

STATEMENT OF SECRETARY OF DEFENSE ROBERT M. GATES
SENATE APPROPRIATIONS COMMITTEE
DEFENSE SUBCOMMITTEE
WEDNESDAY, MAY 9, 2007, 10:30 A.M.

Mr. Chairman, members of the Committee:

I thank the Committee for all you have done to support our military these many years, and I appreciate the opportunity to provide an overview of the way ahead at the Department of Defense through the President's Fiscal Year 2008 Defense Budget, which includes the base budget request and the FY 2008 Global War on Terror Request.

I believe that it is important to consider the budget requests submitted to the Congress this year in the base budget and the war-related requests in some historical context, as there has been, understandably, sticker shock at their combined price tags of more than \$700 billion total.

But consider that, at about 4 percent of America's gross domestic product, the amount of money the United States is expected to spend on defense this year is actually a smaller percentage of GDP than when I left government 14 years ago, following the end of the Cold War and a significantly smaller percentage than during previous times of war, such as Vietnam and Korea.

Since 1993, with a defense budget that is a smaller relative share of our national wealth, the world has gotten more complicated, and arguably more dangerous. In addition to fighting the Global War on Terror, we also face:

- The danger posed by Iran's and North Korea's nuclear ambitions and missile programs, and the threat they pose not only to their neighbors, but globally, because of their records of proliferation;
- The uncertain paths of China and Russia, which are both pursuing sophisticated military modernization programs; and
- A range of other potential flashpoints and challenges.

In this strategic environment, the resources we devote to defense should be at the level to adequately meet those challenges.

Five times over the past 90 years the United States has either slashed defense spending or disarmed outright in the mistaken belief that the nature of man or behavior of nations had somehow changed, or that we would no longer need capable, well funded military forces on hand to confront threats to our nation's interests and security. Each time we have paid a price.

The costs of defending our nation are high. The only thing costlier, ultimately, would be to fail to commit the resources necessary to defend our interests around the world, and to fail to prepare for the inevitable threats of the future.

As Sun Tzu said more than 2,500 years ago, "The art of war teaches us to rely not on the likelihood of the enemy's not coming, but on our own readiness to receive him; not on the chance of his not attacking, but rather on the fact that we have made our position unassailable."

A perspective in this regard is closer in time and place to today is that of George Washington who said in his first inaugural address, "To be prepared for war is one of the most effectual means of preserving peace."

FY 2008 Base Budget

The President's FY 2008 base budget request of \$481.4 billion is an increase of 11.4 percent over the enacted level of FY 2007, and provides the resources needed to man, organize, train, and equip the Armed Forces of the United States. This budget continues efforts to reform and transform our military establishment to be more agile, adaptive, and expeditionary to deal with a range of both conventional and irregular threats.

Some military leaders have argued that while our forces can support current operations in the War on Terror, these operations are increasing risks associated with being called on to undertake a major conventional conflict elsewhere around the world. This budget provides additional resources to mitigate those risks.

The FY 2008 base budget includes increases of about \$16.8 billion over last year for investments in additional training, equipment repair and replacement, and intelligence and support. It provides increases in combat training rotations, sustains air crew training, and increases ship steaming days.

Increase Ground Forces

Despite significant improvements in the way our military is organized and operated, the ongoing conflicts in Iraq and Afghanistan have put stress on parts of our nation's ground forces.

In January, the President called for an increase in the permanent active end strength of the Army and Marine Corps of some 92,000 troops by FY 2012. The base budget request adds \$12.1 billion to increase ground forces in the next fiscal year, which will consist of 7,000 additional Soldiers and 5,000 additional Marines.

Special Operations Forces, who have come to play an essential and unique role in operations against terrorist networks, will also grow by 5,575 troops between FY 2007 and FY 2008.

Strategic Investments – Modernization

The base budget invests \$177 billion in procurement and research and development that includes major investments in the next generation of technologies. The major weapons systems include:

- Future Combat System (\$3.7 billion) ó The first comprehensive modernization program for the Army in a generation.
- Joint Strike Fighter (\$6.1 billion) ó This next generation strike aircraft has variants for the Air Force, the Navy, and the Marine Corps. Eight international partners are contributing to the JSF's development and production.
- F-22A (\$4.6 billion) ó Twenty additional aircraft will be procured in FY 2008.
- Shipbuilding (\$14.4 billion) ó The increase of \$3.2 billion over last year is primarily for the next generation aircraft carrier, the CVN-21, and the LPD-17 amphibious transport ship. The long-term goal is a 313-ship Navy by 2020.

Missile Defense

I have believed since the Reagan administration that if we can develop a missile defense capability, it would be a mistake for us not to do so. There are many countries that either have or are developing ballistic missiles, and there are at least two or three others ó including North Korea ó that are already developing longer-range systems. We also have an obligation to our allies, some of whom have signed on as partners in this effort. The department is proceeding with negotiations with Poland and the Czech Republic on establishing a missile defense capability in Europe while we work with our other allies, including the United Kingdom, on upgrading early warning radar systems. We are willing to partner with others in developing this defensive capability, including Russia. The missile defense program funded by this request will continue to test our capability against more complex and realistic scenarios. I urge the committee to approve the full \$9.9 billion requested for the missile defense and Patriot missile programs.

Space Capabilities

The recent test of an anti-satellite weapon by China underscored the need to continue to develop capabilities in space. The policy of the U.S. Government in this area remains consistent with the longstanding principles that were established during the Eisenhower administration, such as the right of free passage and the use of space for peaceful purposes. Space programs are essential to the U.S. military's communications, surveillance, and reconnaissance capabilities. The base budget requests about \$6.0 billion to continue the development and fielding of systems that will maintain U.S. supremacy while ensuring unfettered, reliable, and secure access to space.

Recapitalization

A major challenge facing our military is that several key capabilities are aging and long overdue for being replaced. The prime example is the Air Force KC-135 tanker fleet. With planes that average 45 years of age, the fleet is becoming more expensive to maintain and less reliable to operate. The Air Force has resumed a transparent and competitive replacement program to recapitalize this fleet with the KC-X aircraft. The KC-X will be able to carry cargo

and passengers and will be equipped with defensive systems. It is the U.S. Transportation Command's and the Air Force's top acquisition and recapitalization priority.

Train and Equip Authorities

Recent operations have shown the critical importance of building the capacity and capability of partners and allies to better secure and govern their own countries. In recent years we have struggled to overcome the patchwork of authorities and regulations that were put in place during a very different era – the Cold War – to confront a notably different set of threats and challenges.

The administration has, with congressional support, taken some innovative steps to overcome these impediments. A significant breakthrough was the Section 1206 authority, which fills a critical gap between traditional security assistance and direct U.S. military action. It allows the Defense and State Departments to build partner nations' security capacity in months, rather than years. The program focuses on capacity-building in places where we are not at war, but face emerging threats or opportunities. DoD and State cooperation in executing this program has been excellent and serves as a model for developing other whole-of-government approaches to complex security problems.

Section 1206 projects approved last year are already helping partners reduce threats to global resource flows, narrow terrorists' freedom of action, and increase stability in sensitive regions. The Chairman of the Joint Chiefs and the combatant commanders regard this program as the most important authority the military has to fight the War on Terror beyond Iraq and Afghanistan, because it allows us to help others get ahead of threats, exploit opportunities, and reduce stress on our active duty, reserve and National Guard servicemen and women.

For FY 2007, combatant commanders and country teams have identified nearly \$800 million in projects globally. We sought \$300 million in the Supplemental and are seeking dedicated funding of \$500 million in the FY 2008 base budget to provide the combatant commanders with the resources to implement this authority.

Building the capacity and capability of partners and allies to better secure and govern their own countries is a central task to counter terrorism. Dedicated funding will help us accomplish this task without disrupting other vital DoD programs. It is much more effective for partner countries, rather than US forces, to defeat terrorists operating within their borders. We strongly urge your support for this critical program.

Quality of Life – Sustaining the All-Volunteer Force

Our nation is fortunate that so many talented and patriotic young people have stepped forward to serve, and that so many of them have chosen to continue to serve. So far, all active branches of the U.S. military exceeded their recruiting goals, with particularly strong showings by the Army and Marine Corps. The FY 2008 request includes \$4.3 billion for recruiting and retention to ensure that the military continues to attract and retain the people we need to grow the ground forces and defend the interests of the United States.

We will continue to support the all-volunteer force and their families through a variety of programs and initiatives. The budget includes:

- \$38.7 billion for health care for both active and retired service members;
- \$15 billion for Basic Allowance for Housing to ensure that, on average, troops are not forced to incur out-of-pocket costs to pay for housing;
- \$2.9 billion to improve barracks and family housing and privatize an additional 2,870 new family units; and
- \$2.1 billion for a 3 percent pay increase for military members.

In addition, recently announced changes in the way the military uses and employs the Reserves and National Guard should allow for a less frequent and more predictable mobilization schedule for our citizen soldiers.

Combined with other initiatives to better organize, manage, and take care of the force, these changes should mean that in the future our troops should be deployed or mobilized less often, for shorter periods of time, and with more predictability and a better quality of life for themselves and their families.

Global War on Terror Request

The President's FY 2008 Global War on Terror Request for \$141.7 billion complies with Congress's direction to include the costs of ongoing operations in Iraq and Afghanistan in the annual Defense Department budget. Given the uncertainty of projecting the cost of operations so far in the future, the funds sought for the FY 2008 GWOT Request are generally based on a straight-line projection of current costs for Iraq and Afghanistan. This request includes \$70.6 billion to provide the incremental pay, supplies, transportation, maintenance and logistical support to conduct military operations.

Reconstitution

The FY 2008 GWOT Request includes \$37.6 billion to reconstitute our nation's armed forces — in particular, to refit the ground forces, the Army and Marine Corps, who have borne the brunt of combat in both human and material terms. These funds will go to repair or replace equipment that has been destroyed, damaged, or stressed in the current conflict. In many cases, reconstitution funds will provide upgraded and modernized equipment to replace older versions. The \$13.6 billion in reset funds in the FY 2008 GWOT Request for the U.S. Army will go a long way towards replacing items, one for one, that were worn out or lost during operations to ensure force readiness remains high.

Force Protection

This FY 2008 GWOT Request includes \$15.2 billion for investments in new technologies to better protect our troops from an agile and adaptive enemy. Programs being funded would include a new generation of body armor, vehicles that can better withstand explosions from Improvised Explosive Devices (IEDs), and electronic devices that interrupt the enemy's ability to attack U.S. forces. Within this force-protection category, the FY 2008 GWOT Request includes \$4 billion to counter and defeat the threat posed by IEDs.

Afghan/Iraqi Security Forces

The FY 2008 GWOT Request includes \$4.7 billion to stand up capable military and police forces in Afghanistan and Iraq. The bulk of these funds are going to train and equip Afghan National Security Forces (ANSF) to assume the lead in operations throughout Afghanistan. As of February, over 90,000 have been trained and equipped, an increase of more than 33,000 from the previous year.

In Iraq, approximately 334,000 soldiers and police have been trained and equipped, and are in charge of more than 60 percent of Iraqi territory and more than 65 percent of that country's population. They have assumed full security responsibility for four out of Iraq's 18 provinces and are scheduled to take over more territory over the course of the year. These Iraqi troops, though far from perfect, have shown that they can perform with distinction when properly led and supported.

Non-Military Assistance

Success in the kinds of conflicts our military finds itself in today — in Iraq, or elsewhere — cannot be achieved by military means alone. The President's strategy for Iraq hinges on key programs and additional resources to improve local governance, delivery of public services, and quality of life — to get angry young men off the street and into jobs where they will be less susceptible to the appeals of insurgents or militia groups.

Commanders Emergency Response Program (CERP) funds are a relatively small piece of the war-related budgets — \$977 million in the FY 2008 GWOT Request. But because they can be dispensed quickly and applied directly to local needs, they have had a tremendous impact — far beyond the dollar value — on the ability of our troops to succeed in Iraq and Afghanistan. By building trust and confidence in Coalition forces, these CERP projects increase the flow of intelligence to commanders in the field and help turn local Iraqis and Afghans against insurgents and terrorists.

Conclusion

With the assistance and the counsel of Congress, I believe we have the opportunity to do right by our troops and the sacrifices that they and their families have made these past few years. That means we must make the difficult choices and commit the necessary resources to not only prevail in the current conflicts in which they are engaged, but to be prepared to take on the threats that they, their children, and our nation may face in the future.

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