well, we've taken four submarines out of the strategic force, took the nuclear weapons off them, and we intend to put conventional cruise missiles on them and use them as strike platforms well into the next decades.

I've already mentioned the carriers. We will have a CVN-21 beginning in FY-07.

The surface fleet was aging. It will shrink a bit in the coming years, only to begin to increase its numbers as we go into the 2006-7-8 time frame. We will have four new ship classes.

We merged the tactical air programs of the Navy and the Air Force.

I've mentioned the family of UAVs and the UCAVs, and

I've mentioned the housing and the facilities improvements.

So, let me conclude.

We are a nation at war; we do not know how long it will last, but it is unlikely to be short.

We cannot know where all of its battles will be fought.

There are multiple fronts in this war, and

There is no single theater of operations.

We do know that we are all at risk,

at home and abroad,

civilians and military alike.

We do know that battles and campaigns will be both conventional and unconventional in their conduct.

Some of those battles and campaigns will be fought in the open, and

Others will be fought in secret, where our victories will be known to only a few.

For the Department of Defense, it means that we now plan and fight today's battles even as we prepare for that longer campaign.

In light of this, let me remind you of how the President assesses his 1999 speech at the Citadel. Two years later, in December of 2001, he returned to the Citadel and said the following:

"The need for military transformation was clear before the conflict in Afghanistan and before September 11. At the Citadel in 1999, I spoke of keeping the peace by redefining war on our terms. We have," he said, "a sense of urgency about this task, the need to build this future force while fighting the present war is an urgent need." And then he said, "It's like overhauling an engine when you're going 80 miles an hour, but we have no other choice."

So, mindful of the urgency to transform, as the President expressed in his Citadel speech a year ago, I can say that we will press this war to its conclusion. But even as we do, we will plan and prepare for the future when that war is won, and the world itself has been transformed. Thank you very much.

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