

June 5, 2013

Washington, D.C.

Keynote Remarks

The Honorable Ashton Carter Deputy Secretary of Defense

Thank you, Bill, for that kind introduction. I also want to thank Bob Pfaltzgraff, Jackie Davis, Charles Perry, and the entire crew at the Institute for Foreign Policy Analysis for welcoming me back. I've been privileged to be part of these IFPA conversations for many years, and I've benefited from each of them.

I would like to thank the Fletcher School for making this conference possible. As many of you know, Fletcher recently named Admiral Jim Stavridis as the school's next dean. Jim couldn't be here this morning, but as I noted last month at his retirement ceremony in Stuttgart, as I said there Jim has been one of the Navy's most forward-thinking leaders – a true "Renaissance Admiral." So Fletcher will be in great hands with Jim at the helm.

Distinguished guests, foreign partners, and my friends and colleagues. It's wonderful to be here with you.

Before I begin, I want to salute my friend and colleague Bill McRaven. We are so fortunate to have someone like Bill in charge of the special operations community – someone who knows the force inside and out because he's been part of it and led at every level – from platoon commander of an Underwater Demolition Team, to the head of Joint Special Operations Command and Special Operations Command Europe.

We're also fortunate to see him in broad daylight. Many of my interactions with Bill have been via video teleconference, with him located in some undisclosed location. So Bill, I would just say that it's wonderful to see you in person. We should do this more often. I see Joe Votel here and I'd say the same thing of him.

While Bill and his team at SOCOM are usually praised for their counterterrorism successes, I want to take a moment to honor the less publicized but equally important work that Bill, Command Sergeant Major Chris Faris, and their wives – Georgeanne and Lisa – have done to support the families of our special operations community.

At SOCOM, the four of them – and many others – have transformed how the military helps families reconnect and reintegrate after war. They've increased resources and streamlined counseling, medical, and psychological care in a way that is truly remarkable. So to Bill, Chris, Georgeanne, Lisa, and the entire team at SOCOM, thank you.

Tomorrow marks the sixty-ninth anniversary of the D-Day invasion. Though known by different names, special operations forces during World War II performed many of the same tasks that they do today – infiltrating behind enemy lines, partnering with allies on sensitive operations, and assuming the most dangerous tasks, and many did exactly that on that fateful day at Normandy.

Throughout history, SOF operators have been at forefront of the nation's greatest military triumphs. From South Asia to Europe, and South America to the Middle East, SOF have always adapted and always answered the call of duty.

Now I can't tell every story. But as we consider the future of SOF, it's worth recalling a few of their achievements in recent years. And these are only the ones we can discuss publicly.

- We all know about the Bin Ladin raid, but perhaps less well known is that SOF were some of first responders on the ground in Haiti after the devastating earthquake there in 2010 – opening airfields to enable relief operations.



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- In Afghanistan, which I just visited, I have seen firsthand the superb job that SOF are doing to train Afghan forces so that we can hand over responsibility for security to the Afghans in 2014.
- In Iraq, SOF conducted thousands of raids that helped overthrow the regime of Saddam Hussein and beat back the tide of al-Qa'ida.
- In the Philippines, hundreds of SOF personnel continue to advise and assist local security forces in their struggle against violent extremists.
- In Somalia, Navy SEALs have risked their own lives to rescue others, including the 2012 raid that freed Jessica Buchanan, and the 2009 operation that freed Captain Richard Phillips.
- And in Colombia, a long and productive SOF partnership with the government there has helped degrade the Revolutionary Armed Forces of Colombia and paved the way for peace talks.

As for me, whether at the Pentagon, during visits to Fort Bragg, or trips overseas, I have seen how SOF capabilities contribute to U.S. national security beyond the military sphere. Whether they're working with civil society and tribes, training local security forces, helping villagers stand up radio broadcasts, or supporting intelligence and law enforcement operations, SOF give the United States an enormous competitive advantage over our adversaries.

As we gather this morning, the United States is once again at a moment of strategic transition – facing new threats and new adversaries, but also new opportunities. As a nation, we've been here before – after World War II, after Vietnam, and after the fall of the Berlin Wall. Following two long and hard wars in Iraq and Afghanistan, we are now turning a strategic corner – shifting from the post-9/11 era dominated by these wars to the challenges and opportunities that will define our future.

While the war in Afghanistan is far from over, we are completing the transition to Afghan responsibility for their own security. And by the end of next year, most of our troops – who have fought so valiantly and given so much over what will have been thirteen years of war – will come home.

Beyond Afghanistan, we know what many of these challenges are: turmoil in the Middle East and North Africa, enduring threats like WMDs in the hands of Iran and North Korea, terrorism, and a range of new threats in new domains, like cyber.

This time of transition also presents opportunities. Among them: to shift the great weight of the Department of Defense, both intellectual and physical, that has been devoted to Iraq and Afghanistan, to the Asia-Pacific region, where America will continue to play its decades-old pivotal stabilizing role into the future; to work with our vibrant defense industry to develop innovative new capabilities; to manage force size and presence in new ways; to leverage the Reserve and Guard components that have performed so well over the past decade; to build partner-nation capacity so that others can shoulder more of the burden of international security; and to integrate lessons learned from the wars in Iraq and Afghanistan.

This last point – how to build on lessons learned and how to use our forces most effectively – is where SOF are central to the transition.

But before I describe how SOF fit into the new strategy, I need to say a few words about the budgetary environment in which we're operating – which affects not just SOF but the entire defense enterprise.

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The great strategic transition I have described, which we need to make, coincides with a need to absorb reductions in defense spending in the interest of the nation's overall fiscal situation. Because history teaches us that economic strength and military strength are inseparable.

Those two great historical currents of strategy and budget are coming together, and it is my view that they can, if managed properly, reinforce one another. That is the task before us in the Department of Defense.

In terms of our responsibility to the American taxpayer, we know that in making this transition, we only deserve the amount of money we need, and not the amount of money we have gotten used to.

That's why, well before the current budget turmoil, we made reductions to the Department's budget by \$487 billion over ten years. These reductions came on top of significant adjustments that Secretary Gates made to eliminate unneeded or underperforming acquisition programs.

At the same time, our supplemental wartime funding – which is not included in the base budget, and which is largely though not exclusively for Iraq and Afghanistan – is also decreasing now that we have exited Iraq and are drawing down in Afghanistan.

On top of all these reductions, we are now dealing with the harmful effects of sequestration, which is not only regrettable and embarrassing, but disruptive.

Already, sequestration has had a significant impact on force readiness, with twelve combat-coded Air Force squadrons and eighteen training squadrons grounded. The Army has cancelled the nine remaining mission command exercises this year and all but one of the remaining brigade decisive action rotations at Army Combat Training centers. Each time training is cancelled, it leaves commanders and their staffs unprepared for unexpected contingencies. Moreover, it leaves commanders unsure about the resources or personnel that will be available for future missions. Perhaps most concerning, sequestration is painting an uncertain picture of the United States in the eyes of our friends and foes alike that could be dangerously out of proportion.

Now, many have asked why sequestration is so harmful given the Department's large budget. I'll tell you why.

First, sequestration reduced our funding for fiscal year 2013 by \$37 billion. But since it went into effect halfway through the fiscal year, we were only given six months to make cuts. Moreover, about \$20 billion of that \$37 billion affects our O&M, or operations and maintenance accounts – the accounts that most influence day-to-day military readiness.

Second, the supplemental wartime budget is also subject to sequestration. To protect funding for our troops at war – which is a must – we have to impose extra cuts on the base-budget portion of O&M, which means O&M gets hit twice. Worse yet, two years ago, when we were estimating the costs of wartime operations, we could not foresee the higher than expected operating tempo and transportation costs that we are experiencing for Afghanistan this year. So now we have to make yet further cuts in base-budget O&M to sustain these wartime operations.

As a result, we have slashed base-budget O&M spending by freezing hiring, cutting travel and training, delaying facilities maintenance, halting exercises, and initiating the process of furloughing civilian employees, all of which reduces readiness and hurts retention, recruiting, and morale.

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Now, the department can adapt to a wide range of budget contingencies, but to do so responsibly we need stability, time, and flexibility – none of which we have.

While the sequester for FY 2013 ends October 1, no one knows what's next here in Washington. A few months ago, few believed that sequestration would go into effect in the first place.

For this reason, in March, Secretary Hagel asked me, working with Chairman Dempsey, to conduct a Strategic Choices and Management Review to examine the choices that underlie our defense strategy, posture, and investments. The secretary told us to reexamine all past assumptions and systems to help define the major choices and institutional challenges affecting defense in the decade ahead.

We scrutinized thirty-eight categories of department spending – every nickel – ranging from bombers to cyber, from pay and healthcare to the Office of the Secretary of Defense and other headquarters. Every dollar. We looked at every aspect of the defense establishment – roles and missions among the services, business and acquisition practices, contingency planning, force structure, compensation, and modernization investments. We also reexamined how the military operates, evaluates risk, measures readiness, and determines requirements.

As a result, we will be ready in the months ahead to confront the wide range of budgetary circumstances we might face. For FY 2015 and beyond, we will use the results of the review to formulate budgets at several levels:

- First, at the president's proposal for FY 2014 level, which we believe is the right level to meet today's complex national security threats and to achieve further reductions in defense spending totaling \$150 billion over ten years. This is a responsible way to cut because the cuts would ramp up over those ten years, giving us time to plan and adjust.
- Second, at a level in which the Budget Control Act caps are imposed immediately and persist for ten years – in other words, full sequestration, which would cut an additional \$52 billion next year and \$500 billion over the next ten years.
- And third, at a level in between the president's budget and full sequestration.

Finally, in the coming weeks we will be examining how we will manage through FY 2014 if we are limited to budget levels other than the president's budget, taking into consideration the disruptions of FY 2013, and we will report those results to the Senate Armed Services Committee on July 1.

In all this contingency planning, two things stand out: First, the priorities of the President's Defense Strategic Guidance – priorities like rebalancing to the Asia-Pacific, and cyber, and SOF – are essential to the strategic transition the United States must make as the era of Iraq and Afghanistan comes to an end. Second – and this is critical – we cannot make the right strategic choices for the nation if we do not also make profound and difficult managerial choices. None of the needed management reforms will be painless, but we need to do them. This view is not only strongly held by Secretary Hagel, myself, and within the department, but also among advisors to the department and the many thoughtful inputs we have received from the think-tank community.

We are ready for whatever happens to our budget, but the choices are unprecedented and will require congressional support to get them right. Therefore, we're going to ask the Congress for leeway to make these adjustments – to give us the time, stability, and flexibility needed to make responsible and balanced spending adjustments.

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The president, Secretary Hagel, and I, together with the service chiefs and the department's leadership team, working with the Congress, will do all we can to formulate the tradeoffs we could face and try to minimize the consequences. But nothing is going to be risk free.

With that context, let me turn to why investing and continuing to invest in SOF is critical to executing this transition, and will be critical under all these scenarios.

Like the rest of the force, the SOF community is undergoing change. After more than a decade of wars, the force is more capable and battle-tested than ever before. But grueling combat, long periods away from home, missed birthdays, anniversaries, and graduations, burying friends and colleagues – all this has taken a toll. The force is weary. Families are weary.

At the same time, the nature of the threat has changed. From Libya to Yemen, and Mali to Mexico, asymmetric threats are now more diffuse and geographically dispersed – whether they be al-Qa'ida, state-sponsored terrorist groups, WMD proliferation networks, drug traffickers, or international criminals.

As a result, operational environments have changed for SOF. More and more, SOF activities occur outside our areas of active hostilities. And this week, there are more than nine thousand SOF personnel operating in ninety-two countries.

All this requires that SOF become more agile, flexible, and able to respond to a range of requirements – from rescuing hostages to training security forces.

As we look out at a world in which irregular threats are growing, we are reminded of President Kennedy's words more than fifty years ago, when America was confronting unconventional threats of a different kind.

In justifying to Congress the need to invest in special forces, he said that this is “a contest of will and purpose as well as force and violence – a battle for minds and souls as well as lives and territory. And in that contest, we cannot stand aside.”

That dictum remains true today. And it's why the department prioritized special operations capabilities in our defense strategy, and will continue to do so. Given the budget, some have asked why we protected certain investments and capabilities over others in our budget proposal for FY 2014. For SOF, it boils down to four lessons we have learned since 9/11.

First, SOF are central to so many defense priorities – from combatting al-Qa'ida and building partner capacity, to enabling conventional forces and supporting humanitarian and disaster relief. Across the spectrum of what we do.

Second, and this is important, SOF are a highly skilled workforce that cannot be mass-produced or rebuilt quickly in times of crisis. It takes years to train, educate, and develop an SOF operator. That's why so many SOF are senior officers and NCOs. That's why SOF have deep expertise in cultures, languages, and functional issues. That's why they live by the SOF truth that “people are more important than hardware.”

Third, the return on investment in SOF for the department as a whole is very high. SOCOM's FY 2013 budget is less than 2 percent of the department's overall budget. Even if you combine it with the service-provided capabilities that support special operations, it's still less than 4 percent of the entire budget. Very high leverage.

Fourth, we have learned that the United States cannot address the challenges of tomorrow alone. And this places a premium on building the capacity of others, not just

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to reduce the burden on U.S. resources, but to give our partners the capabilities that they need to provide for their own security. What the SOF community calls working “with, by, and through” others. Already, we see the benefits of this approach in places like Yemen and Somalia, as well as Afghanistan, where U.S. advisors are giving local forces the training and tools they need to conduct their own operations. And finally, there’s a strategic, though perhaps less measurable, benefit to enhancing partner capacity. And that is the influence that we accrue over months and years by working closely with those whom we train.

So for all these reasons, we protected SOF in the president’s budget proposal. And as I said, if the choice is made to keep sequestration as the law of the land, everything is on the table and there probably will be consequences, including for SOF, but much less so for SOF and other parts of the force. We are seeing those realities in the Strategic Choices and Management Review as we consider the tradeoffs we face between what we’re going to be forced to reduce and that which we’re going to protect – and SOF is firmly in the protect category.

Budget aside, the key challenge for the SOF community going forward is the same as it is for the rest of the force – and that is rebalancing and rebuilding for the new strategic era. And here, the SOCOM 2020 strategy that Bill McRaven crafted is a very good guide. That includes:

- Winning the current fight against al-Qa’ida and its affiliates
- Expanding the SOF network by deepening ties with partners and enhancing the capabilities of Theater Special Operations Commands – an initiative that Bill has undertaken, which we strongly support
- Preserving the force and families, which I mentioned earlier, which is so important
- Resourcing the force responsibly by reducing underperforming or unneeded programs and managing cost growth in acquisitions

Above all, we need to preserve the unrivaled capabilities that SOF have built and refined over the last decade – the fusion of intelligence and operations, spearheaded by SOF and now pervasive throughout the force, which is unrivaled by any military in the world, and will be for quite a while; using interoperable technologies and capabilities; and working with intelligence, law enforcement, diplomatic, aid, and homeland security professionals to achieve common goals. These lessons must be part of the solution in the future.

As we turn the page to a new chapter of American history, what is clear is that the SOF community will be part of this endeavor. The task before us is one that has existed as long as nations have fought wars – how to align resources with priorities. And those of you here today will help shape that outcome. And I’m grateful to you in advance.

Thank you.