

TRANSCRIPT

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William J. Perry
Secretary of Defense, 1994-1997

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DWG: Thank you all for being here. Our guest, as you know, is Dr. William J. Perry, former Secretary of Defense from 1994 through 1997 under President Bill Clinton. A long-time friend and support of the Defense Writer's Group, so sir, thank you for coming in as well. We do appreciate it.

You've got a new book out, and just quickly for the group I'll run through the ground rules. We have 60 minutes, we're on the record, and because of the size of group that we have today if everyone could please limit themselves to a question and as appropriate a quick follow-up. We'll through as many people today as we can.

Sir, again, thank you for making the time to meet with us on your trip out East.

Let me begin with a question about the OpEd that you co-authored in the Washington Post about a month ago in which you basically called on the President to reject the military's plan to develop a new nuclear capable cruise missile. Given that, for example, a B-2 bomber flying out of Guam may or may not be carrying nuclear weapons, or an ICBM test launch even from Vandenberg may or may not actually be carrying live nuclear weapons, why the opposition to a new nuclear cruise missile?

Dr. Perry: I'm going to give you a little long-winded answer to that one, and the other questions I'll try to be brief about. This has an interesting background to it.

First of all, let me say that it's really a pleasure to meet with this group. It's been many years since I met with the Defense Writers Group. I'm pleased to see you're still in business here. I'm sure one of you remembers my dear friend Ken Bacon is no longer with us. He was also my press secretary, for those of you who were around then.

I'm here to meet with [inaudible] this week. One of them is, as you mentioned, [inaudible] at George Washington University. The other reason is, what I was doing the last couple of days is attending a meeting of the so-called Luxemburg Forum which is a group of Russian Americans, it's a group designed to deal with Russian-American problems, which all of us agreed at the meeting, is badly deteriorating today to the extent that they've become dangerous and we wanted to talk about what those dangers were and what we could do to try to remove the dangers and see if we could in a small, unofficial way, do anything to improve those deteriorating relations.

Because those relations are deteriorating, we are -- And there are two immediate consequences. I think one of them is that we're now facing the kind of dangers we faced during the Cold War. Today probably, I would not say this ten years ago, but today we've outweighed the kind of dangers that even a nuclear event like we had during the Cold War, an accidental war, a war -- neither side wants to start a nuclear war. It could be an accidental war, a war by miscalculation. We can get into a very dangerous situation. That's what we were addressing, trying to find ways of mitigating those dangers.

In my book I talk about that. I also talk about the factors that caused the downslide. Some you may date to the Ukraine intervention, but it actually goes back to the late '90s and I go into detail about what happened, why it happened. At the time I could see it coming. I was very distressed. I think it was a bad thing for both of our countries, a bad thing, indeed, for the whole world. So we were here at that meeting to find ways of, trying to find unofficial ways that we could improve the situation, stop the downsizing and maybe get us going back up again.

One of the consequences of that is that we now are at a precipice of a new nuclear arms race. ALCM is one aspect of it. This arms race would be at least as expensive as the arms race we had during the Cold War, which is a lot of money. You've maybe heard estimates of how much it's going to cost us. Nobody has a really good, accurate figure on it, but it's big. Even in defense budgets it's a very big amount.

But in my mind even more serious about it is the dangers associated with it, which I want to talk about. Dangers like the dangers we had during the Cold War.

Now, getting back to your question. One of the consequences of this is a new nuclear arms race. I think it is imperative we recognize that that's in the process right now and do what we can to try to stop it from happening. Not only will it be very very costly, it's going to be dangerous.

Let me give you one indication of how dangerous I think it is. Two weeks ago I spoke at the 70th Anniversary of the Bulletin of Atomic Scientists function. Most of you know what that organization is. But their most famous product is the Doomsday Clock. It's a clock with the hour hand just about at midnight, and the minute hand approaching midnight, and midnight was supposed to be doomsday, a nuclear catastrophe. During the Cold War that minute hand varied from ten minutes to midnight to two minutes to midnight. After the Cold War it dropped way back, down to 17 before. Now it is back

up. It's back about a three. At least the day I attended the meeting it was three. That is still less than it was during the Cold War which was two minutes before, but it's equal to or worse than most of the years of the Cold War.

So according to them, according to some of the scientists, the dangers now are worse than in many of the years of the Cold War, and yet our public does not understand that at all. At all. And probably as much as anything it's the media's responsibility that they don't understand it. Nobody's writing about it. Nobody's talking about it.

Incidentally, I made my own assessment of the clock. I don't want to take other people's opinions on these matters. To do it, I had to break the Doomsday up into three different kinds of Doomsdays, one of which was the same as during the Cold War which was a nuclear exchange between the United States and now Russia, of course, instead of the Soviet Union -- the two great nuclear powers.

I didn't go along with that three assessment. I put it at a five, which is still closer than some of the years of the Cold War.

But then I looked at another version of Doomsday which is a regional nuclear war. A war, for example, between India and Pakistan. Who knows where it might spread beyond there? And I put that one at two. Which is more dangerous.

Finally, I considered the possibility of a terror group getting a couple of nuclear bombs and setting them off in Washington or New York or wherever. That scenario is the preface of my book. I lay out how I see a nuclear bomb going off in Washington on Pennsylvania Avenue, halfway between the Capitol and the White House. I paint a very very grim scenario. I imagine even professionals like you would not paint the scenario as grimly as I painted it out. One of the aspects of it is that -- and my scenario had only one nuclear bomb. After that bomb went off they took credit for it and then said, by the way, we have five other bombs planted in other American cities and they're going to go off once a week. It doesn't take much imagination to see the cities empty of people. So the U.S. economy just collapses. The economic consequences are far far worse than anybody perhaps has ever imagined. That scenario, that doomsday I put at one minute. I believe that's imminent and that could happen any time now, next year or the year after.

More probably the first such terror attack is not a full-scale nuclear bomb, but a dirty bomb, which is not a doomsday scenario, but still very very bad. The one minute [inaudible] was on a real nuclear [bomb] going off.

Now getting again, back to your question on the ALCM. I see it as imperative, for the reason I just sketched through very briefly, to stop this damn nuclear race before it's underway again. Not just for the cost of it. It's the danger it puts all of us in. So I'm looking for opportunities to stop it, and the ALCM was the first opportunity that came along.

I really am very much opposed to us drifting into this new nuclear arms race. That's the big danger. In the first place, the ALCM is a particularly easy place to take a stand because two of the components in our nuclear arsenal, the ALCM and the ICBMs, I find to be uniquely destabilizing, uniquely dangerous. [Inaudible] when it came along, I came down pretty hard on it.

That's a long-winded answer to your question. But that's why I would do that.

DWG: The background is useful.

I'll begin with Otto Kreisler and then Rachel.

DWG: Mr. Secretary, you probably have the greatest background in procurement reform efforts, and as I'm sure you --

Dr. Perry: Not a good record of success, though. [Laughter].

DWG: That was going to be the point of my question. All the years after the Packard Commission and all the things that you did when you were Secretary and Deputy Secretary. We're back in another round of procurement reform. Is there any hope that, well, give us your appraisal of whether the system is any better now than it was when the Packard Commission met and when you made your attempts as Secretary. Is it any better now? And is there any real hope that they can somehow fix the system to make it more efficient, less costly?

Dr. Perry: When I was the Secretary, you may remember, sometimes I characterized myself by giving very short answers to questions. My short answer to that question is no. The little bit longer answer is there is some hope and the hope is the new Secretary of Defense has a strong background in that subject. He was, as you know, the Under Secretary of Defense for Acquisition at one time. He and I in the interim period between the time I was Under Secretary and Secretary, worked on this problem together. We collaborated on some a book on the subject. It was not a book that I, with my name on it, but a book that maybe [inaudible].

So Carter has about as much background and skills as I did. And some intent to do something about it. That's the good news. The bad news, so did I and I did not succeed.

DWG: You were a big advocate of COTS, doing as much commercial as possible. Since your time as Secretary, the commercial sector has become the leader in most of the technology today. Is COTS even more important now than it was --

Dr. Perry: Because of the point you mentioned. But that was good. If I had given a longer-winded answer I would have pointed out that COTS is the one thing we did make some progress in.

One particular thing I did when I was Secretary, which I found easy to do, and had some modest positive effects, we used to have a regulation in defense procurement that the

project manager, procurement officer, somebody running a program, could use COTS, could use commercial if they got an exception. But he had to write in and get an exception saying I want to use COTS because it's cheaper, it's better, all this. And as you can imagine, in the system in the Pentagon, getting that written and approved and so on was an enervating process, so not too many people too advantage of it.

The one thing I did do was I changed that regulation. It was something I could do by the stroke of a pen. It was easy to do. I changed it slightly. It said a project manager may use the official approved program if he got exception. In other words, the COTS was intended to be the default solution and you had to get an exception if you wanted to go to a regular [equipment]. And that [inaudible] when I was around to sort of push it a little bit. And I would expect to see Secretary Carter push that one pretty hard, too.

It's one thing we wrote about in a chapter of the book.

DWG: Secretary, it seems to me that right now there's a lot of spiraling off of issues with strategic thinking.

Dr. Perry: Excuse me. I want to say one more thing about that.

One of the reasons this problem is so [inaudible] is that most of the regulations are designed one way or the other fundamentally, to protect the taxpayer from fraud and abuse in the system. And I sympathize with that. But the good news from all of that is that actually our system, against any other procurement system in the world, is relatively free of corruption and fraud and abuse. We take that for granted now, but it's not something you should take for granted. You can check out other systems in the world and they're riddled with corruption. I mean where billions of dollars are syphoned off defense to go in individuals' pockets. So that's one good news about it.

DWG: My question is, if I could get your response to the perception that I have that in the administration's strategic thinking that they isolate issues. I'm thinking specifically of the missile defense sites coming up in Europe, Romania, Poland which were ostensibly about defending against a ballistic missile strike, which now that there's nuclear deals the risk of that seems somewhat abated. But the plans are still going up. Meanwhile Russia is ratcheting up a threat warning of redeployment of nuclear weapons into the [Kungrad] and maybe even Crimea while testing, you know, cruise missiles [inaudible] the IMF Treaty. And Russian officials that I have talked to say this is partly in response to the missile defense sites. They don't know why they're needed if the Iran deal is going to go forward. And I haven't heard Obama administration officials really respond to that in a precise way.

And one thing that I think about, the missile defense sites are for European protection. If it's about protecting Europe, then is it in Europe's interest for Russia to renuclearize and redeploy weapons to the border of NATO where they would perhaps respond in kind with its own arms buildup. It seems like what's in Europe's best interest, I haven't heard an answer on that.

Dr. Perry: This probably is a symptom of a bigger problem. And many of the other problems I've looked at, I think both the United States officials and Russian officials are at fault. Directly to the missile defense system, I have been opposed to that system being deployed in Europe for many many decades. Back when I was Secretary we stopped it from happening. We maintained only an R&D budget for ballistic missile defense.

I don't deviate at the moment. If you'd like me to later, I'll tell you about why I'm so negative about ballistic missile defense. In general.

Specifically on this site, there seems to be literally no justification for it. And the reasons we give don't stand up under the light of day. So I think we are probably pursuing this [inaudible] in Europe in the first place.

Secondly, I think the Russian government is very much at fault, grievously at fault, for the way it's approaching these problems, particularly by discussing use of nuclear weapons.

One of the subjects we were discussing at this American-Russian, Russian-American conference that I attended the last two days, the conference members uniformly agreed that governments using nuclear threats is very dangerous and very unwise. So however justified the grievance that the Russians may have about this, their response to it which includes basically threatening nuclear use I think is very unwise.

And they do that not just with respect to nuclear defense, but other issues as well.

One of the conclusions report, this joint conference report, will be no government should threaten the use of nuclear weapons. Indeed, nuclear weapons should not be seen, as long as we have them, they should not be seen as things that can be used in a war and a battle. The sole use would be for deterrence of the use of nuclear weapons. And this is going way over that line. Threatening the use of the missiles at Kaliningrad against the European nations is just that.

DWG: If I could ask one follow-up, do you think that there has been enough input from European NATO countries on what they want? Are they you know, declaratively saying we still want these missile defense sites even though Russia is bru-ha-haing and it could lead to rearmament?

Dr. Perry: There may be something I'm not aware of there. I am not aware of any strong, any [pull] from the European nations for the need for ballistic missile defense. If they accept them, [inaudible]. If anybody has any other information I'd like to hear about it, but that's my reading of the situation.

DWG: Sir, there's a lot of talk in the defense world in DC about the third offset. The technological developments. You're talking a lot about not getting into a nuclear arms race, a new nuclear arms race, but a lot of what the third offset talks about is making sure the U.S. remains dominant in things like cyber, automation, new technologies.

I guess a two-part question. One, do you think that offset is the plan that's being put forth is a good one and the right way forward? And two, are you concerned about getting into an arms race with Russia, with China or other nations on those technologies?

Dr. Perry: Well that's a hard question to answer, really.

The first offset, if you recall the history, which was May '77 when I was the Under Secretary of Defense, Research Engineering, was designed because we saw that we had an equivalence in nuclear weapons which ended up making [inaudible] had just happened. It wasn't true in the '60s and '50s and that's [inaudible] nuclear weapons. We received [inaudible] in nuclear weapons, but we were facing a Red Army that was three times the size. So we saw an asymmetry there, and the question was how do we offset that asymmetry? Neither the President or the Secretary of Defense had any interest in offsetting by tripling the size of our military forces. It would have killed our economy. And indeed, the fact that eventually killed the economy of the Soviet Union.

So they were looking for an offset that did not involve tripling the size of our Army and we thought technology was the way to do it. Many of you may not remember back to that era. You're too young to remember that. But in those days digital technology was just then emerging. These people with iPhones around here, you take digital technology for granted, but in the '70s it was not there. None of our defense systems had it incorporated.

So my job really when I came in as the Under Secretary was to modernize our equipment. We thought at the time that because we had this great edge in the emerging digital technology, we could apply that to a military [inaudible] and that would give us the edge. That's what led to the smart weapons that we had and the smart reconnaissance systems, and stealth also stemmed from the same, it was designed [inaudible] very sophisticated computers.

So that was the edge we used then, but we had a very real purpose. We were facing the danger of a, what we then regarded as a very serious foe, who the equipment wasn't nuclear weapons. It had much larger conventional forces. And we used that to offset the quantitative advantage of conventional forces. That seemed then to me a very reasonable thing to do.

Now the question is, what would be the reason for the offset? We have equipment with the nuclear forces today. We have some advantage actually in our [inaudible] forces. Those features which we introduced really in the late '70s and the early '80s are still forces today. That's one of the advantages of the nuclear force. Probably the most significant advantage is the capability and training of our military personnel. We have, I think in my mind without any doubt then and it's still today, highest quality. Training, programs and leading with the highest quality of capability of military personnel.

So we have quite a few advantages today. That's good. So what's the purpose of the new offset strategy? And one very obvious purpose would be simply to allow us to maintain the quality of the conventional forces at less cost. We have a huge budget today, but still it's not enough to accommodate everything we'd like to do.

The other thing that's happened since then which is very different today, is, I expect it's one of Secretary Carter's principal concerns today, is that even though our budget is very high numbers today, a bigger and bigger portion of the budget is taken up by administrative, personnel costs. In particular, the personnel cost is going absolutely out of sight, primarily because of health care increases. Just as in the civilian sector health care keeps going up each year like that, it's going up even more so in the military sector.

So the percentage of the budget left for buying equipment or for training keeps going down each year with the budget. That I think is the biggest substantial budget problem the Secretary of Defense faces today and there's very little we can do about it directly. Even the Secretary of Defense cannot control those costs. They're really controlled by legislation and not by executive actions.

So that is the big problem. For Secretary Carter it was a logical thing, but think of the offset strategy, because he was very very familiar with that the first time. So he's trying to find, and I would interpret his reason for doing that is to fight this battle of increasing health care costs, and against a flat budget that means a decrease in funds available for training and for acquisition. So maybe that's the purpose of the new offset strategy. Rather than [inaudible], regaining, taking us from an inferior to a security position, and a quality position.

DWG: So if I'm interpreting that right you're saying essentially it's not the traditional offset the way we thought about it as military vs military. It's more about supporting what we have at the moment.

Dr. Perry: It's offset in the same as the sense that it's using technology to gain an advantage. But I would interpret the advantage here as being to offset the decreasing funds available for acquisition. Because of the increasing cost. That's my interpretation of it. If I were Secretary that's the reason I would be doing it and I would imagine that's one of the motivations that Secretary Carter has as well.

DWG: Mr. Secretary, I can drag my question out if you want to eat some of your breakfast.

Dr. Perry: That's all I'm going to eat.

DWG: Okay, good.

I'm sure you recall the giddy days when Gorbachev was in power and President George H.W. Bush and all the changes that were made in each side's respective nuclear arsenals. I can remember when Ash Carter came to this room in 1994 to unveil your and

his first nuclear posture review. In the sense that it really didn't move the ball very much and it was pretty modest in its aspirations.

Twenty years go by NIC last year you and General Abizaid chaired the National Defense Panel which basically just dealt with the nuclear forces in the triad in a passing way. And you spoke about how recapitalizing them and operating them would cost up to a trillion dollars over the next 30 years. Yet you've just referred to the ICBM force as uniquely destabilizing. Is it time to remove a leg from the nuclear triad?

Dr. Perry: I'll give you one of my famous short answers. Yes. I don't think it's going to happen, but I think it should happen.

DWG: Why should it happen and why won't it happen?

Dr. Perry: First of all, it's not necessary. We have between our submarine forces as they are modernized and particularly our strategic bomber forces as we bring [inaudible], they're not needed. Any reasonable definition of deterrence will not require that third leg.

Secondly, as I said, it's destabilizing. It's destabilizing because it invites an attack. We made a significant improvement in that area when we de-MIRV'd the ICBMs. Sadly, the Russians now are reintroducing MIRVs. Although I say the Russians are doing it, I think we were instrumental in their decision to do so when we canceled the ABM Treaty. That was their response to our canceling the ABM Treaty.

But ICBMs are dangerous. We've MIRV'd the destabilizing. Even without MIRVs the danger of the ICBMs is they are the single force we have that have led to [inaudible] attack after a false alarm.

In my book I describe one of the most harrowing incidents of my life which occurred not when I was Secretary, when I was Under Secretary, way back in the mid '70s when I was awoken at 3:00 o'clock in the morning by a phone call from the watch officer at NORAD telling me that his computers were showing 200 ICBMs on the way from the Soviet Union to the United States. Now that really gets your attention, especially when you're living at ground zero. [Laughter]. It was, of course, a false alarm.

DWG: What year was that?

Dr. Perry: 1978 or '79, one or the other. It says in the book. You have to read the book. [Laughter].

So destabilizing is one issue, and that comes with the MIRVs. But susceptibility to attack under false alarm, just from the fact that they're ICBMs. The use it or lose it. There's not [inaudible] the savings [inaudible] bombers is not true at all. They're submarine forces. So for that reason I consider the ICBMs sort of an attractive nuisance. They're a danger to us for those reasons. And people can dismiss the danger of a false alarm. I do not dismiss it. Like I said, having lived through it before, it seems very real to me.

There's a very low probability of it happening. It's a low probability, but a very high probability of a disaster. So for that reason the ICBMs have been my bullseye. Let's get rid of them. Instead of going to the huge expense of developing and producing and deploying a whole new generation of ICBMs, [inaudible]. And I will campaign for that. The issue hasn't come up yet, but it will come up, and I will be, it will be very much [inaudible].

DWG: And why won't it happen?

Dr. Perry: Pardon me?

DWG: You said it will not happen.

Dr. Perry: Well, it's a complicated answer to that question I'm afraid. We think of our ICBM forces as being built to give us deterrence. They're here for deterrence of a nuclear attack. And they do have that very beneficial effect.

But the question is how much do you need for deterrence? Do you need more than 2000 warheads and submarine forces? Do you need more than however many for the bomber forces? My answer to that has always been no. So why are we building, why in the Cold War did we build tens of thousands of them? It never had to do with just simply maintaining deterrence. It had to do with keeping up with the Jones'.

Back when I was Under Secretary of Defense when we were in the middle of the Cold War, the measure we always used was parity. We had to maintain parity with the then Soviet Union. And parity not just in numbers of weapons, but in components of forces.

The first time we broke that second rule, again I was Under Secretary, is when we introduced the ALCM to the force. That gave us, that maintained then our bomber force, the B-52s, posed a very great danger of being shot down before it got to the [inaudible]. The Soviet Union had papered the country with surface-to-air missiles. We could have had a very high level of attrition on B-52s. Besides which the B-52s were getting old, creaking and old. To tell you how old the B-52s are, I was on the design team for the B-52s. I remember standing at Boeing looking down at the first B-52 being put together. So it's an old airplane, almost as old as I am.

But for those reasons, of course how do we extend the B-52 fleet [inaudible] a fairly large number of the warheads which gave us our equipment. And after we kept it going because we wanted to maintain parity, and the way to keep it going in those days was to, instead of building, the alternative was proposing the B-1 bomber. I doubt many of you remember the B-1, but the B-1 was being proposed as a replacement for the B-52. I canceled the B-1 program and instead put it in the [ALM] which extended the B-52s life. The B-52s could fly okay, but they couldn't penetrate and the ALCMs' [removal was] a necessity [inaudible].

So I've gotten a lot of notoriety for having [inaudible], but that was 20 years later before it really kicked in to be an important part of our strategic force. The thing that really extended our deterrence and understanding is putting the ALCMs on B-52s.

DWG: But why can't the third leg be killed?

Dr. Perry: Because we want to maintain parity.

DWG: Oh, even today.

Dr. Perry: Even today.

DWG: And is that a ludicrous reason?

Dr. Perry: That's the only reason I can come up with why we would want to maintain that. If the Russians have a bomber force, we have to have a bomber force.

DWG: Does it make sense?

Dr. Perry: If the Russians have 5000 deployed warheads, we need to have 5000 deployed -- No.

Deterrence is deterrence and you can achieve it with an asymmetrical force, and you can achieve it with fewer numbers.

I have recommended in the past, unsuccessfully, even with this President who is probably much more positive on arms control than any President we'll ever get. I've recommended that we go below the numbers of deployed weapons in the New START Agreement. We don't need 1500, we don't need to go anything above a thousand. It would be an interesting, symbolic move to do that. Has it happened? Of course the answer is no. And it's not going to happen. Politically, domestically, it's not a good idea.

So the broad answer is we're fixated on parity and that's a good part of the context of it is that we have domestic political as well as strategic reasons how we deploy our forces.

DWG: And we'll starve the conventional forces to maintain that parity.

Dr. Perry: Pardon me?

DWG: We will starve our conventional forces.

Dr. Perry: We have in the past. I don't think we're doing that now. In fact, I think the jewels in our crown are our conventional forces. They're the world's best, and they've been really ever since the '80s. They demonstrated it in Desert Storm. But they still maintain those qualities today. I take some pride in the fact that many of the weapon systems and the force which gained that quality are the ones we developed when I was

Under Secretary during the '70s. However we got there, they are the best of the best today.

DWG: Mr. Secretary, --

Dr. Perry: The question of starving is not so much the conventional forces themselves, but the money available for training our forces. That's the thing that's going to get hit. As our health care costs go up and the budget remains level, the thing that will get dead will be the operational funds for training. So even if we have very good people, even if we have very good equipment, if they're not ready, their quality's going to go down. So training will be the first thing that [inaudible].

DWG: Mr. Secretary, I'd like to ask you about the thing you mentioned at the very beginning of your comments which is the deterioration of relations between the United States and Russia. Specifically, the military-to-military dimension of that. The current Secretary has spoken to his counterpart only one time since he became Secretary in February, and I'm wondering what you think, just as an example, what do you think is the, what is standing in the way of the United States and Russia, you know, resuming the kind of relationship that, discussions they had while you were Secretary and the previous Secretary?

Dr. Perry: First a comment about the military-to-military. It's been true for decades, it's still true today, and true not just for Russia but with China and others as well, whenever there's a political upset between the two countries, the first thing we go to is the military-to-military relationship. It's a political statement. We're going to cut off our mil-to-mil relationship. It's stupid, but that's what we do. It's the time when you need your military-to-military relationships most of all. But we do cut them off.

Now the question then about why the deterioration that leads us to this position. There's literally a whole chapter in the book on that. But the short answer to the question is it's as much our fault as it is the fault of the Russians. At least originally it was as much our fault. And it began when I was Secretary, in 1996 when we began the expansion of NATO. It was in my mind at the time premature. I was not opposed to ultimately expanding it, but we were just trying to develop a new security relationship with Russia and it was going very well. The Russian Minister was attending NATO meetings. We were exercising together. We had four peacekeeping exercise, military exercises -- two in the United States, one in Ukraine, one in Russia -- all involving Russian troops, training side by side with NATO troops. That was on something called the Partnership for Peace which still exist theoretically.

So my view was we ought to keep the Partnership for Peace robust and only gradually and slowly as Russia got more accustomed to working with us and being a part of it, then we should consider expansion of NATO. The most significant partnership we had with NATO then was they sent a first class brigade into Bosnia, working for an American general. I mean it was just unheard of before that, it would be unheard of today. But that's how close we were getting back in 1996.

I still remember going to Bosnia in the summer of 1996 and pinning a medal on the colonel who ran that, the general who ran that brigade, recommended to me by the American general to whom he was reporting. He said that was one of his best brigade commanders.

We had joint patrols with Russian and American troops. It was just, we were on the way to forging a really positive and solid relationship between the troops. Then in 1996 we announced we were going to expand NATO, which as I said, I'm not opposed to in general but it was premature.

I describe in my book how I went to the President and said I strongly oppose this and I want to have a meeting with the National Security Council to state my reasons. Which to the President's credit, he gave me the meeting. I stated my reasons. I lost the argument so we went ahead. And I also stated at that meeting I was going to resign my position at the time. I felt so strongly at the time that that was a mistake. And in retrospect, maybe I should have. It was a, that was the first move down the slippery slope. There were many other problems after that, and many of them the Russians' fault, not our fault, but nevertheless, that was the first step down the slope.

Over a period of the decade after that there were a series of incidents where the Russians had complained we shouldn't be doing this, and we said but we're going to. And in a way it was showing disrespect for the Russian interests as if they were of no great concern. So we contributed a lot to that in the beginning.

The problems today I think are mostly Russian actions. The entering Ukraine and threatening the Baltic nations, threatening the use of nuclear weapons. All of those I think I put on the scoreboard of the Russians as being errors and things that were aggravating this deteriorating relationship.

But if you look at over a 20-year period and put the scoreboard together, there were at least as many American mistakes as there were Russian which led to this bad relationship today. But whatever led to it, it's dangerous and we've got to find a way of getting out of it.

DWG: I want to ask you one larger big picture question and then I want to ask a very specific question about the time that you were Secretary that has to do with what we were just talking about, the relationship with Russia.

The big picture question is, given all of the huge conflicts that are bubbling all over the world right now, what is your assessment, what's your best advice that you give to Secretary Carter and the President now about how to diffuse all of these conflicts that are going on all over the world? I think that there are so many crises right now that the U.S. military is really overwhelmed, particularly given the budget situation.

I'm curious about your vision as how to get out of what is an increasingly dangerous world. And then I'll ask the second question.

Dr. Perry: When talking about the deteriorating U.S.-Russian relationship, I have very strong ideas based on considerable experience. And I offer my advice freely on that. When it comes to questions on what should we be doing in Syria today, how should we be dealing with ISIS, I don't think that I'm qualified to give advice to them, I don't give advice to them. It's quite a different situation when I was in the office reading all the reports, reading classified reports, staying up to date on what was going on. In those days I felt my advice had some value to it. I don't think I have enough information today to be able to offer advice to the Secretary of Defense or the President on these current issues. So when I feel qualified I will offer advice, and when I don't feel qualified, I have opinions, but I don't offer advice.

DWG: And what is your opinion about how to change the current -- What is your view, what is your opinion about how to change what looks like many multiple crises bubbling all over the world? Any one of which could tip into the sort of doomsday scenario?

Dr. Perry: I'll just take one of them, and again I'm offering an opinion. Based not on enough solid information, which is looking at the problem of ISIS in Iraq, for example. It seems to me the big difference between ISIS and an al-Qaida was that both proclaimed rather similar objectives, both wanted to form a Caliphate. I would say that ISIS has an ongoing stream of revenues which is very significant from the oil wells that they have seized in Iraq. So the one thing I would recommend to doing, and I'm sure we are doing it to some extent right now, is putting the highest priority in stopping that flow of revenues which is something relatively straightforward you can do. We go to air power. We simply stop the transportation of the oil to where they convert the oil into revenues.

Now having said that, I am confident someone somewhere somebody is doing something about that. I don't read about it. I don't hear about it if something like that is happening. But if I look at ISIS today, that would be my first priority is topping the money flowing through. WE can do that without putting boots on the ground. We don't have to send a brigade into Iraq to do that. Although we have to use air power. A lot of the air power could be actually remotely piloted, what you call drones but I call remotely piloted vehicles, some of which could be used to gain the intelligence of what's going on over there, and others can be used for attack.

DWG: One of the artifacts of your tenure in this period where the relationship with Russia was looking very promising --

Dr. Perry: I'm sorry, I missed what you said.

DWG: One of the artifacts, one of the sort of remnants of that time period when the relationship with Russia was looking very promising is the fact that the Atlas 5 rocket is powered by a Russian engine, the RD-180 engine. That was a strategy, I'm told, that came about shortly after the decision to try to keep Russian scientists and engineers busy doing work that would benefit the United States as well. Now of course there are sanctions on the use of those engines and there's kind of a scramble to try to move that.

In retrospect do you think that was a bad move to you know, use a Russian engine on the Atlas 5? Or do you think that that was a good move that just went awry? And do you think that in terms of your view of continued engagement being a positive thing, do you think that in fact the U.S. should continue to use those engines both for civilian and military use?

Dr. Perry: I can't fully answer the question. I can say that at the time I thought it was a good move, and probably wouldn't back away from that today. I'd have to know more about the situation before I could answer more fully about the current situation.

When you take a move to try and befriend a former adversary and try to have that former adversary come out of an economy which is going to pot and driving it in bad directions, you know, some of the [risks] may backfire on you. If they don't work fully. If it doesn't achieve your objective of helping the country achieve a stable democracy.

So no, I would, at the time I believed they were good moves. I still believe that they were good moves and might have succeeded. The fact that they didn't succeed the way we hoped doesn't remove the fact that it seemed like a good idea then.

DWG: What about the issue --

DWG: Sir, I want to go back to recapitalization of the triad, in particular the financial issues surrounding it. It's been well discussed by a range of people including officials, that there simply isn't the money to recapitalize the triad in the current budget structure. You said, for instance, health care costs are swallowing large portions of the budget.

You're very pessimistic about the probability of one of the three legs being eliminated because of that parity concern. Do you think there's a scenario in which those financial pressures at the very least change the way we viewed those three legs, even if we're not eliminating one of them? Or how do you think those financial pressures will end up impacting the triad? Or do you think the budget will simply be thrown out to maintain the status quo?

Dr. Perry: I think the people who believe the triad are important for whatever reason will use that as a basis for increasing the budget, and they may not be successful, in which case then what you're saying, something else in the budget then will have to go. And then again, if you really want the triad you say look at what's going, that's terrible, we have to fix that, but we have to increase the budget. So it's a never-ending cycle of arguments on that. I'm not suggesting the people who are pushing for maintaining the triad are doing it as a means for increasing the defense budget, but there will be the inevitable consequences of pressure to do that. Because the alternative, which is fixing the health care cost problem or raising the budget are by no means short [inaudible].

DWG: So if neither of those does occur, if the budget isn't increased or health care isn't changed considerably, the growth curve, what changes of the triad do you think in order to make it fit?

DWG: In my mind they're independent issues. I want to fix the health care system even if I don't want the triad. Some people who want a triad will use the health care -- you can't fix the health care, you've got to increase the budget. But I think the only [indirectly] honest thing to do is argue [inaudible]. We need to fix the health care problem period. We need to make honest decisions about the triad, period. I don't want to use one of them to justify the other.

DWG: We're down to about ten minutes now so we're going to need to move into the speed round. We'll just go to a single question and forego the MIRVs here.

Dr. Perry: No answers. [Laughter].

DWG: We'll start with Sandra and then Collin.

DWG: People who watch the defense industry, they remember the last supper that you hosted with the defense industry --

Dr. Perry: The what?

DWG: The last supper that --

Dr. Perry: Oh, yes. Something just like this happened. [Laughter].

DWG: So everyone in the staff on that last supper as [inaudible] industry began to shrink, and that was a necessary view at the time. Now people are saying that we [inaudible] a bunch of really big companies that are very powerful and DoD does not like to be dominated by just a handful of very powerful big companies.

So in retrospect, do you think that should have been done differently? Or what do you think has been the sort of consequences of what --

Dr. Perry: At the time, we were in the process of decreasing the defense budget significantly, and as far as we could see it was going to be substantially lower. So my purpose of the defense supper was to assemble the leaders of the defense industry and say that's going to happen, and you should understand in your planning that that's going to happen, and then secondly, the Defense Department is not going to allow increases in overhead. The competition fact is you have too big an overhead to deal with the smaller size. That was what --

The man who coined the term last supper was Norm Augustine. The other thing he did in that meeting, he turned to the man on his right and the man on his left and said one of us is not going to be here next year. Which is absolutely true, because the man on his right, he was speaking at the time to Martin Marietta, the man on his right was Dan [inaudible] from Lockheed. And within a year, those two had merged.

So one response we were seeking in the last supper was a decreasing of overhead. [Inaudible] some of these extra staff and so on. What we got was a consolidation of the defense industry which has led to the situation you're describing today. Two large companies are in business and really less effective competition is a result. There also were some decreases in overhead resources. So we got some of the things we were asking for. We also got some of the things we were not asking for which is an unnecessary consolidation of the defense industry. Undesirable consolidation of the defense industry. We would have been better off with more and smaller firms than a few large firms.

DWG: Mr. Secretary, the French have recently experienced the pain we did on 9/11, smaller scale. They've reacted much the same way we did. Let's go and get the bastards, deploy the military and we'll teach them a lesson. Is this the right approach to terrorism to in some ways elevate it to the status of an opposing military?

Dr. Perry: That's another one of those questions I don't really feel qualified to give an informed answer. My uninformed answer to that, I don't think so, but I don't feel confident in that answer.

You get used to, as Secretary of Defense, of pontificating. [Laughter]. [Inaudible] don't have enough information to back it up, [inaudible]. When I do feel comfortable, I'll speak on it, but I don't feel comfortable on that. It's a big, complex, difficult issue. Our response to 9/11, the French response to Paris, and I don't have any better basis for making an informed judgment on that than probably anybody sitting at this table.

DWG: Nobody said it had to be informed. [Laughter]. We get uniformed comments all the time.

DWG: Secretary, you have said that priority number one in [inaudible] is to stop financing of ISIL.

Dr. Perry: I'm sorry, is what?

DWG: To stop financing of ISIL. But Russian defense [inaudible] stated that the main aim of Russia's strikes is to destroy oil trucks in Syria. So what's your general assessment of Russian actions in Syria? Are --

Dr. Perry: In Syria.

DWG: Yes. Are they doing good or not?

Dr. Perry: I'll give you my cop out, first of all. My cop out is I don't know any more about what's going on in Syria today than what you report in the newspapers. So I'm not informed to answer that question.

What I will say about it is that when we went into Bosnia we sent, we NATO, sent about 50,000 troops, basically a division of troops from American, British, French, and then

other nations sent battalions or brigades to join those divisions. At the time the Russian Federation also wanted to get involved. They planned to send a brigade independently. All of our militaries said that's a recipe for disaster, having an American brigade, a French brigade, a Russian brigade operating under separate command. Something bad's going to happen if we do that. We don't want that to happen. And so our two Presidents, in this case Clinton and Yeltsin, got together and said we ought to find a way of having a common chain of command. We want the Russian brigade in there but we want it to be under a common command. They turned to the two Defense Ministers, myself and Minister Gorbachev, and said make it happen. It took us four meetings over a period of about four months to make that happen. It was that difficult. And what resulted from it was, as I told you earlier, a Russian brigade operating within the American division and reporting to the American division commander. But it was done in such a way that respected Russia's national integrity and maintained respect for the Russian military. It was very complicated, but it was a plan for doing that. We were able finally to do it.

So we got two things out of that. We did maintain Russia's national respect. On the other hand, we had a unified command.

In Syria today, we don't have it, and it goes back to then we were motivated, in Bosnia we were asking for disaster, asking for accidents if we send in two different militaries under two different commands, and that's what happened here. The way it happened no one could have predicted I think. But what happened I think was a pretty good [inaudible].

DWG: Josh, the --

Dr. Perry: I wouldn't imagine any decision today that we got back in 1997, '96.

DWG: Thank you, sir. My question is a follow-up to that question. During the NATO intervention in Bosnia, at first you were opposed to using U.S. air power. You said this was not a core, supreme interest to the United States. But after several years of war you came around to support strikes against the Serbs using U.S. air power, in order to pressure them to enter into a diplomatic negotiation to end the war.

If we apply that to Syria today, do you think that's an apt analogy? Should we use American air power to pressure --

Dr. Perry: I was never opposed to the use of American air power. I was opposed to the use of American air power under separate commands. We had at the time a force in Bosnia, it was a UN force. Had a lot of troops in there under a command, and what was being proposed, if we sent U.S. air power independent of that command, not under control of that command and bombed, we could have bombed the UN troops accidentally. We could have done all sorts of things not wanting to do it.

I was in favor of having a unified command there under NATO. As soon as we got an agreement to do that, then I was going to go for getting our air and ground troops in. I

was always in favor of intervening in Bosnia under the right conditions. The right conditions were having a unified command. The only unified command that made any sense was a NATO unified command.

The difficulty of that decision was trying to get the Russians to participate in it, which I've already talked about. When we got them to participate, that was the right answer. Then we went in feet first. It was not the timing of the decision. It was the condition of the decision.

DWG: So how does that apply to Syria?

Dr. Perry: We had to get the unified command first, and as soon as we got that, as soon as we got the nations in the UN command agreeing to change their command to the NATO command, and we got the Russians to participate in that, then we went in and it was very effective.

We had almost no casualties in that whole operation and we had complete compliance from the Bosnian Serbs. Not because they wanted to comply, but because they were overwhelmed with power, and one of the things that overwhelmed them was not the power, it was the fact that we had Russians as part of that power as well as NATO. And the bonds between the Bosnian Serbs and Serbs and the Russians was very strong. That made the difference. If we sent patrols out they could have been attacked either by the Bosnian Serbs or they could have been attacked by the Bosniacs inside the -- But we had sent joint patrols, Americans and Russians. So the Bosnian Serbs didn't want to attack the Russians and the Bosniacs didn't want to attack the Americans. We had no casualties in that whole operation. It was resolved in the way it was structured, the way it was set up. Nothing like that in Syria. Nothing at all like that in Syria.

So the question of should you use American forces? Should you use air power? Should you do this? The answer, it depends on the circumstances. We were able to structure the right circumstances in Bosnia. We have not been able to structure the right circumstances and will not be able to structure the right conditions in Syria.

DWG: Jordana --

Dr. Perry: One other thing to say about that. How did I get so smart about military commands? I didn't get that smart. I listened to the military people that I worked for. Not just do this or do that, but here's why I think we should do this and here's why I think we should do that. You learn from that. You have to listen to the professionals in the field.

DWG: Going back to the last supper question from earlier, you said that you got some things you wanted such as reduced overhead, but some things you didn't like the consolidation and loss of competition. I was wondering if you could get into a little bit more what some of the implications are today with that last supper. As well as if you see something like this happening again, if it's a good idea [inaudible].

Dr. Perry: I have to apologize. I have impaired hearing. Did you get that, Robin?

Voice: She wants to know if the implications of that last supper, the previous question, but she wanted you to look at the future here. I'm sorry, I'm not sure I got it either.

DWG: That was the gist of it.

Dr. Perry: I think we're still going to face declining defense budgets for acquisition for the reasons I described earlier, because health care costs are increasing. Something's got to give. The budgets that lasted for many years, that's going to continue, and if it does, then we're going to have decreased resources for acquisition. And again, the way to respond to that, I think is not by allowing defense companies to charge more overhead, to keep the same size and therefore overhead, but put on pressure to cause them to reduce their size to correspond to the size of the budget.

We would hope if we did it this time it would not lead to the result of further consolidation of the defense industry because that's moving I think in the wrong direction for reasons we all can understand.

I think we applied the right pressure back in the mid '90s, we got some of the right results. We also got some unintended consequences with that pressure. So as we face this problem in the future, we should learn from that lesson and be sure we put the pressure on in such a way that it leads only to the result we wanted and not some other results as well.

DWG: How would you get there?

Dr. Perry: Maybe just be more explicit in the kind of guidance you're giving. That we're not looking for consolidation, we're looking for removing excess overhead from individual companies. Maybe we should be very explicit about the fact that the industry's already consolidated to a degree that's probably not attractive in terms of maintaining competition. That's a general answer. I don't know how to give a more specific answer.

DWG: Secretary, thank you very much. My name is [Moad], I'm with Japan's [inaudible] Newspaper.

Let me ask you a question about the situation in the South China Sea. The United States and Japan are incorporating and shaking chains loose, both countries and China to play by the [inaudible] rules. There are some talks about the two countries, I mean Japan and United States and even other countries doing some patrols of the area together. Do you think the kind of direction Japan and United States and other allies in the region are taking against China, do you think that's the right direction?

Dr. Perry: Did you get the specific question?

Voice: In the South China Sea, do you think the cooperation between Japan and the U.S. doing patrols is the kind of cooperation that will be helpful?

Dr. Perry: I want to be careful answering that question. In general, I think the answer is yes. The question, should we invite patrols to seek, to challenge the Chinese in a way to seek some encounter with the Chinese? Military encounter. I think the answer would be no. So it's very much a question of how it's done. But U.S. and Japanese navies working cooperative, sailing together, I think is a good idea. I am very worried about some of our military, either American or Japanese, or that matter Chinese, the commander of one of our ships getting a little too macho and pressing [inaudible] into some kind of an incident.

So when you have two militaries, or three or four for that matter, that are patrolling the same area, they have different interests, you always have to be concerned about the ship commander who wants to prove something about himself, about what his mission is, and we've seen many incidents of that in the future. I think the most egregious of such incident happened many years ago during the Bush administration when the Chinese aircraft accidentally ran into an American patrol aircraft. The Chinese aircraft actually is the one that went down, and the pilot died. But the American aircraft also went down, had to land, and it became an international incident.

I think, when I studied that situation carefully, I think it was a simple problem of the pilot on the Chinese aircraft was a cowboy, he was showing off, but he wasn't skilled enough to show off without getting himself brought down. All the evidence I've seen suggests that's what actually happened. But it caused a huge international incident and it could have been worse than it actually came out to be.

So any time you're going into patrols in disputed areas, where you have different navies contesting the area, you have to be concerned that whatever your guidance is, somebody will be trying to prove himself, be macho about what he's doing and get his whole country into trouble.

That may be, for example, what happened in Turkey. I don't know what happened there. I have not seen an informed analysis of that. But as you look at it, you say it at least is a possibility that that's what was going on there. Somebody overreached a little bit.

DWG: As someone who is steeped in past bomber development, I'm interested in your thoughts on the B-3, on the recent contract that's been awarded for the next long range strike bomber. Are there specific lessons you think that the Pentagon should be learning from the experience of the B-1, the B-2, in terms of development? And are there specific capabilities you think should be included in this bomber?

Dr. Perry: This is a procurement question rather than a need for the bomber question, isn't it? How do we acquire it, not whether we should acquire it.

DWG: Well, you can answer both.

Dr. Perry: There are a few things I'm in favor of. I'm in favor of modernizing the submarine force. I'm in favor of going for the next generation strategic bomber. For one reason because whether it ever carries a nuclear weapon, it has an important role in the conventional forces.

So yes, I think it's a good move and I would support that.

The acquisition of it will be a problem. The system stimulates problems. Contractors are invited to promise more than they can deliver. It's the nature of the competitive procurement process.

Whatever lessons I've learned when I was overseeing bombers, was that time equals money. When we procured the F-117 bomber, a much smaller scale than we're talking about here, but the principles still apply. We actually did start it on cost and on schedule. The key here was on schedule, because if you can keep the schedule then you can probably keep the cost. What causes the cost overruns are one year and two year and three year, what usually causes a one year, two year, three year or four year overruns in this time is either more is asked for than is reasonable by the government, or inversely, more is promised than can be delivered by the contractor. And our system invites both kinds of errors.

But if you insist on and maintain schedule integrity, which is what we did in the F-117, we brought that airplane in in four years which is quite a lot less than the ones today and it was a brand new design. A revolutionary design. But we held to the four year schedule and the plane came in on time, I mean on the cost schedule as well.

So that was an example of a successful program which has lessons embedded in success. And the two lessons that came out of that were to hold the design schedule against all temptations to let it slip a year or two, and then secondly, and related to that, is be sure at the beginning you made a serious and objective assessment of what you're asking for was being posed, because the system tends to ask for too much and promise too much.

DWG: The 17 was a black program most of its career, so Congress couldn't mess around with it.

Dr. Perry: We like to blame Congress for these things, but it's [inaudible]. It was a black program. That helped us facilitate the [inaudible].

DWG: We are over time so we're going to need to halt the proceedings here. I will close with one announcement. Robin informs me that [inaudible] today are all --

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