

CSIS Global Security Forum

*As Delivered by Secretary of Defense Chuck Hagel, Washington D.C.,
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Bill, thank you. To my friend, John Hamre, thank you. Thank you each for what you've done for our country, what you continue to do, and congratulations on this spectacular new building, John. This is not only a remarkable achievement but it is a testament to this institution and what it has meant for so many years to this country as it has contributed to the shaping and the molding and the outcomes of our policies in the world and you continue to do that. So, to your board and to your leaders, everyone associated with CSIS, I congratulate you and thank you for what you do and what you continue to do.

I want to especially recognize Sam Nunn for his leadership. I know he was not exactly a bystander in this effort and continues to be rather engaged. Sam Nunn is one of those unique leaders that our country produces at the right time. He has been for many, many years one of the real anchors of our national security policy and one of the real leaders of our country. And I know what he has meant to CSIS, and I particularly appreciated his risking his reputation in helping introduce me at my confirmation hearing. I noticed that he quickly escaped after that.

After John Warner made the second introduction, he said, "You're on your own, Chuck." Sam was more genteel—he just left.

But I am honored to be here to help welcome your participants and kick off an always very important event. Again, congratulations.

Today, this conference will discuss – and continue to help shape – America's long-term national security priorities. It continues a tradition going back to 1962, when Arleigh Burke and David Abshire brought together great thinkers and leaders like Edward Teller, Henry Kissinger, Jim Schlesinger and others for the center's inaugural security conference.

Their goal was to look ten years into the future, and define the political, military, and economic strategies that would help America ultimately prevail in the Cold War. To determine, as David Abshire once wrote, "how to use power in all its forms...to influence the actions of adversaries or would-be aggressors, as well as of friends and allies."

That is the essence of strategy, and this kind of long-term perspective is always needed and will always be required. But, it is especially relevant today as we try to manage the complexities of a volatile, dangerous, and rapidly changing world – particularly when geopolitical *and* political gridlock and budget uncertainty here at home continue to undermine the strategies necessary to protect America's interests and enhance its future.

I would like to take this opportunity this morning to join you in looking out across the strategic landscape and share with you a few perspectives on:

- our shifting long-term national security challenges;
- the U.S. military's role in addressing these challenges; and,
- what this means for the Department of Defense going forward.

As we all know, America's challenges are far different, far more dispersed, and far more complex today than the single defining threat we faced in 1962. They are also far different than they were in 2002, when our nation was reeling from the most devastating terrorist attack in our history; or even a few years ago, when 100,000 U.S. troops were on the ground in Iraq and tens of thousands were on their way to Afghanistan.

With the end of the Iraq war and the winding down of the combat mission in Afghanistan, President Obama has been moving the nation off a perpetual war footing – one in which America's priorities, policies, and relationships around the world were dominated by the response to 9/11.

As the United States makes this transition to what comes after the post-9/11 era, we are only beginning to see the dramatic shifts underway that will define our future and shape our interactions in the world ... and require our national security institutions to adapt and to adjust. This is the story of history, of mankind ... adaptation and adjustment.

Chief among these 21st century trends are shifting geopolitical centers of gravity, reflecting the astounding diffusion of economic power and sweeping demographic change. China, India, Brazil, and Indonesia are all helping reshape the global economy. Regional powers like Turkey are maturing and asserting greater independence from traditional allies and patrons. The Asia-Pacific region has taken on an even greater prominence in global politics, commerce, and security...and as Latin America and Africa develop and strengthen, they too will be important leaders in helping build a secure and prosperous 21st century world.

Cyber activists, terrorists and criminal networks, and non-state actors are also playing a role in defining the international system. New structures of governance and power are emerging as the world's population becomes more urbanized, mobile, and technologically advanced, bringing new standards and expectations as they develop. Technology and 21st century tools of communication are bringing people closer together than at any point in human history, helping to link their aspirations ... and their grievances. My friend Zbig Brzezinski, one of America's premier geo-political thinkers and a pillar of CSIS, has called this phenomenon a "global political awakening." Nowhere is this more evident than in the historic turmoil that is embroiling the Middle East.

Not since the decade after World War II has mankind witnessed such a realignment of interests, influences, and challenges. History shows that these changes and inflection points are not always easy to perceive. Former Secretary of State Dean Acheson recounted his own experience during another defining time in history: "Only slowly did it dawn upon us that the whole world structure and order that we had inherited from the 19th century was gone and that the struggle to

replace it would be directed from two bitterly opposed and ideologically irreconcilable power centers.”

Even as we begin to see dramatic shifts, we know that the rapid pace of change will only accelerate as the world undergoes a historic generational shift. More than 40 percent of the world’s 7 billion people today are under the age of 25, and 90 percent of them live outside the United States and Europe. Particularly turbulent regions, like the Middle East and sub-Saharan Africa, will continue to experience these challenges as their populations increase and race far ahead of the educational and employment opportunities that must match them. They will present more uncertainty and risk to global peace, prosperity, and stability – as we confront an array of 21st century challenges.

The challenge of terrorism has evolved as it has metastasized since 9/11. This has required and will continue to demand unprecedented collaboration with partners and allies on counterterrorism efforts. Many share a common threat – regardless of state-to-state differences or political ideologies.

Destructive technologies and weapons that were once the province of advanced militaries are being sought by non-state actors and other nations. This will require our continued investment in cutting-edge defensive space and cyber technologies, and capabilities like missile defense ... as well as offensive technologies and capabilities to deter aggressors and respond if we must.

Sophisticated cyberattacks have the potential of inflicting debilitating damage on national and world economies and critical infrastructure. Our adversaries will try to use them to frustrate our traditional military advantages and our power, striking at the underpinning strength of a nation, our nation ... our economy. This will require that we continue to place the highest priority on cyber defense and cyber capabilities.

Meanwhile, natural disasters, pandemic diseases, and the proliferation of weapons of mass destruction all present further destabilizing realities to regions and the world. Regional tensions and conflicts in the Asia-Pacific, the Middle East, and elsewhere continue to have the potential to erupt into larger-scale conflicts drawing in the U.S., China, and Russia.

Some of the most complex and challenging threats remain from non-transparent and heavily armed nation-states like Iran and North Korea. And we continue to adapt to present and emerging threats from non-state groups, terrorist and criminal networks, and from within weak states. As John Hamre has said, “statehood can be a fiction that hides dangers lurking beneath.”

All of these challenges will be with us for the foreseeable future. There is not a short-term solution to these 21st century global threats and problems.

We must manage through these short-term realities as we strategically engage these complex problems – staying focused on our long-term interests and long-term objectives and outcomes. Imperfect outcomes may be the best we can expect ... working our way toward the higher ground of possible solutions and resolutions. Leveraging all aspects of our power, we must multiply and enhance our efforts by working through coalitions of common interests like

NATO. This is, in fact, our future. Just as we have done since World War II ... but it now may be more essential than ever.

While these challenges are not America's responsibility alone, they will demand America's continued global leadership and engagement. No other nation has the will, the power, the capacity, the capability, and the network of alliances to lead the international community in addressing them. However, sustaining our leadership will increasingly depend not only on the extent of our great power, but an appreciation of its limits, and a wise deployment of our influence.

We must not fall prey to the false notion of American decline. That is a false choice and far too simple an explanation. We remain the world's only global leader. However, the insidious disease of hubris can undo America's great strengths. We also must not fall prey to hubris.

National and personal anxieties about change and the rate of change will continue to dominate much of our public debate. These must be placed in a broader context – particularly because so many of the challenges facing us are political, not structural. We remain the world's pre-eminent military, economic, and diplomatic power. And even as we deal with new budgetary constraints on defense spending, the United States will continue to represent nearly 40 percent of global defense expenditures. And most of the world's other leading military powers are America's close allies.

But what has always distinguished the United States is not simply the existence of our great power. Rather, it is the way in which we have used our power for the purpose of trying to make a better world. We have made mistakes. We will continue to make mistakes. But we cannot allow the overhanging threat of future miscalculation and mistakes to paralyze or intimidate our will and necessary decision-making today.

In the 21st century, the United States must continue to be a force for, and an important symbol of, humanity, freedom, and progress for all mankind. We must also make a far better effort to understand how the world sees us, and why. We must listen more. We *must* listen more.

After more than a decade of costly, controversial, and at times open-ended war, America is redefining its role in the world. At the same time, more Americans, including elected officials, are growing skeptical about our country's foreign engagements and responsibilities. But only looking inward is just as deadly a trap as hubris, and we must avoid both in pursuing a successful foreign policy in the 21st century.

America's role in the world should reflect the hope and promise of our country, and possibilities for all mankind, tempered with a wisdom that has been the hallmark of our national character. That means pursuing a principled and engaged realism that employs diplomatic, economic, and security tools – as well as our values – to advance our security and our prosperity.

As we look out across the strategic landscape, the United States military will remain an essential tool of American power and foreign policy, but one that must be used wisely, precisely, and judiciously.

Most of the pressing security challenges I've described today have important diplomatic, national and global, economic, and cultural components, and they cannot and will not be resolved by only military strength.

As we go forward into a historically unpredictable world, we will need to place more of an emphasis on our civilian instruments of power, while adapting our military so that it remains strong, capable, second-to-none, and relevant in the face of threats markedly different from what shaped it during the Cold War and over the past two decades.

America's hard power will always be critical to fashioning enduring solutions to global problems. But our success ultimately depends not on any one instrument of power. It depends on all of our instruments of power working together. And it depends not only on how well we maintain and fund all of our instruments of power – but how well they are balanced and integrated with each other.

Leaders and strategists – including here at CSIS – have been arguing for this kind of shift for several years. In 2007, I was honored to serve on the CSIS “Commission on Smart Power,” which was led by John Hamre and co-chaired by Rich Armitage and Joe Nye. It called for “developing an integrated strategy, resource base, and tool kit to achieve American objectives, drawing on hard and soft power.” Its conclusions were echoed soon after by Secretary of Defense Bob Gates, who spoke on this topic here at CSIS in early 2008.

We still have a long way to go to fulfill the promise of that commission. But we are moving toward it.

President Obama's resolve to take military action to respond to the Assad regime's use of chemical weapons helped create an opening for diplomacy with Russia – which we pursued. That led to a U.N. Security Council Resolution and to the involvement of the Organization for the Prevention of Chemical Weapons (OPCW) inspectors on the ground in Syria working to oversee the removal and destruction of chemical weapons. We are on a course to eliminate one of the largest stockpiles of chemical weapons in the world. DoD has not only maintained military pressure on the Assad regime and will continue, it has also developed the technology that may very well be used to destroy these chemical weapons.

We may have another possibility with Iran, where we are engaging on a diplomatic path to prevent Iran from obtaining a nuclear weapon. The United States is clear-eyed about the challenges and uncertainties that lie ahead on this path, and the need for Iran to demonstrate its seriousness through actions. We will maintain a strong and ready military presence in the Persian Gulf, and the broader Middle East, to deter Iran's destabilizing activities, and to work with and protect our allies and our interests.

The multi-dimensional challenges confronting us with Iran and Syria are but two pieces of the global complexities we will continue to face in the 21st century. In both cases our military power has been an important part of the work to possibly find these diplomatic resolutions, resolutions to difficult and interconnected international problems.

We recognize that there is risk in all of this. But we don't live in a risk-free world. We never have, and we never will. We must work to find the smartest and most effective solutions to problems. Military force must always remain an option – but it should be an option of last resort. The military should always play a supporting role, not the leading role, in America's foreign policy.

An example of the balance we are seeking to achieve is America's renewed engagement in the Asia-Pacific region. America's military power plays a stabilizing role in the region, helping advance security, stability, and prosperity through our commitments to our allies and our partnerships and with them as they build their own new capabilities. But the Department of Defense is not in the lead for the rebalance in Asia-Pacific – it is an effort that also consists of important diplomatic, economic, trade, and cultural initiatives. All of these areas will remain a top priority as we continue to implement this strategy.

Going forward, as we are doing in Asia-Pacific, the United States must use military strength as a supporting component of a comprehensive strategy to protect and advance American interests in the 21st century. This requires striking a careful balance between all elements of our power.

Just as overdependence on the military carries with it risks and consequences, letting our military strength atrophy would invite disaster.

The United States must sustain the kind of hard military power that gives our diplomacy strength, assures our allies around the world, and deters our adversaries. We must continue to have a military of unmatched fighting power. And, we must be prepared to respond to confrontation and crisis in a new and profoundly volatile world, working closely with our allies and our partners.

The United States military has always proved capable of adapting to new realities and geopolitical alignments, even when resources were limited. In the face of reduced defense budgets and new challenges, our defense institutions must be reshaped to assure our military's continuing capacity, capability, and readiness. That includes a continued focus on capacity-building for our allies and partners, and working closely with them and through alliances.

But today we face the danger that our current budget crisis – and the steep, abrupt, and deep cuts imposed by sequestration – will cause an unnecessary, strategically unsound, and dangerous degradation in military readiness and capability.

As you all know, the Department is currently facing sequester-level cuts on the order of \$500 billion over 10 years. This is in addition to the ten-year, \$487 billion reduction in DoD's budget that is already underway.

These cuts are too fast, too much, too abrupt, and too irresponsible. DoD took a \$37 billion sequester cut during the past fiscal year, and we could be forced to absorb a \$52 billion sequester cut this fiscal year. We are looking at nearly one trillion dollars in DoD cuts over this ten-year period, unless there is a new budget agreement. And we are currently operating under no budget. We are operating under a Continuing Resolution which continues to present DoD with one of its most difficult challenges – uncertainty.

DoD cannot responsibly, efficiently, and effectively plan, strategize, and implement national security policies with this cloud of uncertainty continuing to hang over it. It forces us into a bad set of choices. Congress must act to provide the Department with time and flexibility to implement spending reductions more strategically.

We do not have the option of ignoring reality, or assuming something will change. Leaders across the Department will continue to give their best clear-eyed assessment to America's elected leaders about sequestration's damaging impact on military readiness, morale and capabilities. But we also must prepare the force for whatever lies ahead, with the clear appreciation of DoD's vital responsibility of protecting this country.

Since becoming Secretary of Defense, my top institutional priority has been to help lead the Department of Defense in not only responding to these fiscal and strategic challenges, but shaping our strategic policy options to our advantage and – to the extent we can – controlling our own destiny.

During my first weeks in office, I directed a Strategic Choices and Management Review, which over the course of several months identified options for reshaping our force and our institutions in the face of difficult budget scenarios.

That review pointed to the stark choices and tradeoffs in military capabilities that will be required if sequester-level cuts persist. But it also identified opportunities to make changes and reforms.

Above all, it underscored the reality that DoD still possesses resources and options. We will need to more efficiently match our resources to our most important national security requirements. We can do things better. We must do things better – and we will.

To that end, in the months since the strategic review was completed, leaders across DoD and the military services have been working on our longer-term budget and strategy – particularly through the Department's Quadrennial Defense Review (QDR). A much-needed realignment of missions and resources is being undertaken across the Department.

This will require significant change across every aspect of our defense enterprise. I have identified six areas of focus for our budget and strategic planning efforts going forward. Working closely with the Service Secretaries, Service Chiefs, Combatant Commanders, and DoD leaders, these six priorities will help determine the shape of our defense institutions for years to come.

First, we will continue to focus on institutional reform. Coming out of more than a decade of war and budget growth, there is a clear opportunity and need to reform and reshape our entire defense enterprise – including paring back the world’s largest back-office. A first step we took this summer was to announce a 20 percent reduction in headquarters budgets across the Department, beginning with the Office of the Secretary of Defense. Our goal is not only to direct more of our resources to real military capabilities and readiness, but to make organizations flatter and more responsive to the needs of our men and women in uniform.

Second, we will re-evaluate our military’s force planning construct – the assumptions and scenarios that guide how the military should organize, train, and equip our forces. I’ve asked our military leaders to take a very close look at these assumptions, question these past assumptions, which will also be re-evaluated across the services as part of the QDR. The goal is to ensure they better reflect our goals in the shifting strategic environment, the evolving capacity of our allies and partners, real-world threats, and the new military capabilities that reside in our force and in the hands of our potential adversaries. We must make sure that contingency scenarios drive force structure decisions, and not the other way around.

A third priority will be preparing for a prolonged military readiness challenge. In managing readiness under sequestration, the Services have rightly protected the training and equipping of deploying forces, to ensure that no one goes into harm’s way unprepared. That is our highest responsibility to our forces. Already, we have seen the readiness of non-deploying units suffer as training has been curtailed, flying hours reduced, ships not steaming, and exercises being canceled. The Strategic Choices and Management Review showed that the persistence of sequester-level cuts could lead to a readiness crisis, and unless something changes we have to think urgently and creatively about how to avoid that outcome – because we are consuming our future readiness now. We may have to accept the reality that not every unit will be at maximum readiness, and some kind of a tiered readiness system is, perhaps, inevitable. This carries the risk that the President would have fewer options to fulfill our national security objectives.

A fourth priority will be protecting investments in emerging military capabilities – especially space, cyber, special operations forces, and intelligence, surveillance and reconnaissance. As our potential adversaries invest in more sophisticated capabilities and seek to frustrate our military’s traditional advantages – including our freedom of action and access – it will be important to maintain our decisive technological edge. That has always been a hallmark of our armed forces, even as war has remained – and will remain – a fundamentally human endeavor. War is a fundamentally human endeavor.

Our fifth priority is balance. Across the services, we will need to carefully reconsider the mix between capacity and capability, between active and reserve forces, between forward-stationed and home-based forces, and between conventional and unconventional warfighting capabilities. In some cases we will make a shift, for example, by prioritizing a smaller, modern, and capable military over a larger force with older equipment. We will also favor a globally active and engaged force over a garrison force. We will look to better leverage the reserve component, tempered by the knowledge and experience that part-time units, in ground forces especially, cannot expect to perform at the same levels as full-time units, at least in a conflict’s early stages.

In other cases, we will seek to preserve existing balance, for example, by trying to control areas of runaway cost growth.

And our sixth priority is personnel and compensation policy. This may be the most difficult. Without serious attempts to achieve significant savings in this area – which consumes roughly half of the DoD budget and is increasing every year – we risk becoming an unbalanced force. One that is well-compensated, but poorly trained and equipped, with limited readiness and capability. Going forward, we will have to make hard choices in this area in order to ensure that our defense enterprise is sustainable for the 21st century. Congress must permit meaningful reforms as they slash the overall budget. We will need Congress as a willing partner in making tough choices to bend the cost curve on personnel, while meeting all of our responsibilities to all of our people.

Even as we pursue change across the Department of Defense, the greatest responsibility of leadership will always remain the people we represent – our men and women in uniform, their families, and our dedicated civilian workforce.

That's because institutions are platforms, frameworks and societal structures for people. They are built to enhance the people they serve. It is people who change the world. Institutions are instruments of change, but it is people who invest, lead, decide, inspire, and both prosper and suffer. When a nation commits its men and women to war, it is people who make the decision to go to war, and people who fight and die in war.

I began my discussion today by talking about the importance of long-term thinking. America's future has always depended on the balance of strategic thinking, decisive actions, and belief in our purpose.

Perhaps no one more embodied that purpose than President Dwight D. Eisenhower, so it's appropriate to end with an excerpt from his farewell address in 1961, which speaks to the exact challenges facing us today in this very different world:

“America's leadership and prestige depend, not merely upon our unmatched material progress, riches, and military strength, but on how we use our power in the interests of world peace and human betterment. Throughout America's adventure in free government, such basic purposes have been to keep the peace; to foster progress in human achievement, and to enhance liberty, dignity and integrity among peoples and among nations.

To strive for less would be unworthy of a free and religious people.”

Very, very wise words.

Though the challenges that face our world, our nation, and all of its institutions are great, so is our unprecedented capacity to deal with those problems. Never in the history of man has a nation possessed – a world possessed—so much capacity to deal with these problems. We must not fear change, but rather embrace it.

To strive for less would be unworthy of our character and our purpose, and we would fail future generations. That is not who we are – that is not our heritage – that is not our destiny.

Thank you.