

TRANSCRIPT

## Defense Writers Group

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**Congressman Adam Smith**  
**Ranking Member, House Armed Services Committee**

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**Congressman Smith:** -- FY14, [inaudible] DOD and the anticipation of FY15 as well. That's certainly helpful [inaudible] two years of sequester. But I think the important point is while it's helpful, it's better than the unsuitable uncertainty that we had for the three years before that, and better than going through sequestration for two more years, it's still a challenging time. The budgets are still coming down, and we still have the looming prospect of seven more years of sequestration off in the future and no clear picture on how that's going to be handled.

It is interesting that the deficit has come down as substantially as it has. Now 500-some-odd billion dollars is still a pretty substantial number, but I guess it's all relative. It's better than \$1.3 trillion. So it's going to be really interesting to see how that plays out.

I think the biggest challenge that we have going forward is to put together a strategic plan. I think everyone is still of the mindset of where we were at three years ago in terms of projections about what DOD is going to spend. That's gone. You might as well not even have a piece of paper to look at that anymore. We're in a different world. We're not going to have near as much money over the course of that ten year period that would have started two years ago than we would have. So what decisions are we going to make? How are we going to build a force that makes sense?

Unfortunately the bulk of what is happening as far as interest groups and members of Congress are concerned, it's simply trying to protect everything. I was at the sort of QDR review with CSIS, CNAS, AEI and I'm forgetting the fourth one, yesterday. But they sort of laid out and said what's our vision? What should we do? They did that. I think the Pentagon is working on that. But too many others are just saying no. No BRAC, no changes to Guard and Reserve, no shrinkage of the size of the Navy. You've

got to put something on the table. I still think we're sort of stuck sort of back in the mentality where we had more money than we knew what to do with, so why not just try to protect everything that matters to you? We need a strategic response of Congress other than just no, don't cut that. I'm not as confident as I'd like to be that we can get there.

I also think that acquisition reform is going to be important. What Representative Thornberry and I and some others are working on. We got an excellent brief from CNAS last week, talking about some of the ideas. And there are some real savings to be made there if we're willing to step up and make some of the personnel and acquisition changes that would help get us there.

So those are the big issues. Then we've got all the different theater issues. Obviously what's going to happen with Karzai in Afghanistan and the BSA, the ongoing challenges in Syria, Iran, Middle East Peace process, Egypt, and on and on and on. But I'll leave it at that and take your questions.

**DWG:** Following up on your comment about everybody saying no. The last two administrations and the Pentagon for some time have been begging Congress to do something about compensation reform. Military compensation reform. Congress finally in the budget bill did a minor step in the COLA reduction for working age retirees. As soon as the military lobby kicked in, Congress rolled over and they're going to repeal that. Do you see any chance of meaningful military compensation reform any time in the future?

**Congressman Smith:** It's not encouraging. First of all, to be clear, I think it is a mistake to roll back that change. If you're looking at personnel reforms in terms of the cost, what are we going to do if we can't do that? I think the way to try to contrast it, to try to make the argument is, I understand that a one percent cut in the COLA is not insubstantial. It is a decrease in what the increasing retirement is going to be. But what are our alternatives? What are our choices? Really, the alternative if we don't do something on personnel, if we don't do something in some of these more expensive programs, if we don't start acquiring our equipment in a more cost-effective manner, what you have is the hollow force that everyone says they don't want, but then they make a series of decisions that puts us in the place where that's what we have.

If you can't save money in those other areas that I just described, then what you do is you save money in readiness. It's the last place. You buy less fuel, you train less, you don't make repairs in installations. So basically you put a force out there that isn't trained to do the mission that you have to do. When you stack that up against a one percent cut in the COLA, what's the decision? It was very frustrating to me to see that result. And it's the same on BRAC. Everyone's saying we're not going to do a BRAC, we're not going to do a BRAC. It's like how do you shrink the force by the amount that we're talking about and not do a BRAC? So I think we need to start making it a little bit less parochial and more sort of long term decisions on how to handle the budget.

**DWG:** I'm glad you went to the four think tank exercise which while not a budget and probably not politically realistic was certainly fuel for thought. They came up with some areas of cuts they wanted to make like consensus on short range fighters, actually consensus on carriers. All the groups cut aircraft carriers, which I'm sure a lot of people will be more than a little upset about. Are there areas where you think we really can -- We have to take risks somewhere. Where are the areas you think we have to accept that risk in modernization programs as well as personnel, acquisition reform -- which everyone wants, but are very hard to achieve.

**Congressman Smith:** Two different questions. Let me try to address them.

First of all as far as what's politically doable or not, I think we still haven't sort of crossed over that fulcrum of accepting that something has to be done. So at this point if you were to analyze piece by piece everything out there, you would have to reach the logical conclusion that none of it is politically doable. Every little piece is being fought. At what point do we finally cross over that and say look, I know we'd rather not do any of this stuff but we have to make the choice. If we cross that point, then I think the conversation changes and what decisions do get made. I don't know.

As far as what I would do, personnel costs do have to be addressed. I think some of the changes in terms of health care costs and pay, compensation, pensions, you've got to put that on the table and we've got to make some reductions.

I also think that in terms of equipment we are going to have to make some choices about shrinking down. I haven't looked at the numbers yet to endorse the notion of fewer carriers, but it's certainly an area where you save a lot of money and something we have to seriously examine. Also on the acquisition side, I think we are going to -- Secretary Hagel in his goal of a 20 percent reduction in personnel, I think that's a good start and I think it also could lead to a better procurement practice because you won't have so many layers of bureaucracy sifting through all this. I think all of that has to be on the table. And as I said, I've supported BRAC, I don't support repeating this COLA. I supported the increase in TriCare premiums for working age retirees. I'm willing to support things that really do save money. I just think we need more members of Congress that are willing to do that or, like I said, we're going to have a hollow force. Guaranteed.

**DWG:** I'm actually curious about the point you made about we haven't crossed that fulcrum yet where there's a realization that something needs to be done. What do you think has to happen for maybe those in Congress that are a bit more parochial, to come to that realization? How bad does it have to get? And does it take failure in some measure operationally?

**Congressman Smith:** I don't know. It is mystifying. Well, it's not mystifying to me. I mean I understand how it plays out. But it's frustrating that we are still not accepting the reality of where we're at.

I said a couple of years ago when we were having one of our endless arguments about defense cuts are awful, it's terrible, we can't be cutting the budget like this, it should be a

higher percentage of GDP, blah, blah, blah. It's like well, okay, what taxes are we going to raise to make sure that we don't do this? What entitlements are we going to cut?

Given the size of the deficit, the impact of the great recession there, we are going to have to do some series of things that previously were unimaginable. So we're going to have to readjust our imagination. We've simply chose not to. In part because it's painful to make that adjustment, and in part because we have become increasingly interest group driven and parochially driven. And members by and large build their relationship with their constituents based on what they're going to protect. Like I said, we have this great consensus in the country that the deficit needs to be eliminated, we need to balance the budget, but don't cut anything and don't raise any taxes. So members are basically, in many instances, choosing to heed the second point of don't cut anything, don't raise any taxes, and then trying to say but it's that guy over there's fault that we don't have a balanced budget. And voters have, by and large, rewarded that strategy at this point.

So I think what's going to have to happen is voters are going to have to stand up and say it's okay to make these cuts. It's okay to raise taxes because it beats the alternative. I don't know when that happens. I will end on one positive note. When we were talking about sequestration, when we were talking about getting any sort of budget deal and appropriations deals, it seemed politically impossible as well. What changed that was we finally saw what it looked like to not pass a budget, to have sequestration kick in, and slowly but surely the impact of that became real.

The trouble is, what is the impact of a hollow force? The impact is that when a crisis hits you are less prepared to deal with it and you place the men and women in the armed forces at greater risk. But until that crisis hits you simply hear the dire warnings. Will people heed those warnings?

I think it's possible that they will, because the members of the Armed Services Committee, we all go out to bases, we all talk to the troops, we all work with them, we all see what's happening with training. I think it is possible that the same thing will happen and folks will recognize that we simply can't fund readiness to the degree that we need to if we don't make some of these choices. That could shift the balance of what's acceptable.

Of course one of the things we agreed to when we finally decided we weren't going to do the budget was the one percent cut. Everybody's like yeah, we don't want to do that. So who knows? But I'll keep making the argument.

**DWG:** Can you talk about -- Congratulations on the Seahawks. Can you talk about the contributions that Congressman [Andrews] has had [inaudible] and how his departure will change the dynamics going forward? And on your side of the aisle are there members who are going to step up and pick up the issues that he was balancing?

**Congressman Smith:** Absolutely. I think Rob will be very very sorely missed on the committee for us. He was very very knowledgeable, certainly very knowledgeable on acquisition reform. The other thing about Rob is he's very articulate. Any issue that

came up, he could make an argument, he was the guy we could count on to make the case for whatever policy was out there. That's difficult.

But I think there are a lot of members further down the dais there who are very smart, very capable. Derrick Kilmer is someone who's taken an interest in acquisition reform. Scott Peters has as well. And quite a few others. Mickey Tsongas, very smart, capable. Ken [Duckwork]. We've got a lot of great members that will step up. And I'm reminded, when Norm Dicks called me up and said he wasn't running again my first reaction was you can't do that. We have to have you. He said look, no one's irreplaceable. I remember when we had [inaudible] [Maggey] and then we didn't have [inaudible] [Maggey]. Well, you know. But other people came in, other people stepped up. Now we have Patty Murray doing a fabulous job, Mary [inaudible]. That is the way of the world. The next generation steps up. I think we've got capable members further down the dais who will do that. But Rob, Rob will be missed, no doubt.

**DWG:** Congressman, I wanted to go back to your point about we have seven more years of sequestration. Now what we're hearing from DOD officials is well, you know, we're cool with the '15 budget but now what are we going to do with '16? We have no guidance. We don't know how we're going to cut the budget back to sequestration levels, have no idea how to do that, and [inaudible] [stalemate] on how to get savings between DOD, Congress.

What scenarios do you see out there, under which -- Maybe they could cut a deal to maybe offset sequestration with something else? Or any kind of deal to give defense some more long term --

**Congressman Smith:** Well defense in the entire discretionary budget. Not just -- I don't know. It was hard enough to get the two years. Again, I don't know how it factors in that the deficit is actually far lower than we thought it was going to be. How does that factor in to what we get for the next nine years? I don't know. I do think the sooner we deal with it the better, and I think we are unlikely to deal with it soon. So I think we're going to see a situation where we'll run into 2015 and those questions will be there and it's not good. I wish we could make the change right now. But the scenarios are difficult and it gets harder, not easier to come up with savings in the long term.

**DWG:** So the investment funds that you're talking about, is that kind of the way that things were going to be from now on, that we have sequestration and we also have these funds that are extra --

**Congressman Smith:** We say that if you don't do it then -- Yeah. To some degree that's going to happen. At a certain point that always happens. I know we have this myth out there somehow that budgets shouldn't be based on the amount of money available. A curious way of looking at the world. But the Department of Defense, we should fund what we need for security. But look, budgets are always going to be part of the discussion. I think it always makes sense to say if we have this much here's what we would do. If we had a little bit more, here's what we would do. So it definitely makes sense to take that approach.

**DWG:** I'd like to ask you a little bit more about the personnel reform issue and the obvious political hurdle that has to be made to get that done. There have been some proposals from the department, but essentially they've been somewhat incremental in terms of changing the [inaudible] fees and changing the pay raise. And the COLA thing that came out a few months ago, hasn't that really been discussed in the department as far as I know. That was something that was totally driven by the Hill.

Looking ahead, who is going to really drive that discussion on personnel reform if it's going to happen? Is it going to be the Hill or do you think the department really needs to step up, the department and administration step up and really advocate for very substantial changes on a level that they haven't supported it?

**Congressman Smith:** It's going to have to be both. I would say that the biggest missing element at this point is on the Hill. We don't have congressional leaders making proposals. We do have a Commission that's supposed to report back here in a couple of months on personnel issues. I forget who all's on it. Former General Chiarelli was someone I appointed to do it. So I think it's going to take more than leadership on the Hill to say here's what's acceptable to us. I think the problem is, you always want to try to do it the way they did it in the budget thing which is sort of sneak up on it and go - and then sort of run away. But as we learned, you can't do that. You've got to build consensus support for it because if there's not consensus support for it the second you do it they'll find a way to undo it. So I think that's what we need to do. Again, the conversation needs to be about the choice. The choice between this and having a force that's actually ready and prepared to fight.

**DWG:** Congressman, if we can shift for a minute to counterterrorism. The President and the White House have said repeatedly that they want to make the campaign of drone strikes more transparent. [Inaudible] the military. But so far the military has been pretty opaque. We know they carry out drone strikes in Somalia and Yemen, but they almost never talk about it.

Why won't the military be more transparent? I'm not talking about the CIA. I'm talking about military Title 10 operations. Why does that have to be so secretive and what does your committee feel about that?

**Congressman Smith:** I can't necessarily speak for the committee. I think the reason they want it to be secretive is because the military they're rather not let a large bunch of people know what they're doing because of the element of surprise. You don't want the enemy to be reading in the paper about what your strategy and tactics are. But I do think that there is growing pressure in this country and internationally on this notion of us being in a permanent state of war, and how do we get off of that. So there's a bunch of different steps. Transparency is one of them, so that people can better understand why decisions are made and how they are made. And while I understand that in certain situations there could be operational disadvantages to that, I think we've got a huge broader disadvantage in the lack of support that we have for the actions that we're taking internationally, and like I said, increasingly on the domestic side.

So why they don't do it is because they'd rather not from their own short term operational standpoint, but in a bigger picture of how do we support the continuing fight against al-Qaida and their affiliates, I think greater transparency would be helpful. Explain why we took the shot that we took and who was involved. I think that would also lead to some more careful decision-making.

**DWG:** On one hand we have the President saying we're going to be more transparent about this, but it doesn't happen. What's the disconnect? Has the military made some sort of argument to your committee about why they can't? Or is the White House promising something they can't carry through on? The President's been saying this for a while and it hasn't happened. I'm honestly not sure -- There must be some kind of pushback or holdup. What's the problem? Do you have a sense of it?

**Congressman Smith:** It's always trying to balance the two things that I just talked about, obviously. You don't want to just let everybody know everything right up front. How do you do it? I think what has been absent is a specific plan. What does greater transparency mean? Specifically what we're going to do. As for why the White House has chosen to balance it the way they have, I don't know. I think it's because certainly the folks in the Pentagon would prefer it that way, and that's where it's come out.

**DWG:** Congressman, two questions. One is, to ask you to reflect on your own personal kind of challenges as you're making these decisions. You're from Washington state. We used to refer to Congressman [inaudible] as the Congressman from Boeing. It's obviously a very large industrial presence there. We've heard that the Navy doesn't have a requirement for additional Super Hornets. Boeing is facing the end of its line out of your state, but in another state I notice they're kind of gearing up the machine to be pushing really hard for additional planes to be put into the budget. How do you work through that kind of pressure and challenge? How do the dynamics change given the circumstances that [inaudible].

Then additionally, I just wanted to ask you to speak for a moment perhaps on your views on the issues with Iran and whether you're concerned that there could be some kind of rush in by foreign companies putting U.S. companies at a disadvantage at some point.

**Congressman Smith:** On the first point, the way I handle it is very straight forward. It's a two-step process. First of all, I don't take a parochial approach to it. The Pentagon is going to make the decisions it's going to make and I will give every opportunity for local companies, the companies that I represent, to make their best argument. But nor do I think that automatically everything ought to be done by a company that happens to be in my district. One of my first votes in Congress was to not build more B-2 bombers. Norm forgave me. It took about a decade, but eventually we got there. I just didn't think it was a good way to spend money. I've always made decisions like that. Now the question is, how do you survive that? The way I survive that is I am very open, very transparent, and also always give these companies a chance to make their case. And sometimes I agree with them. If I agree with them I'll fight for them. But if I don't, I won't. I just don't think -- well, I won't say at this point, I don't know at what point in

history it would be acceptable. But at this point give where the budget is at we've got to make smart decisions. So I'm not going to be the guy who's always trying to protect my district at the expense of what might be in the better interest of the national security of the country.

Now, I happen to be in a good situation. Boeing's doing fine. All the subcontractors out there are doing fine. The unemployment rate in King County is I think right around five percent if not a bit below at this point. So I'm not scraping for the last two thousand jobs that are in the area. So I think about the Humvee plant in Indiana, AMGEN, it's a tough economy and if that shuts down where do you go? But in the Puget Sound region we've got a lot of things going on. We've got Microsoft, we've got Amazon. We've got companies coming there all the time. And I do think that my first duty is to the best policy for the country, the best policy for the taxpayer, and I'm going to do that. I think what people appreciate is that I don't surprise them. We work very very closely to say here's what I'm thinking about, make your case. Let's have this discussion. So when I make a decision like that it's a well thought out decision, not just an off the seat of the pants. And like I said, the companies' people are prepared because I'm willing to meet with anybody and have those conversations because I'm not afraid of them. I know when you make a decision right after you've met with a group of people it's like all of a sudden, we've got to meet with them, we've got to talk to them, and every once in a while they're right. It's like somehow we came in there and got our arm twisted. It's like we're having a conversation. Sometimes they're right, sometimes they're wrong. I'm not afraid of that. I don't care what people say about who I meet with and what we talk about. I want to make sure that I've got all the best information possible to make the right decision. Sometimes that right decision is contrary to what some folks who are important want, but that's just sort of logically the way the world ought to work.

**DWG:** Do you have [inaudible]?

**Congressman Smith:** I don't. It really has a lot to do with how quickly the F-35 is going to show up. And it seems to have rounded the corner, it seems to be moving forward, but certainly we wound up building more F-18s than we expected to and I think those were probably pretty decent decisions. We needed them in the short term as we waited for the F-35, but long term the F-35 is the replacement and the F-18 is going away. That's just the way it is. As to whether or not it's this year or next year, do we build another 10 or -- I don't know. I haven't looked at it with that level of granularity at this point.

Iran. Of all the things that I'm concerned about with Iran, who gets there and gets the business if we lift the sanctions is relatively far down the list, to be perfectly honest with you. What I'm most concerned about is whether or not we get the type of meaningful, verifiable deal that we want and we actually do stop Iran from acquiring a nuclear weapon. That's the focus right now. I think this short term agreement is great, but the real challenge is going to be getting to that long term one five and a half months from now. So that's really my focus.

**DWG:** You spoke during your opening remarks about the strategy from three years ago not being relevant anymore. Things have changed over the last few years.

**Congressman Smith:** I didn't say it wasn't relevant. I said we can't rely on it anymore. I can't imagine that it's somehow going to pop back to life.

**DWG:** With the QDR coming up and the chance to sort of revisit that strategy, I know they've varied in the past in terms of their length, their level of depth that they've run into on some issues. So I wonder from your perspective, sir, what you're hoping to see out of the QDR this year and what you think Congress may do with it this year versus in past years, just in terms of how that will shape what you guys want to get done this year.

**Congressman Smith:** I'm hoping to see a strategic vision based on what the realistic budget is. To see some of the kind of things that you saw out of the four think tanks with some very specific ideas about how we can build a force based on the budget that we're going to have. As far as what Congress does with it, we don't ever actually do anything with it except we look at it and are guided by it to some degree or another. What I'm hoping is it will be another piece of the argument, to the question earlier, to get us to the point where we accept that change has to happen and we have to make a different series of decisions, and some of those are going to be difficult but it's better to figure out what those difficult choices are going to be instead of wishing them away.

**DWG:** Is there a concern if this is in fact written, some budgetary limitations, I mean the whole idea is to sort of do a strategic planning in terms of what the military would like to do, but to have the resources to do. Are you concerned that something can slip through the cracks with the military looking at this based on funding available?

**Congressman Smith:** Again, I never understand that argument. It makes literally no sense to me. Because what you want to do is you want to look at it and say here's everything we'd like to do as a starting point, here's how much money we have, so what are the right choices? How do we go forward? I don't know what it means to say that we should sweat the fact that there's stuff we can't -- Should we just aaah, we don't have enough money to save ourselves so let's all go jump off a bridge. It's like this is the plan that's in front of us. And I will say that I remain confident that spending somewhere in the neighborhood of \$500 billion a year given what we've spent over the course of the last decade is going to be sufficient to defend us.

We're all freaked out about China. That China somehow is getting ahead of us and doing this and doing that. How much less money have they spent on defense over the course of the last decade than we have? How much less money are they going to spend on defense over the course of the next decade? All right? So if we're freaked out about China because of how fast they are moving, we can't also be freaked out about the fact that spending three, four, five times as much money as they do, somehow we're not going to be able to make it work. It just seems to me that somewhere in there we ought to be able to come up with a strategy whereby \$500 billion a year is enough to meet our national security needs.

Now I remember there was, when Secretary Gates was testifying there was a member of our committee who shall remain nameless, who insisted that Secretary Gates' job was to say what is the amount of money that he needs to make us perfectly safe? At which point I literally started laughing. I shouldn't have done that, but it was early in the morning. What can I tell you? And Secretary Gates put it a little bit better. He said I'm sorry, we don't live in that world. There is no amount of money where you are perfectly safe which is why the military always talks about balancing risk. Now the one thing that they don't say is that that's not an exact formula. If you do something, first of all you're guessing when you say well, this increases our risk by 10 percent or 20 percent. Who knows? It's not like calculating a free throw percentage. And second of all, you never know -- back to the free throw analogy -- a 90 percent free throw shooter is going to miss one out of ten times. Let's hope it's not when the game's on the line. And there are things you can do to control that. So that risk is going to be there and you have to balance and manage the risk. I think the problem when you start doing this sort of analysis is could this happen? Would it be less likely to happen if we spent another trillion dollars? Probably. Not always. Sometimes the money's actually a waste and it distracts you. But probably. But we don't have another trillion dollars.

So like I said, either A, you can just go insane and start bouncing off the rubber walls and say there's no hope, there's no hope, there's no hope, or you do the best you can with what you've got. Which, by the way, is what we do every fricking day on everything we've got going. Right? I don't know who's got the scenario where they eliminate all risk and take care of everything. I've not yet met that person. Even if you're really, really wealthy bad crap can happen. I just hope we can get past that. Past that well your plan is bad because it's based on how much money we have instead of what we need.

**DWG:** Sir, I want to go back to your opening statement about plans that need updating. I believe this month the Defense Strategic Guidance turns two. A big portion of that defines what is known as the Pacific pivot. The HASC has been very forward leaning on holding hearings and having subcommittees get people up there and say all right, what is this, what are you doing, what do you need, what's your strategy. What have you learned? Is there anymore there there? Is there going to be more definition on this on the other side of the QDR? Is it just that 12 page document that's guiding the Pentagon on all it's spending in force structure decisions for the next ten years? I mean

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**Congressman Smith:** What it means, quite simply, is the recognition of how important Asia is to the future and our need to try and find a way to pay more attention in that region and build better relationships. The reason this was necessary was in large part not because we had necessarily been neglecting Asia, but because other parts of the world have been grabbing the headlines for a substantial period of time. Specifically the Middle East and South Asia. Between what had happened with Iraq, what was happening in Yemen. Between our response to al-Qaida -- Our response to al-Qaida had become such a huge focus of not just our national security, our diplomacy and everything else, that we really wanted to say hey, that's important. It's something not going to be important for a while, but we can't neglect other priorities and at the top of that list of other priorities is Asia.

There are a ton of relationships we have over there between Japan and South Korea. We're worried about North Korea in different ways and to a lesser extent we're worried about China. What do we do to make sure that we're protecting our interests there? Do we reemphasize how important those relationships are? That's what it meant. There are some force structure things. We moved folks to Australia, we're planning more training exercises with different countries, doing all of that. But I think the problem with this is that everyone thought this was going to be some grandiose major -- And Asia always was important. It's just that we had come off of a decade where our attention was primarily focused elsewhere and we wanted to refix it as we came out of Iraq. As we come out of Afghanistan. And by and large they've done that.

There are a bunch of different pieces to it. I think trade's important. The TransPacific Partnership is enormously important to letting folks know that we're still really focused on Asia and are going to be involved there. But I think the expectations of what the pivot meant would never in the realistic range in terms of well, we're going to move this many troops. It wasn't about moving troops. It was about making sure that we expanded all of our tools -- diplomatic, development, joint training exercises. That we stayed focused on how important Asia was. I don't know if it's so much that there was no there there. I think it was always conceived of being more than it ever really was.

**DWG:** I want to go back to the COLA cuts. It seems like it's being put on every bill that comes to the floor in both chambers. Do you think at this point there's still a chance that the cut stays and doesn't get repealed? Also is there more that people who support it, like you, can do to make that case? Obviously a lot of the members who do support cutting it are from your committee members.

**Congressman Smith:** I don't know. It's a short and honest answer. At this point it seems likely that it will be repealed, but I really couldn't make that prediction. As far as -- Make the case, that's all you can do, like I said. The best case to make is okay, if you're not going to cut this, what are you going to cut

**DWG:** This seems to be kind of like the test case where Congress actually did make reforms to personnel costs, compensation costs. If it does get repealed, what does that say about the future in terms of actually --

**Congressman Smith:** Nothing. It certainly does not bode well to the ability to address the issues that we've talked about. Without question.

**DWG:** In light of the budget constraints we've been talking about and also the unwillingness of a lot of people in Congress to make changes, do you see anything that can be realistically done to modify the current nuclear modernization plans? Be it by scaling back some of the life extension programs or taking a hard look at the triad and what's actually needed?

**Congressman Smith:** I think there is an opportunity to save money there. Again, it comes down to choices. There are a lot of folks who are deeply invested in the notion

that we need 5100 nuclear warheads. I don't think that strategy makes sense in the current world that we're in. Building a nuclear force to try to fight out a full-scale nuclear war. China has a different strategy. China wants to have enough nuclear weapons to inflict a maximum amount of pain upon anyone who tries to do it to them. And I forget exactly what the number is, but it's a far lower number, far less costly expense for them. I think there are savings to be found there that we ought to take on.

Again, there are going to be interests that would rather not do that but it comes down to choices.

I think that's possible. I know the President is going to be very forward leaning on trying to find savings in this area. That is one potential area that could help. You don't want to do the COLA. Spend less money refurbishing the B-61. I don't know.

**DWG:** Do you have any thoughts on what kinds or programs, given the analysis that's come out lately that says it's essentially impossible to fund everything that's on the table right now?

**Congressman Smith:** No, I think that is an area where we should try to save some money. Absolutely.

**DWG:** Staying with the COLA issue, one of the big concerns we heard from BSOs is talking about how this is a broken promise. [Inaudible], impact on recruitment potentially down the road if we're stiffed. [Inaudible] going back on promises. What's your counter argument about it?

**Congressman Smith:** My counter argument to that is okay, if we're going to deal on what you were promised when you came in, then let's get rid of the GI Bill, the updated GI Bill, let's get rid of the yearly pay increases, let's get rid of all the increases in combat pay, let's get rid of the tens of billions of dollars that we've added after you got recruited. I'm sorry, but the world doesn't work that when you start out and someone says here's what you get, you get absolutely everything that they said was on the table when you showed up plus whatever is added and it never goes the other way. That's just not the way it works.

I just don't have sympathy for that argument. Believe me, I think that our military ought to be the best compensated, best taken care of military in the world, and I think it is. When you look at what we've done in the last decade, the amount that we have increased benefits across the board in just about -- I'm proud of that and I'm glad we did it. But to think that that sets us up for the notion that we can never change it, that puts us in a box. If that's the way people feel about it -- How much is it going to hurt recruiting when you bring folks in and say okay, you're a pilot. Once a month you get to fly. What's that going to do? How much is that going to hurt recruiting when you tell somebody okay, we're training you to be infantry combat. Here's what you're expected to do. If North Korea rolls across the 38<sup>th</sup> Parallel you're going in. Here's what you have -- Well, I haven't been in a tank in three months. Our unit hasn't trained. They tell me I

only have enough bullets to go out and practice fire once a month. What's that going to do to recruiting? Okay?

I just think that's an argument that has put us in a corner, that is really going to undermine our ability to support the very troops who are, that many people are claiming they're defending by making that argument.

**DWG:** My recruiter didn't promise me anything. Except a hard time.

**Congressman Smith:** I don't know, I wasn't there so I can't make that judgment. But again I will emphasize how much has been added that wasn't there when those people were recruited.

**DWG:** What is happening in Afghanistan? What's going to happen there? [Inaudible] the BSA, [inaudible]? And on drones, do you think it's a good idea to stop drone strikes at Pakistan?

**Congressman Smith:** Afghanistan is difficult. Karzai right now is in an unpredictable place and I don't know what's going to happen there. It seems very unlikely that Karzai is going to change his mind and sign the BSA. Anything's possible but it seems unlikely. It's also unlikely that we're going to have a winner after the first round of elections in Afghanistan so you're pushed back into July and August before you can get a new President. Is that enough time? I think it is. It's putting us in a difficult spot, but from what I've heard I think it does give us enough time. Possibly. But will we wait that long? I don't know.

I think it's a very risky situation right now in Afghanistan as to whether or not we get the BSA.

As far as Pakistan is concerned, there are still senior al-Qaida leaders in Pakistan. Are drone strikes the best way to go at them? It's been successful to this point in stopping them from plotting and planning attack, but on the other hand it has significantly alienated the population. At this point I would not be prepared to vote to stop them in Pakistan, but I'm open to arguments. It's something I'm going to be looking at and examining carefully. I think at this point the drones have, they've been beneficial but they have such a poisonous reputation internationally that if there's any way to limit them I think it's something we really ought to look at closely.

**DWG:** On Afghanistan, what would be your recommendations to the president on [inaudible]? [Inaudible]?

**Congressman Smith:** There are a couple of different pieces to that. First of all there is an argument that the existing Status of Forces Agreement that we have would permit us to stay past the end of 2014, as I understand it. I think we might want to make that case. I am worried about pulling everyone out of Afghanistan. That's a big huge, very quick vacuum. I think the plans that have been put out there somewhere in the 8,000 to 10,000 range to help the transition is something that makes a great deal of sense and

that I'd like to see us get to. At this point I would not pull the plug and say we're gone. I think the risks there are too great. Again, it's a percentage game. Maybe it would be okay but that's a risk I would rather not take.

**DWG:** Staying with Afghanistan, what kind of contribution would you look for from NATO allies in Afghanistan post 2014?

**Congressman Smith:** I think what we're talking about is about half of whatever it is we decide to do. So if we're looking at 12,000 it's about 8,000 U.S., 4,000 coalition partners.

**DWG:** What kind of timeline do you think it would take for Afghan forces to be fully self-sufficient as far as logistics and projecting power internally?

**Congressman Smith:** I don't know. I know that right now the force is really, they're well trained and they're fighting well. Even as we've drawn down significantly, you have not seen much of an uptick in violence which I think is a testimony to the fact that the Afghan troops are fighting and fighting well. The question is what's the logistics that go behind that? Making sure the equipment's available. Building that infrastructure. That I think is the next step and I couldn't say how long that would take. I think we could start making pretty substantial progress on it in a year or so.

**DWG:** I wanted to follow up on the issue of drone strikes. To your point about alienating the Pakistani people and others around the globe, mixed with the fact that UAV technology is proliferating, it's not rocket science, it's going to be out there, our adversaries do have their hands on them and will have their hands on them. Do you think there's a need for any sort of a treaty on how UAVs should be operated globally?

**Congressman Smith:** I think it's worth discussing. I do think that for the most part drones are just another weapon of war and if other countries get them, I think the limitations you place on that is having a sufficient deterrent, building a sufficient relationship that they won't strike you. It's not like our adversaries need a drone in order to attack us. There are other reasons and other ways we can stop them from doing that.

I think it's worth an international discussion, just because the international community has seen them as such a new and unique weapon. I don't know what sort of limitations you could ultimately place on them but yes, I think it would be helpful towards moving us towards a place where we at least have a better global understanding. I think right now by and large most of the rest of the world is freaked about them and see them as a symbol of U.S. power. Unchecked U.S. power. I'm not saying that's right or wrong, at least get that clear, but I think that is the perception internationally. So anything we can do to sort of reduce that perception would be helpful, and if we want to have a discussion about it that's fine.

As far as the drone strikes themselves, I think our biggest challenge, and this has been true from the very beginning of the war with al-Qaida, is that they are a clear threat. We

want to stop that threat. On the other hand the one argument that really is the best argument that al-Qaida has, they present themselves as the only people standing up and fighting against Western aggression towards Muslim nations. That's the way they present themselves. Now, the truth of the matter is they're a bunch of violent psychopathic folks who just want to dominate people and are just -- They can't govern, they can't lead, they offer nothing. But they present themselves as the defenders of the Muslim faith.

To the extent that we are firing shots anywhere in the Muslim world that reinforces their argument. Therefore, the fewer shots that we take, the fewer times you have the U.S. military specifically doing that, the more it undermines their argument. That's why I thought it was so important for us to make the reductions in our forces in Afghanistan and to get out of there. Now the Taliban -- The Taliban are killing Afghans by and large. That's a far less powerful message than we're killing the foreign invader.

I think we need to look for every opportunity to reduce the U.S. military involvement here. I think part of the reason Somalia has been so successful is we've had such a very very light footprint there. It's been Ethiopia, it's been Kenya, it's been Uganda, it's been those surrounding nations that are local and have more of a dog in the fight that have been involved in that. We need to look for those opportunities. That's going to mean ultimately reducing the number of drone strikes and reducing the U.S. military footprint in this part of the world. David Killcollin who's no shrinking violet as a warrior, has argued that we should stop drone strikes period because they're counterproductive. I don't quite go that far when you look at a place like Yemen where [al-Waki] and some others who are specifically planning attacks against Western targets. Gosh, wouldn't you like to be able to take that person out if you can't go in and capture them? But a reduction, anything you can do to move us away from that, like I said, undermines al-Qaida's core argument.

**DWG:** Congressman, there's a lot of executives on your recent earnings calls in the defense sector that talked about the [inaudible] occurring [inaudible] defense spending in '14 and '15. And they're seeing or talking up the prospect that military spending could actually increase in '16 and on. I'm just wondering what your perspective is on that. Do you think the worst of the slump in defense spending is actually going to be [inaudible]? It doesn't sound like you do, but --

**Congressman Smith:** Yeah, it's --

**DWG:** -- What's wrong with their assessment? Are they --

**Congressman Smith:** First of all, they know more about it than I do but I would say the two questions that I would raise about that assessment is number one, seven years of sequestration. What are we going to do about that? Is that going to happen? How are we going to delay it? And second, the deficit and what our attitude is about it. I throw that second piece in there because there are many who think that economically obsessing about the deficit is the wrong thing to do. I don't know. I don't know where we come out. But I do know if the Tea Party has one defining issue it's that the

government should spend less money, and we've learned that that includes defense, that they're not going to shrink away from that. I think the influence of that conservative wing of the Republican Party isn't really going away. There have been a lot of stories about how it's diminished because we passed the budget. It seems to me like when you look at where the appropriations bill's at, how much government spending has come down, that it's a tactical victory more than a tactical defeat for the wing of the party that wants to shrink the size of government. In my opinion. The fact that they didn't actually get us to default on our debt and shut the government down forever hardly seems to me like evidence that they are somehow failing in their mission. So I think that's going to continue to be an issue.

And the economy is getting better. We have pretty robust economic growth in the fourth quarter. We've got another jobs report tomorrow I think, is that right? Yeah. So we'll see what it says there.

It's hard to say. I think if I were to bet I would bet more that it's not so much like this as it is okay, we're down here and we're going to stay down for a while. Think of the housing market from like 2010 to 2012. Mmmm, paaa, shhh, it starts -- Sorry for the sound effects. [Laughter].

I don't know. I don't buy stocks so I don't predict the future in that regard.

**DWG:** Do you think there will be a sustained period of pressure on defense budgets?

**Congressman Smith:** I think there is going to be a sustained period of pressure on government budgets writ large. On the budget of the federal government. And I don't see that letting up any time soon. It's obviously a little bit less now than it was six months ago, but we still have a deficit, we still have all those issues that we talked about.

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