



U.S. Department of Defense
Office of the Assistant Secretary of Defense (Public Affairs)

News Transcript

On the Web:

<http://www.defense.gov/Transcripts/Transcript.aspx?TranscriptID=4621>

Media contact: +1 (703) 697-5131/697-5132

Public contact:

<http://www.defense.gov/landing/comment.aspx>

or +1 (703) 428-0711 +1

Presenter: Secretary of Defense Robert M. Gates

May 07, 2010

Media Availability with Secretary Gates en route to Kansas City, Missouri

SEC. GATES: Okay. There are really three audiences for this speech: the Pentagon, the defense industry, and Congress. And I would say there are -- I sort of have two things I'm trying to do.

The first is to -- we really never -- I've never really addressed the implications for the Defense budget of the national economic crisis. And what Eisenhower's comments allow me to do is to make the tie that we can't have a strong military if we have a weak economy.

And we're going to have to make some adjustments in the Department of Defense, taking into account not only the deficit and economic problems, but the fact that that means that there won't be significant growth in the Defense budget for as far into the future as anybody can see.

And I think, particularly since 2001, I would say especially in the Department of Defense, people have acquired some bad habits. They probably had them before 2001, but I think they've gotten worse.

With the amount of funding that has flowed into the Department, I think there's been -- as I say, there was never a whole lot of discipline, but what little there was I think has been further diminished in terms of careful management and in making tough decisions. And so what I'm trying to say is we can't afford to do business as we've gotten accustomed to doing it over the last nine years.

And we're going to have to look at programs, whether we need them, how applicable they are, and also at their cost. And we've started that in a big way with the '10 budget. We're going to continue it in the '11 budget, but it has to underpin, I think, the '12 budget.

And it just underscores the message that I've had for the Congress over the last couple of years that a dollar that they make us spend on stuff we don't need is a dollar we can't spend on what we do need. And in this constrained budget environment, that becomes all the more important.

One of the members of Congress, I'm told, said, well, why is \$3 billion for the alternative engine such a big deal when we've got a trillion-dollar deficit? I would submit that's one of the reasons we have a trillion-dollar deficit, is that kind of thinking.

Three billion dollars is a lot of money in the Defense budget, and particularly in these times. And so we're not just going to roll over to preserve programs that we think we don't need, regardless of where the pressure is coming from.

The other aspect of this is not just programs, but management itself and the need to tighten up, reduce our overhead. And as you can see in the speech, my notion is, within the top line that we've been given, we need to make enough reductions in overhead to in fact sustain a 2.5 (percent) or 3 percent real growth in the force structure and our investment programs.

That's the only way we can sustain the current force structure and have investments for the future. So basically, we've got to take money out of tail and put it toward the tooth.

The second theme is in this speech, but not as strongly as in some of the others that I've given, including at the Navy League, which was fundamentally people are going to have to think more creatively in an era of limited resources about how they spend those resources, how they actually look at requirements and threats and gaps which have always been used to justify almost everything.

If you can point out a gap or an unfulfilled requirement, then you've got the justification for however-many-billion dollars you want. I want to go back and look harder at those requirements and at those gaps, and do they make any sense in the real world, even as we look ahead.

And so a speech like the one at the Navy League and one like this, in no small part is just to try and stimulate people's thinking to get out of a rut of the old thinking of where they've been for the last decade or the last two or three decades, move them more definitively away from Cold War thinking and thinking about the middle part of the 21st century.

I may want to change things, but I'm not crazy. I'm not going to cut a carrier, okay? But people ought to start thinking about how they're going to use carriers in a time when you have highly accurate cruise and ballistic missiles that can take out a carrier that costs between 10 (billion dollars) and \$15 billion and has 6,000 lives on it. How do you do that differently than what you did 30 years ago or 20 years ago?

And that's what I'm trying to stimulate here, is thinking about how we use these things. That's one of the reasons that I killed the future combat vehicle last year, was that it was a product of eight or nine years' design and didn't learn -- didn't have in it any of the lessons from the wars in Iraq and Afghanistan. And that's what we have to be looking at.

So I'm interested in investing in the future, but the money for the future, as well as to sustain the forces we have, is going to have to come out of reductions in overhead. So that's basically -- those are kind of the two general themes, or purposes, that I have.

Q If I could start off here and ask you, the kinds of things you lay out in this speech -- maybe raising premiums on health care, reducing the number of admirals, eliminating unnecessary headquarters -- all those things have, many of those things have constituencies in Congress. It's going to be very hard to push them through Congress.

You'll be here to put the draft of this budget out; you'll write the first draft, but will you be here to fight Congress for this next year?

And is this just a speech, or can you get this done?

SEC. GATES: Oh, we'll get this done. First of all, I'm going to play an integral role in it myself with regular reporting from the different elements of the Pentagon, from the services and different agencies. We may look at consolidating agencies.

I'm just really prepared to go soup-to-nuts on this because, frankly, if we don't do this, I think we're in real trouble in three or four years.

Q Do you have a dollar figure you can associate with -- (inaudible)?

SEC. GATES: I'm trying to take the entire '12 budget. From the top line we've been given, to 3 percent, I think, is about \$16 billion.

Q Sixteen (billion dollars)?

SEC. GATES: Sixteen (billion dollars), but that includes the overhead. So if you say overhead is 40 percent, so it would be closer to \$10 billion if you exclude the overhead.

So what we've got to do is find something in that ballpark, and it need not be necessarily exactly that. Because as I say, we can -- what I'm looking for is between 2.5 (percent) to 3 percent.

But at 3 percent I think it would be roughly, for the non-overhead part of the Pentagon, somewhere between 10 (billion dollars) and \$15 billion for '12.

Q (Inaudible.)

SEC. GATES: Well, I think, first of all --

Q (inaudible) -- in terms of attitudes.

SEC. GATES: The leadership of the services have really stepped up. In other words, the Army's totally redesigning the future combat system and vehicle; the way the Air Force has stepped up with drones and providing intelligence, surveillance and reconnaissance, thinking more about unmanned capabilities going forward. The Navy's just getting started with unmanned vehicles -- underwater vehicles as well as surface vehicles, but they're beginning to think about this.

But right now it's pretty much limited to sort of the top echelon of the services, and this needs to get further down into the services. But it's also a message, as I say, for both the defense industry and for Congress.

The services are probably ahead of the other two.

Q As you note in the speech, Secretary Rumsfeld was also a proponent of sort of trimming --overhead and becoming more efficient. Previous secretaries have, as well. Have you looked at their efforts -to try and figure out why they couldn't get it through and what's going to be different this time around?

SEC. GATES: Well, first of all, the national economic situation is very different than it has been ever in modern times. Second, if we want to sustain the current force structure, we have no alternative.

And as I say, I think part of it is it's a little bit like the counter-IED task force and the ISR task force and the MRAP task force. When I devote a lot of my time to it, these things tend to get done.

Q When you talk about trimming overhead, possibly even combining agencies, could something along the lines of another BRAC even be on the table here?

SEC. GATES: I don't know. As I say, I'm trying to be realistic about this.

(Laughter.)

I will tell you, the services would love to have another BRAC. But it may be in the too-hard column politically.

Q Would you like to have another BRAC?

SEC. GATES: I think being able to further consolidate facilities is always a good idea. But there are just huge political challenges associated with it. So I'm just not -- that's not an important element in what I'm trying to do.

Q Just going back to what Julian was asking, if you're not going to be here next year, who is going to carry the water on this --

SEC. GATES: Well, we'll see what happens.

Q Do you think --

SEC. GATES: (Inaudible).

Q (Inaudible) -- this is not just a 2012 budget problem, it's a long-term budget cut

SEC. GATES: Absolutely.

Q What do you envision past 2012? Do you foresee a freeze in defense spending?

SEC. GATES: Well, we have -- we worked with OMB last year, and over the original -- we got, in our negotiation with OMB we got more money out through 2015. So what I'm trying to do here is make changes that at least through 2015, within the top-line number we've been given, where we can sustain the current force structure and size of our forces in terms of personnel.

So I have a top-line number out through 2015. If we can make enough changes in overhead, then I think we can sustain the current force structure without hollowing it out through 2015.

But as I say in the speech, this isn't about just solving a 2012 problem. I want savings that we could roll in every year.

Q (Inaudible).

SEC. GATES: Yeah. And, you know, the corporate world does it all the time. We've just -- never have been under sufficient pressure to do it.

Q (Inaudible) -- on TRICARE -- talk about how retirees were hurting. (Inaudible) -- for the benefit of those still in uniform. Is there a legislative remedy to carve out exceptions and have a different pay scale? Is that what they're proposing?

SEC. GATES: We just -- what we need is congressional authority to raise the premium and the co-pay.

Q For retirees?

SEC. GATES: Yeah. It's basically for retirees, but the truth of the matter is that the increase we're talking about would be laughable to most people who have health insurance, who have non-governmental health insurance. They're very small. And the fact is there hasn't been an increase in TRICARE premiums since it was created 15 years ago.

And I'll give you a statistic that I had for one of the hearings. Under the federal employee health care program, the health insurance program for federal employees, the out-of-pocket expenses for a family of four, on average, are about \$3,200 a year. For a family of four under TRICARE, it's \$1,200.

Q So are you proposing -- you are going to propose an increase in the --

SEC. GATES: Well, it's one of the -- first of all, I've proposed it for the last three years, and the Congress -- (makes raspberry) -- wouldn't hear of it. But we're now getting into a situation where we've got a real problem.

Q What are some of the -- you talk about headquarters that are just approving what another headquarters has approved --

SEC. GATES: Can you believe it takes -- five four-star headquarters to get a decision on a guy and a dog up to me? (Laughter.)

Q Are you going to kill Forces Command -- Joint Forces Command?

SEC. GATES: I haven't even started to look at the specifics.

Q You don't know --

Q Is there a number? You talk about there being too many admirals in this sort of flatter organization. Is there a number that comes --

SEC. GATES: Well, I know now -- I know after this speech every flag officer will think I'm after him or her. That's just one example of where I think we haven't exercised discipline.

And they're not necessarily a target, but we have to be willing to look at everything.

Q (Inaudible).

SEC. GATES: We're going to start right away. This is going to be a long-term process.

Q (Inaudible).

SEC. GATES: I want to try and make enough -- we have 1.8 percent real growth in FY '11. Even in FY '11 I would like to get the non-overhead part up to 2.5 (percent) or 3 percent.

Q (Inaudible).

SEC. GATES: Well, no, because -- well, first of all because it's only 40 percent. So I'm not --

Q (Inaudible).

SEC. GATES: Yeah. The truth of the matter is I have just sort of come to this in the last couple of weeks. And so we haven't started to run numbers. I've gotten some -- it's like this figure I gave on what it would take in the non-overhead part.

We've run some rough numbers that are just estimates, at this point. And we'll just have to get down to cases.

The incentive for the services, one of the reasons these exercises have failed in the past is because there's no incentive for the services. They come up with savings, and it gets culled off and goes to somebody else.

An underlying principle of this, for me, is what the services save on overhead they can apply to their own programs. But I want to have a discipline that forces them to cut their overhead so they can apply it.

But the key is incentivizing them that -- you're going to make cuts in overhead in the Army; the Army gets the benefit of those cuts. And the same way with the other services.

So part of this that I think is different than in the past is incentivizing them in a way that it's in their own self-interest to do this, but with pressure from above that allows them to say to those that -- they're going to be affected, well, you know, I'm being told I've got to do this.

Q But at the same time you're -- (inaudible) -- requirements for programs. So are you still planning to --

SEC. GATES: I just want to make it realistic. I want them to stop buying things we don't need or that don't work and focus the money on future needs that we think will work.

It's just like airborne laser last year. I've been reading all these columns about how terrible it was to cut the airborne laser program. This was a program that was going to buy -- somewhere between ten and twenty 747s, and they were going to shoot down missiles on the launch pad or right after launch.

There's only one problem with that. You've got to have them in orbit all the time, and they've got to be within 100 miles of the launch site. Now, in Iran, that would be a problem.

So the point is I'm trying to enforce a discipline that we buy what we need, that people get things for the price that they can afford, and they get as many at the end of the program as they wanted at the beginning of the program. Which has been so -- we've had such a terrible record because of skyrocketing price increases.

(Cross talk.)

MR MORRELL: (Inaudible) -- let's do these three things. You can do these three down here, okay? David, Tom and then --

Q Have you thought about changing the term "requirement"? If it's not a requirement, it's a desire.

SEC. GATES: Or wish list.

Well, the problem is, "requirement" has a particular military definition in terms of something that is required to accomplish a certain mission. And it's a little bit like one of the things I go back and forth with on the services is their assessment of risk.

The risk isn't in terms of whether you can accomplish the mission; the risk is in terms of whether you can accomplish the mission in the timeline that the plan calls for. So the risk is to the plan, not getting the job done.

And so -- but when somebody says there is significant risk, or high risk, if we don't buy all of these or all of those, what that means is there is risk in achieving the planned mission within the time frame and at a cost that's been laid out in the --

Q (Inaudible) -- have to be very selective. The U.S. has to be very selective about where it uses force. In this kind of economic environment, does it follow that the United States, as a general proposition, is going to have to be very restrained?

(Cross talk.)

SEC. GATES: I think -- I do think that as we look to the future, and particularly as long -- for the next couple of years or so while we're in Iraq and Afghanistan, I think that Congress and the president would look long and hard at another military operation that would cost us \$100 billion a year.

Now, if it were a genuine threat to our national security, there's no doubt in my mind they'd spend the money. But if it's one of these things where, well, maybe we should, maybe we shouldn't, I think that the cost enters in as part of the maybe-we-shouldn't.

But don't get me wrong; like I say, if there's a real threat out there, the president and the Congress will spend whatever it takes to protect the nation. But in situations where there are real choices, I think this would be a factor --

Q (Inaudible).

SEC. GATES: I don't know. It depends on -- I think it depends on developments over the next year or two.

Q I don't mean to change the subject, but I was hoping to change the subject. (Chuckles.)

On Pakistan and the Times Square incident, do you see that as resulting in the U.S. accelerating or expanding some of its military assistance programs with Pakistan, such as more special ops, that sort of thing? Does this provide an impetus to doing more with the Paks?

SEC. GATES: Well, we have always -- we've taken the position that we're willing to do as much with the Pakistanis and for the Pakistanis as they are willing to accept. It's their country; they remain in the driver's seat. They've got their foot on the accelerator.

And I think, again -- you've heard me say this before -- but I think perspective is in order here. The Pakistanis have been doing so much more than, 18 months or two years ago, any of us would have expected.

That you also have to realize that with their military operations in the west, they've started to be pretty thinly stretched themselves, as well as taking a substantial number of casualties.

So I think the cooperation has continued to improve, the relationship is continuing to improve, and I think we just keep moving in that direction.

MR MORRELL: Okay. Thank you all.

Q Thank you.

(C) COPYRIGHT 2010, FEDERAL NEWS SERVICE, INC., 1000 VERMONT AVE. NW; 5TH FLOOR; WASHINGTON, DC - 20005, USA. ALL RIGHTS RESERVED. ANY REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION IS EXPRESSLY PROHIBITED.

UNAUTHORIZED REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION CONSTITUTES A MISAPPROPRIATION UNDER APPLICABLE UNFAIR COMPETITION LAW, AND FEDERAL NEWS SERVICE, INC.

RESERVES THE RIGHT TO PURSUE ALL REMEDIES AVAILABLE TO IT IN RESPECT TO SUCH MISAPPROPRIATION.

FEDERAL NEWS SERVICE, INC. IS A PRIVATE FIRM AND IS NOT AFFILIATED WITH THE FEDERAL GOVERNMENT. NO COPYRIGHT IS CLAIMED AS TO ANY PART OF THE ORIGINAL WORK PREPARED BY A UNITED STATES GOVERNMENT OFFICER OR EMPLOYEE AS PART OF THAT PERSON'S OFFICIAL DUTIES.

FOR INFORMATION ON SUBSCRIBING TO FNS, PLEASE CALL CARINA NYBERG AT 202-347-1400.