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30 YEARS OF GOLDWATER–NICHOLS REFORM

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BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

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FIRST SESSION

TUESDAY, NOVEMBER 10, 2015

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30 YEARS OF GOLDWATER–NICHOLS REFORM

TUESDAY, NOVEMBER 10, 2015

U.S. SENATE
COMMITTEE ON ARMED SERVICES
Washington, DC.

The committee met, pursuant to notice, at 9:04 a.m. in Room SD–G50, Dirksen Senate Office Building, Senator John McCain, chairman of the committee, presiding.

Committee Members Present: Senators McCain, Wicker, Ayotte, Fischer, Rounds, Ernst, Tillis, Lee, Reed, Nelson, Manchin, Gillibrand, Blumenthal, Donnelly, Hirono, and King.

OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Senator MCCAIN. Good morning. The committee meets today to continue our series of hearings focused on defense reform.

This morning's hearing is critical—is a critical inflection point in our efforts. Our prior hearings have sought to establish a broad context in which to consider the question of defense reform. We have evaluated global trends in threats and technology, their implications for national security, and what the United States military and the Department of Defense must do to succeed against these complex and uncertain challenges.

Today, we begin to look more closely at our defense organization, and we do so by revisiting the Goldwater-Nichols Defense Reorganization Act of 1986. This landmark legislation, which marks its 30th anniversary next year, was the most consequential reform of the Department of Defense since its creation. And this committee played a critical role at every step of the way, from initial study to first draft to final passage. Put simply, the Goldwater-Nichols reforms would never have happened without the leadership of the Senate Armed Services Committee. And yet, to a large degree, the organization of the Department still reflects those major decisions and changes made back in 1986. On the whole, those reforms have served us well, but much has happened in the past 30 years. We need a defense organization that can meet our present and future challenges. That is why we must ask, Has the time come to reconsider, and potentially update, Goldwater-Nichols? And if so, how and in what ways?

We're fortunate to have a distinguished group of witnesses this morning to help us consider these questions. Dr. John Hamre, President and CEO of the Center for Strategic and International Studies, is one of our Nation's finest defense thinkers and leaders. And it all started right here on this committee, where he was a young staffer at the time of the Goldwater-Nichols reforms. Mr. James Locher, Distinguished Senior Fellow at the Joint Special Operations University and also an old committee hand, he was the

lead staffer who helped bring Goldwater-Nichols into being, and it's safe to say that no one contributed more to these defense reforms than him. And finally, Mr. Jim Thomas, Vice President and Director of Studies at the Center for Strategic and Budgetary Assessments, is an accomplished defense strategist and practitioner who spent 13 years recently working inside the defense organization that Goldwater-Nichols created, including serving as a principal author of the 2006 Quadrennial Defense Review.

I thank all of our witnesses for their testimony today.

Goldwater-Nichols came about in response to a series of military failures, from the Vietnam War and the failed hostage rescue in Iran to difficulties during the invasion of Granada. After years of study, this committee concluded that these failures were largely due to the inability and resistance of the military services to function as a more unified force, especially on strategy and policy development, resource allocation, acquisition and personnel management, and the planning and conduct of military operations.

In addition, the committee was concerned that the Department of Defense had become excessively inefficient and wasteful in its management and that civilian and military staffs had grown too large. As a result, Goldwater-Nichols fundamentally redrew the relationships between the major actors in the Department. The Chairman of the Joint Chiefs of Staff was strengthen, provided a deputy given responsibility over the Joint Staff, and assigned the role of Principal Military Advisor to the President. Responsibility for planning conducting military operations was vested in empowered operational elements, which are now combatant commands reporting directly to the Secretary of Defense. The service chiefs were focused more narrowly on their roles as force providers, not on overseeing day-to-day military operations. Major changes were made to strengthen joint duty requirements for military officers. And many of the Packard Commission's recommendations were adopted to reform the acquisition system, with an emphasis on strengthening the Office of the Secretary of Defense.

The record and performance of the U.S. military over the past 30 years has largely been of—one of unquestioned and unparalleled success, so the inevitable question that many of us will ask is, Why change? There are several factors to consider.

First, as our recent hearings have made clear, our strategic environment today is radically different. The Cold War is over, and we face a complex array of threats, from ISIL [Islamic State of Iraq and the Levant] and al-Qaeda to North Korea and Iran to Russia and China. What all of these threats have in common is that they are not confined to single regions of the world. They span multiple regions and domains of military activity. We must act whether our—we must ask whether our current organization, with its regional and functional rigidity, is flexible and agile enough to address these crosscutting national security missions.

A second factor is technology. The clear consensus in our recent hearings is that significant technological advancements are now transforming the nature and conduct of war. Our adversaries are working to harness these new technologies to their military benefit. If the United States cannot do the same, and do it better, we will

lose our qualitative military edge, and, with it, much of our security.

A scarcity of resources for defense is another reason to consider change. We must spend more on defense. Reform cannot take the place of sufficient funding. But, the fact is, with budgets tights—with budgets tight, as they are and seem likely to remain, the Department of Defense must make smarter and better use of its resources, to include its people.

That said, the primary goal of reform must be to improve effectiveness, not just efficiency. And there are serious questions about the performance of the Department of Defense. Our defense spending, in constant dollars, is nearly the same as it was 30 years ago. But, today we are getting 35 percent fewer combat brigades, 53 percent fewer ships, and 63 percent fewer combat air squadrons. More and more of our people and money are in overhead functions, not operating forces. The acquisition system takes too long, costs too much, and produces too little. And all too often, we see instances where our senior leaders feel compelled to work around the system, not through it, in order to be successful, whether it is fielding critical and urgently needed new weapons, establishing *ad hoc* joint task forces to fight wars, or formulating a new strategy when we were losing the war in Iraq.

As we consider these questions, Senator Reed and I have identified six enduring principles that any defense reform effort must sustain and strengthen. We will consider each of these principles in the hearings that will follow this one. They are: 1) providing for a more efficient defense management; 2) strengthening the All-Volunteer Joint Force; 3) enhancing innovation and accountability in defense acquisition; 4) supporting the warfighter of today and tomorrow; 5) improving the development of policy, strategy, and plans; and 6) increasing the effectiveness of military operations.

Let me say again, in closing, that this oversight initiative is not a set of solutions in search of problems. We will neither jump to conclusions nor tilt at the symptoms of problems. We will follow Einstein's advice on how to approach hard tasks: spend 95 percent of the time defining the problem and 5 percent on solutions. We will look deeply for the incentives and root causes that drive behavior, and we will always, always be guided by that all-important principle: first do not harm.

Finally, this must and will be a bipartisan endeavor. Defense reform is not a partisan issue, and we will keep it that way. We must seek to build a consensus about how to improve the organization and operation of the Department of Defense in ways that can and will be advanced by whomever wins next year's elections. That is in keeping with the best traditions of this committee. That's how Goldwater-Nichols came about, three decades ago, and that is how Senator Reed and I and all of us here will approach the challenge of defense reform today.

Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Well, thank you very much, Mr. Chairman. And thank you for your very thoughtful and bipartisan approach to a

significant issue, the review and reformation of the Goldwater-Nichols.

But, I'd like to thank you also for bringing together this distinguished panel of witnesses. As you have pointed out, Mr. Chairman, Dr. Hamre and Mr. Locher were key to the original passage of Goldwater-Nichols, and Mr. Thomas is a very, very thoughtful, perceptive analyst of these issues. In fact, Jim was the committee's lead staffer for DOD [Department of Defense] reorganization, and then later served as the Assistant Secretary of Defense for Special Operations in Low-Intensity Conflict. John Hamre, as you pointed out, is one of the most astute observers of the Department of Defense, having served as Deputy Secretary of Defense and Comptroller in the '90s. So, thank you both. Of course, Mr. Thomas is someone who continues to be a expert in analysis of the Department of Defense and others, at the Center for Strategic and Budgetary Assessments.

Thank you, gentlemen.

Almost three decades after passage of Goldwater-Nichols, I join the Chairman in the view that it is appropriate that we take stock of what is and what is not working with regard to the organization and processes of the DOD, given today's dynamic security challenges, particularly.

The 1986 defense reforms were made necessary by a number of identified deficiencies at the time, including operational failures, poor interservice coordination, faulty acquisition processes, and inadequate strategic guidance. Fortunately, our military has not experienced any significant operational failures in recent times, and remains the most effective fighting force in the world, in no small part because of the reform put in place approximately 30 years ago. Unfortunately, DOD does continue to suffer from bureaucratic friction, acquisition cost and schedule overruns, and difficulties in the formulation and communication of strategy. Our task at this juncture is to optimize the Department's organization and processes and to shape our military to counter the threats and other challenges they will face in the future while preserving the important principles of jointness and civilian control of the military enshrined in the Goldwater-Nichols reforms.

To do so, we should consider smart reforms to the structure and responsibility of the combatant commanders, the alignment of roles and missions across the military services, the manner in which civilian control of the military is exercised, the size and number of defense agencies and field activities, the development and acquisition of required capabilities, the education and compensation of military personnel, and other relevant matters.

The 1985 staff report of this committee that underpinned the Goldwater-Nichols Act and was authored by Mr. Locher and Dr. Hamre, highlighted the challenges and risks in seeking to reform the Department of Defense. It said, "The Department of Defense is clearly the largest and most complex organization in the free world. For this reason, it is critically important that if changes are to be made to DOD organizational arrangements or decisionmaking procedures, the temptation to adopt simplest—simplistic yet attractive options must be avoided. Change just for the sake of change would be a critical mistake." Those words remain true today. And I would

note that possibly the most important factor in passing the Goldwater-Nichols Act was the relentless bipartisan effort of its sponsors over the course of nearly 5 years to methodically study relevant issues and build consensus reform, even in the face of strong opposition from the Department.

The Chairman embodies this determination and bipartisan approach, and I thank him for that. And I have no doubt that your testimony and assistance will be very valuable.

Thank you, Mr. Chairman.

Senator MCCAIN. Thank you.

I welcome the witnesses. And the statements of the witnesses will be included in the record.

We'll begin with Dr. Hamre.

Dr. HAMRE. Mr. Chairman, thank you. May I just ask you to start with Jim Locher? He was the staff director, and——

Senator MCCAIN. Well, I was——

Dr. HAMRE.—I work for him.

Senator MCCAIN. I would be more than pleased to begin with Mr. Locher.

Welcome back, Mr. Locher.

STATEMENT OF JAMES R. LOCHER III, DISTINGUISHED SENIOR FELLOW, JOINT SPECIAL OPERATIONS UNIVERSITY

Mr. LOCHER. Thank you, Mr. Chairman. I'm delighted——

Senator MCCAIN. And, by the way, for the record, the two first—Hamre and Locher are friends and acquaintances for more than 30 years.

Mr. Locher.

Mr. LOCHER. Yes. Thank you, Mr. Chairman.

Mr. Chairman, I commend you and Senator Reed for initiating this important and timely series of hearings. It has been nearly 30 years since the Goldwater-Nichols Act mandated the last major reorganization of the Pentagon. That legislation, as you mentioned, Mr. Chairman, profoundly shaped by this committee, has served the Department of Defense and the Nation well. But, no organizational blueprint lasts forever.

To be successful, organizations must be designed and redesigned to enable effective interactions with their external environment. And the world in which the Pentagon must operate has changed dramatically over the last 30 years. Threats and opportunities are more numerous, more varied, more complex, and more rapidly changing. The changed environment demands Pentagon decisionmaking that is faster, more collaborative, and more decentralized.

Mr. Chairman, all public and private organizations are facing the challenges of a rapidly changing world. Those that continue to thrive have transformed themselves with innovative organizational approaches.

The Department of Defense has delayed organizational change longer than advisable. John Kotter, a leading business scholar, has observed the price of such delays, and he said, "The typical 20th century organization has not operated well in a rapidly changing environment. Structure, systems, practices, and culture have often been more of a drag on change than a facilitator. If environmental volatility continues to increase, as most people now predict, the

standard organization of the 20th century will likely become a dinosaur."

Unfortunately, the Pentagon remains a typical 20th century organization. It has intelligent and experienced leaders, but no organizational strategy for achieving desired outcomes. It has deep bodies of functional expertise, but cannot integrate them. It has clear authoritative chains of command, but not the mechanisms to ensure cross-organizational collaboration. It has elaborate, slow processes that generate reams of data, but not the ability to resolve conflicting views. It has a large, hardworking staff with a mission-oriented ethos, but not a culture that values information-sharing, collaboration, and team results.

Mr. Chairman, reforming the Pentagon will require visionary leadership—I'm sorry—visionary legislation from this committee and its House counterpart. The intellectual and political challenges of formulating this legislation will be staggering. On the intellectual side, modern organizational approaches differ significantly from past practices. They require a new mindset and are difficult to implement.

Before passing the Goldwater-Nichols Act, the two Armed Services Committees worked for years to become knowledgeable on defense organization and modern organizational practice. A similar effort will again be needed.

With the Pentagon swamped by multiple contingencies, a full management agenda, and overhanging budget and staff cuts, defense officials are likely to argue that now is not the time to pile defense reform on top. Unfortunately, there is never a good time to transition an outmoded and overwhelmed bureaucracy to better, faster, more integrated approaches. Fixing the Pentagon, Mr. Chairman, is much more than a leadership issue. Dr. Deming, a systems expert, observed, "A bad system will beat a good person every time."

We have repeatedly seen organizational dysfunction stymie good leaders. On occasion, good leaders have prevailed. Secretary Robert Gates was often able to overcome system limitations, such as with the MRAP [Mine-Resistant Ambush Protected Vehicles] program. Similarly, General Stanley McChrystal created effective high-value terrorist targeting teams in Iraq, despite vast institutional obstacles. But, Gates and McChrystal did not achieve these results using the system; they circumvented it. These outcomes were personality-driven, and the processes they used were not institutionalized. The system Gates and McCrystal struggled against remained unchanged. In any case, defense reform is not a matter of choosing between good leaders and good organization. We must have both.

If the committee is to succeed in this historic undertaking, it must adopt and execute a rigorous methodology for each of reform's two dimensions: intellectual and political. Changing organizations is difficult. The failure rate of change efforts in business has remained constant, at 70 percent, over the last 30 years. It is even higher in government.

The intellectual dimension of this methodology requires deep study of problems in DOD's performance to enable precise identification of required reforms. Three approaches are imperative:

First, identify symptoms, problems, their causes and consequences. Goldwater-Nichols' historic success resulted from a rigorous methodology focused on getting beyond symptoms to identify problems and their root causes.

Second, examine all elements of organizational effectiveness, such as shared values, processes, structure, core competencies, staff, culture, and strategy.

Third, examine the entire system. A holistic examination is critical to meaningful reform.

The methodology's political dimension involves gaining solid congressional approval of needed reforms and inspiring first-rate implementation by DOD. Foremost among the components of a political strategy is creating a sense of urgency.

To set the context for discussing today's problems, it is useful to revisit the intended outcomes of the Goldwater-Nichols Act. It sought to achieve nine objectives: strengthen civilian authority, improve military advice, place clear responsibility on combatant commanders, ensure commensurate authority for the combatant commanders, increase attention to strategy and contingency planning, provide for more efficient use of resources, improve joint officer management, enhance the effectiveness of military operations, and improve DOD management.

The two Armed Services Committees, Mr. Chairman, gave their highest priority to the five objectives dealing with the operational chain of command. Not surprisingly, these priority objectives have received the highest grades for their degree of success. The four objectives addressing administrative matters—strategy and contingency planning, use of resources, joint officer management, and DOD management—have received middling or poor grades. These areas, among others, Mr. Chairman, need attention now.

In addition, some reforms identified at the time of Goldwater-Nichols were not enacted, either because of opposition or as a result of compromises to gain higher-priority objectives. Two unachieved reforms were strengthening the mission orientation of DOD's Washington headquarters, and, two, replacing the service secretariat and military staff at the top of each military department with a single integrated headquarters staff. Thirty years later, these are pressing needs, with the weak mission orientation ranking as the Pentagon's greatest organizational shortcoming.

My written statement, Mr. Chairman, discusses 6 additional problems: inadequate strategic direction—a problem that we cited at the time of Goldwater-Nichols; inadequate decisionmaking capacity; absence of a mechanism for rationally allocating resources to missions and capabilities; weak civilian leadership at all levels; outdated joint officer management system; and sporadic guidance and limited oversight of the 17 defense agencies, such as the Defense Logistics Agency.

In conclusion, Mr. Chairman, these hearings represent the beginning of a critical initiative by the committee. Many voices will counsel against reform, insisting it is impossible to do, or at least to do well. In truth, meaningful reform will be difficult, and a hasty reform without a deep appreciation for the origins of the behaviors that have limited Pentagon effectiveness would be a mistake. However, successful reform is both necessary and possible.

For my part, I encourage the committee to stay the course and complete the task it has undertaken. It's important to recognize there are dangers to inaction as well as misguided action. We would not have our world-class military without the Goldwater-Nichols Act and the service training revolutions of the 1970s and 1980s. If the Senate Armed Services Committee puts forth the same level of effort it mounted 30 years ago, it will succeed. And the benefits to our servicemen and -women, to the Department of Defense, and to the Nation will be historic.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Locher follows:]

PREPARED STATEMENT BY MR. JAMES R. LOCHER III

I commend Chairman McCain and Senator Reed for initiating this important and timely series of hearings. It has been nearly thirty years since the Goldwater-Nichols Act mandated the last major reorganization of the Pentagon. That legislation – profoundly shaped by this committee – has served the Department of Defense (DOD) and nation extremely well. But no organizational blueprint lasts forever.

To be successful, organizations must be designed and re-designed to enable effective interactions with their external environments, and the world in which DOD must operate has changed dramatically over the last thirty years. Threats and opportunities are more numerous, more varied, more complex, and more rapidly changing. Force levels have been reduced, and forces that were once stationed overseas are increasingly based in the United States. By enabling rapid communications and networking, the information age has contributed significantly to the environment's complexity and volatility. Among other Pentagon organizational needs, the changed environment demands better decision-making capacity at DOD's uppermost levels. Decision-making must be faster, more collaborative, and more decentralized. The Pentagon's inadequate capacity represents a major deficiency.

All public and private organizations are facing the challenges of a rapidly changing world. Those that continue to thrive have transformed themselves with innovative organizational approaches. Those that merely remain viable have at least updated their organizational practices to keep pace with the changing environment. And many organizations that could not or would not change are no longer with us. Remember E.F. Hutton, TWA, General Foods, RCA, and Montgomery Ward? They and hundreds of other businesses are gone. The lack of "market discipline," exclusive missions, and willingness of the American people to bear huge financial burdens during times of war have allowed the government's national security institutions to delay organizational change longer than advisable. This includes the Department of Defense, which, with a few exceptions, has not adapted its organizational approaches to keep up with the world it faces. John Kotter, a leading business scholar, has observed the price of not undertaking the necessary transformation:

> The typical twentieth-century organization has not operated well in a rapidly changing environment. Structure, systems, practices, and culture have often been more of a drag on change than a facilitator. If environmental volatility continues to increase, as most people now predict, the standard organization of the twentieth century will likely become a dinosaur.

Unfortunately, the Pentagon remains a typical twentieth-century organization. It has intelligent and experienced leaders but no organizational strategy for achieving desired outcomes. It has deep bodies of functional expertise, but cannot integrate them rapidly and well. It has clear, authoritative chains of command, but not the mechanisms to ensure cross-organizational collaboration. It has elaborate, slow processes that generate reams of data but not the ability to resolve conflicting views productively. It has a large, hard-working staff with a mission-oriented ethos but not a culture that values information-sharing, collaboration, and team results.

Reforming the Pentagon will require visionary legislation from this committee and its House counterpart. The intellectual and political challenges of formulating this legislation will be staggering. On the intellectual side, modern organizational approaches differ significantly from past practices. They require a new mindset and are difficult to implement. Part of the committee's challenge will result from Washington being a policy and program town with little attention to organizational needs. The committee will find a paucity of organizational expertise to assist it and few who will understand the new directions that are imperative. Before passing the

Goldwater-Nichols Act, the two Armed Services Committees worked for years to become knowledgeable on defense organization and modern organizational practice. A similar effort will again be needed.

With the Pentagon swamped by multiple contingencies, a full management agenda, and overhanging budget and staff cuts, senior defense officials are likely to argue that now is not the time to pile defense reform on top. There will be considerable sympathy for this position, which will pose a political challenge to the committee's efforts. Unfortunately, there is never a good time to transition an outmoded and overwhelmed bureaucracy to better, faster, more integrated approaches. In some corners of the Pentagon, broader executive branch, and Capitol Hill, complacency and fondness for the status quo will represent another set of political obstacles. Moreover, active opposition will come from those who prefer what they know best or benefit from current arrangements and those in Congress who will ally themselves with opponents.

KEY OBSERVATIONS

Before going further, I would like to offer a few key observations. First, my urging for dramatic changes in Pentagon organization does not represent a criticism of defense civilian or military personnel. They are working extremely hard and with unyielding commitment. Unfortunately, much of their hard work is wasted in an outdated system. One indication of the massive frustration generated by the current system is that most military officers lament being assigned to the Pentagon. Intelligent, disciplined, knowledgeable officers are used to taking initiative and managing or solving problems to generate desired real-world effects. Seldom is this possible in today's Pentagon, no matter how hard one works—which is why measures to enable Pentagon staff to work smarter, not harder, need to be put in place.

Second, for all of its deficiencies, DOD is widely seen as the most capable department in the Federal Government. This is in large part due to the quality and drive of its workforce, and a military culture that values detailed planning processes to cover "what if" and "what next" contingencies. But because the Pentagon confronts the government's most dangerous and diverse challenges, being better than the rest of the government is not a useful yardstick for measuring DOD's performance. More appropriate would be to determine whether the department is capable of fulfilling its responsibilities effectively and efficiently. The last fifteen years offer considerable evidence that it is not.

Third, beyond the task of fixing the Pentagon, a larger challenge looms: transforming the U.S. national security system. This system, centered on the National Security Council and its hierarchical committee system but encompassing the complex whole of all national security institutions, is profoundly broken. All major national security missions require an interagency "whole-of-government" effort, but we have repeatedly witnessed the system's inability to integrate the capacities and expertise of departments and agencies. The brokenness of the overall national security system will hamper the effectiveness of U.S. foreign and security policy no matter how well DOD transforms its internal operations or its performance at the operational level of war. Significantly, no congressional committee has jurisdiction over the heart of the national security system. I would urge this committee to understand the liabilities of the national security system and what they portend for DOD's performance. It will be important to ensure we do not make difficult changes to DOD in the false hope of circumventing national security system limitations.

Fourth, fixing the Pentagon is much more than a leadership issue. Speaking of organizations, Dr. W. Edwards Deming, the noted systems expert observed: "A bad system will beat a good person every time." In the Pentagon and elsewhere, we have repeatedly seen organizational dysfunction stymie good leaders. On occasion, good leaders have produced remarkable results. Secretary Robert Gates was often able to overcome system limitations, such as with the MRAP program. Similarly, General Stanley McChrystal created effective high-value terrorist targeting teams in Iraq despite vast institutional obstacles. But Gates and McChrystal did not achieve these results using the system; they circum-vented it at a high risk of failure. These outcomes—and many others that resulted in far less propitious results—were personality-driven, and the processes used were not institutionalized. They were exceptions to the rule; the system Gates and McChrystal struggled against remained unchanged. In any case and most importantly, defense reform is not a matter of choosing between good leaders and good organization; we must have both. Too many in Washington pretend otherwise and dismiss organizational problems by saying, "We just need good leaders."

My last observation concerns the fact that a key Goldwater-Nichols provision is not now being implemented. Title 10, section 162 (a), requires the secretary of each

military department to assign all forces (less those for man, train, and equip functions) under his jurisdiction to a combatant command. This provision recognized the need for service forces to train for missions jointly, either under the direction of a geographic combatant command or a U.S.-based combatant command. Immediately after passage of the Goldwater-Nichols Act, this requirement was met by making the U.S. Army Forces Command, a specified combatant command, responsible for joint training and joint exercises. In 1993, Chairman of the Joint Chiefs of Staff General Colin Powell, in a report on the roles and missions of the armed forces (which incidentally was mandated by the Goldwater-Nichols Act) observed that with troop strength overseas being reduced, the regionally oriented military strategy was becoming more and more dependent on U.S.-based forces. He recommended that U.S.-based general purpose forces be combined into one joint command, U.S. Atlantic Command, which would be responsible for joint training, force packaging, and facilitating deployments during crises. Later re-designated as U.S. Joint Forces Command, the command served as the joint-force provider until its disestablishment in 2011. In apparent disregard for section 162 (a), U.S.-based combatant forces are now assigned to their parent services, returning to the service separateness that crippled military operations prior to the Goldwater-Nichols Act. There is no reason to write more law if we are indifferent to implementation of existing law.

METHODOLOGY

If the committee is to succeed in this historic undertaking, it must adopt and execute a rigorous methodology for each of defense reform's two dimensions: intellectual and political. Changing organizations is exceedingly difficult. The failure rate of change-efforts in business has remained constant at 70 percent; it is even higher in government. The business failure rate has persisted over the last thirty years despite the enormous attention change-management has received. Amazon lists more than 83,000 books on this topic. I urge the committee to give careful attention to the methodology it chooses because the nation cannot afford for this committee to fail in its efforts to reform the Pentagon.

The intellectual dimension of a methodology requires deep study of problems in DOD's performance to enable precise identification of required reforms. Three elements are imperative. First, identify symptoms, problems, their causes, and their consequences. Goldwater-Nichols' historic success resulted from its rigorous methodology focused on getting beyond symptoms to identify problems and their root causes. Pinpointing problems was the committee's sole focus for eighteen months. As part of this thorough process, the committee staff produced a 645-page staff study with detailed analyses of each problem area. Reorganization efforts too often address symptoms because they are most visible. But addressing a symptom will not cure the underlying ailment, just as prescribing aspirin could lessen a patient's temperature without treating the fundamental illness.

Work on the Goldwater-Nichols Act provides one example of failing to get beyond symptoms. Near the end of the Senate Armed Services Committee's deliberations, an amendment was offered to require in law that the president submit annually a national security strategy. The amendment's sponsor was asked what problem his amendment was designed to fix. He responded, "I don't know what the problem and its causes are, but whatever they are, mandating this report in law will fix them." It did not. All presidents since have submitted a document called the National Security Strategy, but the resulting reports have fallen far short of satisfying the need for a true strategy document.

The second fundamental requirement for any effectual methodology is examining all elements of organizational effectiveness. It is estimated that eighty-five percent of people equate the terms organization and structure, but there is much more to making an organization effective than simply adjusting its structure. In the late 1970s, McKinsey and Company, a management-consulting firm, identified seven elements of organizational effectiveness, known as the McKinsey 7–S framework. Each element starts with an "S" to remind McKinsey's clients of all seven elements, but also to remind them "structure is not organization." The seven elements are:

1. Shared values—agreed vision, purpose/missions, and principles
2. Systems—management processes, procedures, and measurements
3. Structure—arrangements for dividing and coordinating work
4. Skills—core competencies; necessary capabilities and attributes of the organization
5. Staff—attributes of personnel; needed qualifications and professional development
6. Style—leadership attitudes and behavior; organization's culture
7. Strategy—alignment of resources and capabilities for achieving objectives

Three elements of the McKinsey 7–S framework—systems, structure, and strategy—are termed "hard," and four—shared values, skills, staff, and style—are termed "soft." The hard elements are visible, being found in process maps, organizational charts, and strategy documents. They are also the easiest to change. By comparison, the four soft elements are difficult to describe and even more difficult to influence. Despite their below-the-surface nature, the soft elements have as much impact on organizational performance as the three hard S's. In fact, many believe that the culture of an organization emerging from these soft elements more powerfully affects performance than formal structures. For this reason, effective organizations pay as much attention to the soft elements as they do to the hard ones. The committee's defense reform efforts are likely to focus on the soft elements, increasing the degree of difficulty.

The third imperative of an effectual methodology's intellectual dimension is to examine the entire system. Whether it is recognized as such or not, DOD comprises a large system with many sub-systems. In a reform effort, a holistic examination of the entire system is critical. As Paul Lawrence and Jay Lorsch's book on organizational design noted: "An organization is not a mechanical system in which one part can be changed without a concomitant effect on the other parts. Rather, an organizational system shares with biological systems the property of intense interdependence of parts such that a change in one part has an impact on others." Moreover, examining the entire system provides an important opportunity to address system architecture, division of work among components, integration initiatives, and process management and improvement.

Given the difficulty of organizational reform, a great temptation exists to approach this task in a piecemeal fashion by breaking the work into digestible chunks. That approach poses a danger to meaningful reform because reforming one part of an organizational system may not work well with subsequent changes to other elements. To be effective, an organization must have a high degree of internal alignment among the seven elements of organizational effectiveness.

The methodology's political dimension involves gaining solid congressional approval of needed reforms and inspiring first-rate implementation by DOD. The change-management techniques that have been developed and widely employed by businesses are basically a political strategy for formulating and executing reform. This committee must adopt an explicit and robust political strategy. George Bernard Shaw said, "Reformers have the idea that change can be achieved by brute sanity." It cannot. Many brilliant ideas and new directions whose time had come gained no traction and are collecting dust on some bookcase.

Foremost among components of a political strategy is creating a sense of urgency. If you cannot convince principal leaders and institutions of the pressing need for reform, the committee's effort will fail. For six years, I headed the Project on National Security Reform (PNSR), which sought to achieve Goldwater-Nichols-like reforms of the national security system. Despite overwhelming evidence of organizational problems in repeated operational setbacks—such as 9/11, Iraq, Afghanistan, and Hurricane Katrina—PNSR was unable to create urgency for system reform. In Bosnia and Herzegovina where I served as chairman of the Defense Reform Commission, I saw the power of creating urgency. Defense reform went from impossible to gaining overwhelming approval, following a successful effort to convince the public of the need for change.

A political strategy also needs to build a powerful bipartisan guiding coalition to lead the reform effort. This coalition must have people from inside and outside of government with power, prestige, influence, and knowledge. The good news is that there is already a great deal of well-informed interest in defense reform. Over the past few years, experts in leading think tanks across the political spectrum have joined together to urge Congress to consider defense reform. However, most of the recommendations have focused on how to achieve budget savings, not on how to improve organizational effectiveness.

Formulating a vision that articulates a clear sense of purpose and direction is another key element of a political strategy. By showing a possible and desirable future state, a vision will attract commitment and reduce fears that naturally accompany an uncertain future.

PROBLEMS AND CAUSES

To set the context for discussing current organizational problems, it is useful to revisit the intended outcomes of the Goldwater-Nichols Act. It sought to achieve nine objectives:

1. Strengthen civilian authority
2. Improve military advice

3. Place clear responsibility on combatant commanders
4. Ensure commensurate authority for the combatant commanders
5. Increase attention to strategy and contingency planning
6. Provide for more efficient use of resources
7. Improve joint officer management
8. Enhance the effectiveness of military operations
9. Improve DOD management

The two Armed Services Committees gave their highest priority to the five objectives dealing with the operational chain of command. Not surprisingly, these priority objectives have received the highest grades for their degree of success. The four objectives addressing administrative matters—strategy and contingency planning, use of resources, joint officer management, and DOD management—have received middling or poor grades. These areas, among others, need attention now.

In addition, some needed reforms identified at the time of the Goldwater-Nichols Act were not enacted, either because of opposition or as the result of compromises to gain higher priority objectives. Two of these unachieved reforms were strengthening the mission orientation in DOD's Washington headquarters and replacing the service secretariat and military staff at the top of each military department with a single integrated headquarters staff. Thirty years later, these are still pressing needs.

The weak mission orientation in DOD's Washington headquarters must be considered the Pentagon's greatest organizational shortcoming. DOD's principal organizational goal is the integration of the distinct military capabilities of the four services and other components to prepare for and conduct effective unified operations in fulfilling military missions. The Washington headquarters—the Office of the Secretary of Defense (OSD), Joint Staff, and three military departments—are organized by and excessively focused on functional areas, such as manpower, health affairs, and intelligence. This rigid functional orientation inhibits integration of capabilities along mission lines. Among many difficulties, this orientation leads to an emphasis on material inputs, not mission outputs.

A second problem is inadequate strategic direction. It has been argued before this committee that the Pentagon lacked a strategy for Iraq and now lacks a strategy for ISIS, and it is not hard to understand why. Senior leaders do not focus on the major issues confronting the department. They are pulled down into crisis management, where the Pentagon is better at producing policy than strategy. Strategy is an explicit choice among alternatives, and DOD is unable to rigorously assess risks and benefits among competing courses of action and alternative capability sets. Without a guiding strategy, it is far more difficult to make reasoned decisions about planning, capability, and program priorities.

The absence of strategy helps explain why the Chairman of the Joint Chiefs of Staff finds it difficult to decide between combatant commanders when they disagree about near-term priorities or to speak for the future joint force commander when establishing priorities for future capabilities. Typically, the Joint Staff defaults to the need for consensus and is not able to choose between stark alternatives. Consequently, service programs predominate, and the budget drives our strategy rather than vice versa. Secretary Gates, one of our most powerful and competent defense secretaries, fought the service tendency to discount new and unconventional threats and sacrifice the near-term to the far-term. He prevailed on some important issues, but left no enduring impact on the Pentagon and its inability to allocate resources to capabilities to missions in a strategy-driven process.

Closely related to the lack of strategic direction, and third on my list of key problems, is inadequate integrated decision-making capacity in general. Currently, Pentagon decision-making is more bureaucratic than rational, which is to say decision outcomes are more likely to reflect compromises between components' organizational interests than a conscious choice among alternative, integrated courses of action designed to maximize benefits for the department as a whole. The Pentagon's ostensibly rational processes are managed in sequence by hierarchical, functional structures that represent relatively narrow bodies of expertise. For example, the planning, programming, and budgeting process typically begins in Policy; then is led by Cost Assessment and Program Evaluation; and then, by the Comptroller. Frequently the lead office in the process satisfies competing objectives with compromises that dilute the integrity of the process; compromises that are then compounded as the decision process moves forward. All too often the result is consensus products that avoid and obscure difficult trade-offs, clear alternatives, and associated risks.

These sequential, stove-piped, industrial-age processes are slow and cumbersome, and, depending on the issue, frequently overly centralized. Such decision-making processes are also notably lacking in their ability to anticipate and meet future chal-

lenges. The Pentagon has future threat scenarios, but actually pays close attention to only a handful that greatly resemble past wars. In reality, the Pentagon does not have a well-developed competency for scanning the horizon for coming threats and opportunities. For example, DOD was in denial about the need to combat terrorism and other forms of irregular warfare until 9/11 occurred. Further, the department is not a learning organization. Although it has many lessons-learned efforts, the common observation is that they are "lessons encountered" rather than learned because they are not rigorously evaluated and acted upon to correct shortcomings. This is true even for well-documented, big lessons. For example, the Pentagon made the same mistake in post-conflict operations in Iraq as it did in Operation Just Cause in Panama fifteen years earlier.

All of this explains a fourth problem: The Department of Defense lacks a mechanism for rationally allocating resources to missions and capabilities. The secretary and deputy secretary of defense need well-integrated problem assessments and solution options but instead discover they are the first real point of functional integration for the departmental stovepipes they oversee. Worse, unless they make a conscious, sustained effort to pursue issues, they will not have sufficient information (on data, methods, threat assumptions, etc.) to make a reasoned choice among clear alternatives. It is not surprising that they typically do not value this kind of decision support. Former secretaries and deputy secretaries often say privately that they would favor substantial staff cuts. Uncertain of why they do not receive better support or whether and how the system can be improved, they conclude incorrectly that smaller staffs might prove more collaborative.

In reality, middle management is working hard but not to good effect. An internal Pentagon review I participated in a decade ago noted that members of middle management typically come to work early and stay late to produce papers and attend innumerable meetings, but lack a clear understanding of their roles and responsibilities and are uncertain about the outcomes desired by senior leaders. Duplicative effort and "shadow" organizations sprout up for lack of collaboration across office lines. Information flow is poor, and information that is shared is used to persuade rather than objectively assess problems and potential solutions. In such a system, much valiant effort is wasted and of marginal use to the secretary and deputy secretary. Cutting staff will save some dollars but it will not get the senior Pentagon leaders what they want and need, which is well integrated, multifunctional problem assessments and solutions. To date secretaries have said they want better decision support, but they have been unwilling to adopt 21st century organizational practices and reengineer their staffs for better collaboration.

A fifth problem centers on weak civilian leadership at all levels. Like many professional organizations, the Pentagon emphasizes technical competence as the yardstick for civilian promotion. Little attention is given to developing and mentoring civilian leaders. In fact, I am concerned that at least one significant change in the civilian personnel system of the OSD Policy office has had unfortunate consequences. In the late 1990s, Policy decided to rotate all personnel between different functional offices as a matter of course. In addition to relatively rapid promotions to the upper end of the civil service, this decision has led to a Policy organization where even the most experienced may know relatively little about the issues they are assigned to manage. Breadth of experience for senior personnel on a management track makes sense, particularly when they are backed up by subject matter experts with deep functional expertise, but a system where everyone is presumed to be on a management track sacrifices deep expertise and institutional knowledge that used to complement the fresh military experience constantly rolling through the service and joint staffs. This development illustrates a point I made earlier about the need for a holistic consideration of organizational effectiveness. OSD Policy may have solved one relatively narrow personnel problem with this initiative, but it did not give sufficient thought to the larger impact on the organization's ability to execute its mission.

The outdated joint officer management system is a sixth problem. The Senate Armed Services Committee expected the Pentagon to devise improvements to joint officer management within three-to-four years after enactment of the Goldwater-Nichols Act. Thirty years later, the system's major features remain unchanged. Much has happened in the interim. The officer corps is smaller. What it takes for an officer to remain tactically and technically proficient has grown more complex, and the time demanded by repeated overseas deployments has reduced the time for officers to learn the institutional side of their own military department and the overall DOD. In addition, there are needs for improved collaboration with mission partners, both internationally and domestically. Especially in light of these changes, the Pentagon lacks a vision of its needs for joint officers and how to prepare and reward them.

A seventh problem is the duplication of effort and inefficiencies associated with having two military department headquarters staffs in the Departments of the Army and Air Force and three in the Department of the Navy. These dual structures are a holdover from World War II when the service chief and his staff worked directly for the president in running the war, and the service secretary became the department's businessman in acquiring and supplying. After the war, the military departments with their two separate staffs were perpetuated. It is judged that the resulting duplication of effort wastes time and manpower.

The Department of Defense has seventeen defense agencies, such as the Defense Logistics Agency and Defense Intelligence Agency, which provide department-wide support. In the late 1950's, they were started as mom-and-pop businesses, but they have grown into large enterprises that consume a significant portion of the DOD budget—nearly as much as a military department. While the defense agencies have grown, their supervision has remained mom-and-pop, being provided by policy officials, such as under and assistant secretaries of defense. Although highly proficient on policy matters, these supervisors lack the skills and experience of overseeing large enterprises. The result is sporadic guidance and limited oversight. This is an eighth problem requiring the committee's attention.

Once the committee has identified problems that need to be corrected, it must determine the factors that are causing these problems. Understanding the causes is critical because reforms must address the causes in order to fix the problem. In this statement, I provide only insights into the importance of causes. I have already mentioned the fact that DOD is dominated by its functional structure, which undermines mission-integration efforts. But the functional structure causes other problems. A quotation by Peter F. Drucker captures the ills that come from a nearly exclusive reliance on functional structure:

> The functional principle [of organizational design] . . . has great clarity and high economy, and it makes it easy to understand one's own task. But even in small business it tends to direct vision away from results and toward efforts, to obscure the organization's goals, and to sub-optimize decisions. It has high stability but little adaptability. It perpetuates and develops technical and functional skills, that is, middle managers, but it resists new ideas and inhibits top-management development and vision.

Functional expertise in the Pentagon is absolutely essential, but an exclusively functional structure results in weak collaboration; slow, cumbersome decision-making; unduly centralized decision-making; diminished focus on essential mission outcomes; lower innovation in cross-cutting challenges; powerful resistance to some types of change; and an ill-configured organizational structure that is often duplicative rather than engineered for cutting-edge challenges.

A second cause of many organizational problems is DOD's culture. Culture—which encompasses vision, values, norms, assumptions, beliefs, and habits—is a key determinant of organizational performance. Some experts assert: "Culture is the backbone of every organization." The Pentagon's culture is misaligned with what is required for effective organizational performance in the complex, rapidly changing 21st Century. By my assessment, DOD's culture is too predictable, rule-oriented, bureaucratic, risk adverse, and competitive among components. It is not sufficiently team-oriented, outcome-oriented, and innovative.

CAUTIONS

This committee will face political pressure to water down its problem analyses and articulate them as something less onerous. An argument will be made that people will be offended by candid assessments and become more determined to oppose your efforts. Although this may occur in some cases, reform efforts cannot succeed without candid and precise identification of the problems.

A second caution centers on focusing on efficiency rather than effectiveness. It is much more politically acceptable in the Pentagon to be inefficient than to be judged ineffective. Thus reform efforts typically focus on attacking "inefficiency" rather than "ineffectiveness," and do so in the least controversial manner, operating on the simple assumption that we will save money by cutting staff and duplicative functions. Obviously, any reduction in staff will save a commensurate amount of resources, but it will not—without needed reforms—generate greater effectiveness. Just cutting staff ignores real problems, like our inability to collaborate across organizational lines on multifunctional problems. Not coincidentally, one reason why the staffs grow so large is that they attempt to preserve autonomy and avoid collaboration by duplicating one another's functions. How can we be effective if we don't cooperate on what it takes to be truly effective (from strategy to missions to capabili-

ties to programs), and if the analysis of courses of action and alternatives is not clear, transparent, and collaborative rather than political? Once we are clear about what is required for "effectiveness," the less important areas naturally become targets for "efficiencies." I should note that the Goldwater-Nichols Act focused on effectiveness.

A third caution concerns the power-back-to-the-services movement. In pre-information-age warfare, the battlespace could be divided up, and service roles and missions "deconflicted." In the information age, more and more—but not all—mission areas are intrinsically joint, which means effectiveness depends upon integration and not a sharp division of labor between the services. Our concepts and investments need to reflect that. It makes sense to give the lead back to the services in service-centric mission areas where one service retains the bulk of required expertise, such as land control, air superiority, anti-submarine warfare, or amphibious operations. But intrinsically joint missions, like theater missile and air defense, require more, not less, jointness. It would be a grave error—which we would inevitably pay for in blood and treasure—to roll back jointness in any mission area where success requires a tightly integrated multi-service effort.

A fourth area to watch out for is layering oversight (organizational layers with more people and process) rather than making authority and responsibility clearly commensurate with expected outputs. Arguably that is what has happened in labeling all military mission areas joint, and requiring additional oversight process and mechanisms for major acquisition programs by the Acquisition, Technology, and Logistics (AT&L) office. As the committee is probably aware, statistical evidence indicates that the large AT&L bureau-cracy and its many efforts have not improved acquisition outcomes despite the best of intentions on the part of those promoting the many previous acquisition reforms mandated by Congress and the Pentagon.

CONCLUSION

These hearings represent the beginning of a tremendously important initiative by the committee. Many voices will counsel against reform, insisting it is impossible to do, or at least to do well. In truth, meaningful reform will be difficult; and a hasty reform without a deep appreciation for the origins of the behaviors that currently limit Pentagon effectiveness would be a mistake. However, successful reform is both necessary and possible.

It is necessary because the men and women in uniform who go in harm's way for our collective security deserve the best policy, strategy, planning and program decision making possible. And as this committee already has heard from much expert testimony, they do not currently receive it. It is doable because the reasons why most large reorganizations fail are well known. If the committee adopts a rigorous methodology for managing change in the Department of Defense that avoids the common pitfalls, it can create a more efficient and effective defense establishment capable of managing 21st-Century challenges well. This will take time, but I am confident it can be done

Politically, defense reform will be an enormous challenge. The committee should expect resistance from well-intentioned practitioners and observers but also a great deal of support from defense experts who are already on record supporting major change. In addition, many of our dedicated civil servants and military officers currently working in the Pentagon will support a well-researched and well-reasoned set of reforms that make it possible to generate better decision support and operational outcomes.

For my part, I encourage the committee to stay the course and complete the task it has undertaken. It is important to recognize there are dangers to inaction as well as misguided action. We would not have the unparalleled, world class-setting military we have today without the service training revolutions of the 1970s and 1980s and Goldwater-Nichols reforms. If the Senate Armed Services Committee puts forth the same level of effort it mounted thirty years ago, it will succeed. And the benefits to our service men and women, to the Department of Defense, and to our nation, will be historic.

Senator MCCAIN. Thank you.

Dr. Hamre.

STATEMENT OF JOHN J. HAMRE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, AND CHAIRMAN, DEFENSE POLICY BOARD ADVISORY COMMITTEE

Dr. HAMRE. Thank you, Mr. Chairman, Senator Reed. And may I just have 30 seconds on personal privilege?

I just have to say what an honor it is to be back to—in front of this committee. I spent 10 years working for you, the best professional experience of my life. All of us want to live a life where we know we're living a bigger life than for our own personal well-being. And this committee gave me a chance to do that. The grandeur of service is unbelievable. And I want to say thank you for letting me be here. And I hope all the young people that are sitting behind you that are staffing you now appreciate the enormous privilege in being on this committee staff.

Senator MCCAIN. Well, I thank you, Doctor, and I thank Jim, also. And I'm sorry we have a level of incompetence that is really just deplorable on the committee now.

[Laughter.]

Senator MCCAIN. Dr. Hamre.

Dr. HAMRE. I'm smart enough not to follow up that sentence. So——

[Laughter.]

Dr. HAMRE. I would like to, if I could, make just three process comments and then maybe three recommendations, if I may.

First, you're—this is going to take a while. You're—this is a large issue. It's a complicated problem. It'll take more than a year. Right now, we have to get as much moving as possible in this year, but I hope you'd also establish a process that will carry beyond, because it is—it's going to take a lot of work to get the real problems worked through. You can do the very big things now, I believe. And I hope that you'd think about it as a process.

Second, if possible, make the Secretary of Defense your partner. I think that it will make it so much easier to get things implemented if he is wanting to work with you to get shared reform moving. I've had a chance to speak with him. I think he feels that this is just as important as you do. He may have a different, you know, issue alignment than you do, but he—if the two of you can work together—or, I should say, the two institutions can work together, you'll get a lot done in this first year. So, I hope you would think of that.

And then, the last comment is, please be careful. Bureaucracies are adaptive things. They will adapt to good incentives, and they will also adapt in bad ways to incentives. And you really do need to understand how that's—you know, bureaucracy is going to think about this—these new changes. And we have a marvelous officer corps. We have a terrific ethic in the Department. You're right, it's inefficient, but we need to make sure we don't lose something along the way. And I think modeling the impact of change would be very important.

Let me, if I may, just make three observations—or recommendations, I should say:

First, I think there are a few things that we need to fix from the original legislation. There were some birth defects, frankly. Now, I

think you are fixing one of them with the bill. And I hope, you know, the [National Defense] Authorization Act passes today. When you've made these changes—putting the service chiefs back in the chain of command, that's a very big thing, and I'm really glad that you've taken that step. I think it's going to have enormous impact over the next couple of years. It'll take a few years for it to find its true power. But, I think that was a very important thing, and I thank you for doing that.

Another—it wasn't a birth defect, but we—when we created the Joint Duty Officer Assignment—you know, you can't become a flag officer unless you've been in a joint duty billet—well, we put that obligation on top of DOPMA [Defense Officer Personnel Management Act]. You know, it's a—DOPMA was a very complicated, elaborate personnel management structure. Now we put another layer on top of it. It's very hard to get through the system now. And so, the personnelists have kind of engineered pathways through this complexity, and it has created an excessively large headquarters structure. They need that headquarters structure to get joint duty billets for everybody. There just are not enough jobs without it. So, unfortunately, we've cut our forces—in my view, too deeply—but, we haven't cut the officer corps very deeply, and now we've got too many headquarters. Just pure and simple. So, we've got to figure out—we've got to go back and look at that interplay of DOPMA and joint duty, and find out, How do we take pressure out of the system so we're not feeding big headquarters structures that are really doing too much micromanagement? So, that would be the first thing.

Second set of issues. And I think they revolve around the unified combatant commanders. We used to call them "unified CINCs" when—on the committee. Back at the time of Goldwater-Nichols, we thought that we were going to fight wars through these unified combatant commands—the Pacific Command, the Central Command, the European Command—that we—we thought they were going to be warfighting headquarters. But, that's really not how we do it anymore. We now fight through combined task forces, or joint task forces. We organize a task force purpose-built for that activity. And, frankly, the regional combatant commands are supporting elements now to this activity. They're not really fighting that war. It's the commander of that task force that's fighting the war. But, if you go out and you look at the unified combatant commands, they all have pretty beefy structures built around warfighting. They've got a J1, a J2, a J3, a J4—I mean, and they're not really doing operational warfighting, they're supporting warfighters.

So, I still think we need those unified commands, very much, because they do strategic engagement with our partners. The next 30 years, our central grand strategy is to get stronger partnerships with friends around the world that share our values and interests. Those combatant command offices, that's what they do, that's their great contribution to us. But, you don't need a J4, a logistician. I mean, he—what does he do every day? He calls the guy who is really doing logistics, figuring out what he's doing. You know, or a J6 or a J2. You know, you—what we need to do is, we really need to redefine those commands so that they are streamlined and

they're doing the strategic role that we need to have them done on behalf of the Department. That would be a second thing.

A third thing, we did—you know, when we were working on Goldwater-Nichols, at—running at the same time was the Packard Commission. And so, all of the back-office stuff—the logistics, support, all that—was being handled in a different process, and we really didn't handle it inside Goldwater-Nichols. We can't afford to keep cutting operating forces and not deal with the support structure. The support structure is too large, it's too inefficient. And, you know, every corporation in America long ago got rid of separate warehousing functions and transportation functions. They merged that so it could be managed efficiently. We haven't done that in the Department. I mean, we need to start taking on those back-office activities. And that's a very—a couple of simple, very direct things could make a huge difference.

Finally, one last thing—I apologize for going so long—but, there are some things that we didn't know about when we worked on Goldwater-Nichols, primarily cyberwarfare. That was not in our consciousness at the time. And we now have to think about this in a very different way. We're very fractured as a Defense Department when it comes to command and control. The services buy the systems, the—they operate in a regional command theater when we've got a centralized Cyber Command—you know, we're hopefully going to have that here. So, we're very fractured. And I think it comes down to a fundamental issue. That is that the services still buy their own command and control. And it—while I think they should be the ones that buy military hardware, I personally am of the view that we now have to buy command-and-control equipment on a centralized basis. It's the only way we'll get interoperability. It's the only way we're going to get our arms around cyber vulnerability in the Department. Very complicated problem, but I think we're—it's almost inevitable we'll have to do something like that.

Let me stop here. I'm obviously very flattered to be invited. I'll be glad to help in any way.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Hamre follows:]

PREPARED STATEMENT BY DR. JOHN J. HAMRE

Chairman McCain, Ranking Member Reed, it is a special privilege and pleasure to be before the Senate Armed Services Committee, especially for the topic of this hearing, "Do we need to reform the Goldwater-Nichols Act?"

I devoted ten years of my life to serving the United State Senate and the Senate Armed Services Committee. Honestly, it was the highlight of my professional career and I will always be grateful for those opportunities.

As a relatively junior member of the staff, I was able to work on the legislative effort that ultimately became the Goldwater-Nichols Act. That too, was arguably one of the premier professional experiences of my life. I can still remember the debates within the Committee during markup of the bill. The debates were strong and the Committee was deeply divided. But the debates were highly substantive and conducted with deep respect. Every member of the Committee knew the gravity of the issues before them, and approached the deliberations with honesty and great seriousness. It was the model of Congress at its best.

The issue before us today is the question whether this landmark legislation needs to be changed. I think it does, honestly. But we have to change it in a way that preserves the great accomplishments of the original landmark legislation.

Prior to passage of Goldwater-Nichols, the military services operated as highly autonomous entities. Coordination in the field was ad-hoc, with little predictability of effect. Back then, coordination meant "de-confliction." Senior officers saw the other services as competitors for resources, feeling that their requirements were inherently superior to the needs of other departments. Command and control was fractured. Joint command and control meant carrying multiple redundant communication radios that worked only in service-specific channels.

Before Goldwater-Nichols, the Chairman of the Joint Chiefs was a figure head, but lacked the power to coordinate a unified approach. Regional combatant commanders were largely extensions of the dominant military service deployed in the theater.

The Goldwater-Nichols Act changed all this. Of course there are still strong parochial forces within the Defense Department. But the senior officer corps today genuinely knows more about the other services and respects their capabilities and operating procedures. Senior officers genuinely think "jointly" now, something that was quite rare 35 years ago.

This has produced the finest fighting force it the world. So people will rightly ask "why change it now?"

In some instances, changes are needed because we didn't quite get it right with the original legislation. But in most instances, the times have changed. The structure that emerged from Goldwater-Nichols doesn't well fit operations in year 2015. And in a few instances—like cyber war and cyber defense—there was no consciousness of these issues when the Goldwater-Nichols Act was passed. So permit me to present my thoughts along these three lines: (1) things in Goldwater-Nichols that we need to fix, (2) changes that have occurred in modern military operations that need to be reflected in revisions to the Act, and (3) things we need to incorporate that were never anticipated.

CORRECTING ORIGINAL PROBLEMS IN GOLDWATER-NICHOLS

There are two major issues that were "flaws" in the original design of Goldwater-Nichols. One of them the Committee has already addressed, and that is chain of command for acquisition.

The underlying theme of Goldwater-Nichols was to create a healthy balance between "supply" and "demand" within the Department. Prior to Goldwater-Nichols, both supply and demand resided within each military service. We wanted to increase the voice of "jointness," and to do that Goldwater-Nichols elevated in prominence the Chairman of the Joint Chiefs of Staff. You gave the Chairman a Vice Chairman, and he was given protocol status of being #2 and not #6. You elevated the stature of the Regional Combatant Commanders (then called the Regional Commanders-in-Chief).

The Service Chiefs—as heads of their respective services—were stripped of operational command. Command would be exercised by the President through the Secretary directly to the Unified Combatant Commanders. The Chairman was assigned the responsibility of providing military advice directly to the President. The Service Chiefs no longer commanded forces in combat.

At nearly the same time, Congress adopted the Packard Commission recommendations that stripped acquisition responsibilities away from the Service Chiefs. The Committee acted to correct this mistake with the National Defense Authorization Act you recently passed. This is a very good thing.

From my perspective, DOD often courts trouble when there are confused or bifurcated responsibilities for functions and activities. It made no sense to have the Service Chiefs responsible for training, equipping and housing their respective forces, but not accountable for acquisition.

As I said, I think that you have largely fixed this problem with the authorization act you passed this year. It will take some years to work through all the details and make the new connections in the Pentagon, but I am confident this one act will produce the changes that we need.

The second problem with the original Goldwater-Nichols Act is not resolved, and that concerns the way we added joint-duty obligations to the normal officer management system. The Defense Officer Personnel Management Act, or DOPMA, was enacted in 1980. It created a uniform set of requirements for officer development. It was a very good and successful act. But it created a very elaborate set of requirements. We then added on top of that, the joint-duty requirements for promotion to general officer/flag officer ranks.

The idea was simple—you can't become a general or flag officer if you have not had experience in a joint-duty assignment. In general terms, I agree with this. It created a valuable incentive we need to keep.

But this requirement was layered on top of DOPMA, creating a very complex and elaborate system. This complex system is now driving force structure, which is upside down in my view.

Now I will add an additional factor, and I anticipate that my words will be controversial. We could manage that elaborate, complex personnel management system when we had much larger operational forces. But since 1990, we have dramatically reduced the size of the operating force—too much in my view. But we didn't cut the officer corps as much as we cut the operating forces. So we had to find places for officers to work, and that has contributed to the significant expansion of headquarters staffs. Large headquarters organizations demand ever-increasing levels of coordination, and also generate considerable micromanagement of people doing real things.

This is a complex problem that cannot be easily engineered away by a small change to Goldwater-Nichols. I believe that the size of the officer corps should be reduced. And we need to fundamentally review DOPMA and change it to create a more dynamic management system.

There might be a set of changes you should contemplate for the fundamental requirement of joint duty experience as a pre-condition for promotion to general/flag rank. I have not studied this adequately, so I offer this as a hypothetical idea, not a recommendation. But perhaps we might change the requirement for non-combat military operational specialties that require joint duty only for promotion to O–8 or O–9 rank. I don't know if that is the right answer or not, and I don't know how significantly it would change personnel management models. But it is an example of ideas we should study.

UPDATING GOLDWATER-NICHOLS FOR CHANGING PATTERNS OF WAR

Second, we have new operating patterns today that were not anticipated at the time Congress enacted Goldwater-Nichols.

The largest item in this category concerns the unified combatant commands. I was on the staff of this committee at the time you deliberated Goldwater-Nichols. At that time, we thought that wars would be fought by the regional combatant commanders. But that is not how we go to war today. Today, we largely conduct operations through joint task forces or combined task forces—purpose-built for the operation at hand. The regional combatant command headquarters are now overseers and supporters of those task force organizations.

We still need regional commanders, and I think they are more important than ever. The primary role of regional commanders, in my view, is to develop strategic partnerships with friends and allies in their region, to undertake planning functions for dealing with crises in their region, and to engage local military establishments in a constructive way.

Our grand strategy for the next thirty years will be to build networks of partner relationships around the world with countries that share our broad goals. We need to have a very senior officer in the region with a strategic vision about what we need to manage tension and deter conflict, and to develop operational plans to do that. This cannot be done from Washington, D.C. Washington is obsessed with politics and staffing cabinet secretaries who spar every day over policy matters with political impact. The forward regional commanders are detached from the daily politics of Washington and can nurture enduring relationships.

So in my view, regional commanders are more important than ever. But I don't think they need the kind of war-fighting structure and staffs that they have. The logistics chief for a regional command, for example, doesn't command anything associated with logistics. That general officer is looking over the shoulder of real logisticians in task force organizations, and providing administrative support from a distance. Much of the headquarters structure in regional combatant command headquarters is redundant, in my view.

I believe we should radically restructure most of the regional commands and subcommand headquarters to focus them on the indispensable role they plan as strategic architects of security in their respective regions, and then strip away the command structure that is not needed now that we fight through task forces.

A second area where I think we need to update our structure reflects the revolution in industry that we have neglected in the Defense Department. For example, 50 years ago, American corporations had separate warehouse departments and transportation departments. Now every successful corporation has combined these two functions. Yet we in DOD have stand-alone organizations that do transportation and depot warehousing.

I hear all the time the tired argument of defenders of our current system that our demands are different—that our forces are moving and we can't use a Walmart

model. I think that is absolute nonsense. A friend of mine once said "candle makers will never invent electricity." That is what we have here. The people working within the existing system will never transform their operation to eliminate their job. We need re-organization from the top, because we will not get it from the bottom up.

Goldwater-Nichols really didn't tackle the support side of the Defense Department. Understandably, and quite appropriately, it focused on warfighting. But now we must focus on the support side of the Defense establishment, and bring in modern management methods to eliminate outdated organizations we inherited from World War II.

NEW DEMANDS

The third broad area I would suggest we need to examine are those issues that never existed 35 years ago when Goldwater-Nichols was adopted. The primary issue here is how we organize ourselves for cyber warfare.

When I was Deputy Secretary of Defense back in 1998, I revealed publicly the first cyber-attack on the United States. In retrospect, it was laughable and not serious. Now it is deadly serious. America has become more dependent on computers, and our opponents have become far more skilled in exploiting our weaknesses.

The Defense Department is wrestling with this. I support the idea of creating a cyber command. But this papers over a larger set of issues that have not been resolved within the Department. Who is responsible for the computers when we go to war? Is it the service that bought the system? Is it the regional commander that is supporting task forces fighting in his area of responsibility? Is it a central cyber command in the National Capitol Region? Can the head of Cyber Command take over operations of networks of a regional commander during wartime?

These are very hard issues. And there are no easy solutions. Again, I will make a controversial observation. I am a strong advocate for individual services being responsible for acquisition for military hardware for their respective services. Loyalty to a service matters a great deal. We don't want to do what other military establishments have done—which is to create a unified "buying command" that buys things on behalf of the military departments.

But I make one major exception to this. I have come to the painful conclusion that command and control systems should be procured centrally by the Defense Department, not by individual military departments. We will never solve interoperability problems until we get a single, central authority to buy them. We will never get our arms around cyber vulnerabilities until we have a single focus responsible for stronger protection. In this one instance, I would take the Title 10 authority away from the military departments and shift it to a central agency working for the whole Department.

CONCLUSION

Mr. Chairman, distinguished members of this Committee, I admire your foresight and courage to take on this important question. Goldwater-Nichols was landmark legislation. It produced the finest military establishment in the world. It was legislative activity at its best. But after 30 years, it needs amending. None of these changes would undermine the great contribution it made to build the best military in the world. But these changes are needed to make this Department function more effectively going forward.

I am honored to have been invited to appear today. I will gladly help the Committee in any way as you move forward with this important agenda.

Senator MCCAIN. thank you.

Mr. Thomas.

STATEMENT OF JIM THOMAS, VICE PRESIDENT AND DIRECTOR OF STUDIES, THE CENTER FOR STRATEGIC AND BUDGETARY ASSESSMENTS

Mr. THOMAS. Thank you, Mr. Chairman.

It's a real personal privilege for me to testify before you today and alongside John Hamre and Jim Locher, who, in the field of defense, are both enormous figures who have made incredible contributions over many decades to our national security.

I also want to commend you for holding these hearings and your leadership, foresight, and spirit of bipartisan in addressing these very important issues.

In my testimony today, I'd like to highlight some of the problems with our current organization, consider how those problems might be—might have emerged over time, and offer some ideas for how they might be fixed or addressed.

As you are all too aware, DOD has trouble producing good strategies and plans. Its headquarters staffs have grown too large. Its processes are too cumbersome and time-consuming. The pace of change on many issues is just simply glacial. Decisions often cannot take place until every one has occurred, and this frequently results is lowest-common-denominator outcomes that everyone can live with.

How did we get to this place? Many of these problems, I'd argue, are the unintended consequences of Goldwater-Nichols. To be sure, that legislative watershed solved a very big problem for the United States: how to improve the ability of the military services to operate together more effectively in combat. But, the legislation altered the Pentagon's internal balance of power between the Secretary, the Chairman, the service chiefs, while also elevating the COCOMs [combatant commands] and making them direct-reports to the Secretary. And it did so in ways that would leave all of the main actors just short of being able to decide anything alone, thus driving the need for excessive coordination and concurrence between them. By making the Chairman [of the Joint Chiefs of Staff] principal military advisor to the President, the legislation intended to create a nonparochial ally for the Secretary of Defense. But, in fact, it also elevated the status of the Joint Staff to that of OSD [Office of the Secretary of Defense], essentially creating a second, highly duplicative central headquarters staff. And, while the legislation improved considerably the quality of officers serving on that Joint Staff, it did not result in a cadre of staff offers—officers particularly trained as such or shift control over their career advancement to the Chairman.

By taking the Chairman out of the chain of command, it fell short of creating an effective central control entity. In our current system, combatant commands and service chiefs do not work for the Chairman, but for the Secretary of Defense and the Service Secretaries, respectively. Thus, the Chairman has to rely on his convening powers and ability to control—cajole and persuade to get things done, because he lacks directing authority. Consequently, no military leader in our current system is empowered to prioritize efforts across regions and produce something analogous to the very simple, but highly effective, strategy General George Marshall articulated for dealing with Nazi Germany and imperial Japan, upon United States entry into World War II: win in Europe, hold in the Pacific.

Lastly, Goldwater-Nichols strengthened the regional combatant commanders and gave them almost exclusive control over war planning, but did not foresee, as Dr. Hamre mentioned earlier, how, over several decades, they would be consumed by their peacetime roles as *de facto* regional "super Ambassadors," at the expense of time and attention needed for operational planning in the prosecu-

tion of wars. The reality now is that combatant commanders often make only cameo appearances in actual wars before DOD establishes new *ad hoc* commands and joint task forces devoted to warfighting, as was done in Iraq and Afghanistan.

Mr. Chairman, as you and members of this committee deliberate on possible changes in DOD reorganization, I would offer several interrelated reform ideas that could help to address the problems I've outlined:

First, I think it's time to rethink the combatant commands. The regional combatant command headquarters should be considered for consolidation, at the very minimum, and to consider replacing the service component commands that are part of them with joint task forces focused on planning and fighting wars.

Second, I think the time's come to power up the Chairman by placing him in the chain of command and giving him directive authority on behalf of the Secretary of Defense. He should have greater authority to decide between the competing demands of the regional commands and to develop global strategy.

And third, an idea that was considered too controversial and taboo in the 1980s is one that perhaps you would reconsider, and that is to create a true general staff composed of the very best strategists, planners, and staff officers from across the services who would compete to competitively serve on this staff and would remain with the general staff for the remainder of their military careers, with their promotion tracks controlled and determined by the Chairman or the chief of the general staff.

I believe that, to deal with the diverse range of threats we face today and are likely to face for the foreseeable future, we will need to make major reorganizational changes, not modest, ineffective tweaks to the current system. It will be difficult, if not impossible, for the executive branch to reform itself. If change is going to happen, it will need to come from the Congress, just as it did with Goldwater-Nichols 30 years ago.

Thank you.

[The prepared statement of Mr. Thomas follows:]

PREPARED STATEMENT BY JIM THOMAS

Mr. Chairman, Ranking Member Reed, and distinguished members of the Committee, thank you for the opportunity to testify today. Major national security reorganizations often come only after a major military disaster when the problems become blindingly apparent. Your decision to convene this series of hearings attests to your foresight and determination not to wait until a national catastrophe to act, but to actively seek out potential reforms now that could improve the Department of Defense's (DOD) ability to deal with current and future security challenges. It is appropriate for this Committee to undertake a fundamental assessment of the DOD's organization and consider measures for improving its ability to conduct core functions related to strategy formulation; contingency planning; preparing forces and developing needed capabilities; and conducting military operations.

This Committee was the driving force in formulating sweeping organizational changes across the DOD three decades ago. The resulting Goldwater-Nichols Defense Reorganization Act of 1986 was a watershed event in American military history and has had a profound impact on the U.S. defense establishment. It addressed the major problem of its day: the lack of sufficient inter-Service cooperation or "jointness," especially at the operational-theater level.

While Goldwater-Nichols has had a major positive impact on improving operational jointness in the field—to the point that America's rivals seek to achieve similar proficiency in inter-operating forces from different Services—I think that the scorecard is mixed when it comes to organizational arrangements in the Pentagon.

Three decades on since the historic enactment of Goldwater-Nichols, we should consider whether our current command structure and organizational arrangements remain appropriate for the world we live in today. There are strong grounds for arguing that new legislation is needed to ensure the DOD is effectively organized to address current and future security challenges. In my testimony today, I will highlight some of the problems with DOD's current organizational design and then offer a handful of reform ideas that could merit further exploration going forward. My testimony today is based on first-hand observations of the Department's strategy formulation, as well as operational and force planning processes I gained while serving in the Pentagon as a deputy assistant secretary of defense for plans and participating in four Quadrennial Defense Reviews.

PROBLEMS WITH OUR CURRENT SYSTEM

The United States faces a far more diverse set of threats than it did in 1986. Where once we squared off against a single superpower adversary, today we confront a far wider array of threats including a rising, militarist China; an irredentist Russia; regional hegemonic aspirants like Iran; shaky nuclear-armed states like North Korea and Pakistan; emboldened terrorist groups like al Qaeda; and barbaric quasi-states like ISIL. We face new functional challenges as well, like cyber attacks, anti-access and area-denial (A2/AD) challenges, and hybrid warfare. Our effectiveness dealing with these modern threats is hindered by our Cold War organizational structure. Too often our responses to these threats have been too slow, too reactive and regionally stove-piped. Our current system is optimized for dealing with discrete military problems that can be addressed with temporally short, intense conventional operations confined to the area of responsibility of a single Regional Combatant Command. It is less suited to deal with protracted operations, unconventional warfare, and multiple threats that span the boundaries of the Unified Command Plan's map. Contingency planning is largely the responsibility of the Regional Combatant Commands, which leads to a tendency to look at security challenges through a regional rather than global lens. Thus, many see China as Pacific Command's issue, Russia as European Command's, ISIS is Central Command's, and so forth, when in fact we require globally integrated approaches to wage effective long-term strategic competitions against these actors.

While Goldwater-Nichols strengthened the role of the Chairman as principal military adviser to the President and Secretary of Defense, and improved the quality of officers assigned to the Joint Staff, it fell short of creating an effective "global brain" at the center of the defense establishment—a central control entity that can assess all of the military threats and opportunities we face, prioritize resources and actions needed to address them, and sequence global operations over time, with the needed directing authority to make it all happen. There is no central military entity today that has the authority to prioritize efforts across regions and produce something analogous to the very simple—but highly effective—strategy General George Marshall articulated for dealing with Nazi Germany and Imperial Japan upon United States entry into World War II: "win in Europe, hold in the Pacific."

In the current system, the Combatant Commands and Service Chiefs do not "work" for the Chairman, but for the Secretary of Defense and Service Secretaries. Thus, the Chairman has to rely on his convening powers to get things done. The Chairman is unable to play the role of "decider" between the competing demands of the Combatant Commands and to hold the Services accountable as force providers. Consequently, he must resort to cumbersome processes and coordination mechanisms aimed at reconciling the competing demands of the Combatant Commands and Services. These processes are laborious and time-consuming. They tend to result in lowest common denominator compromises where everyone can agree while major issues often going unresolved.

By making the Chairman principal military adviser to both the President and the Secretary of Defense, Goldwater-Nichols inadvertently undermined civilian control and blurred the distinctions between the Secretary's and Chairman's responsibilities. In theory, the Secretary of Defense is the ultimate power and decision authority within the Department of Defense on any matter where he chooses to act, as well as the President's principal assistant for national defense. Goldwater-Nichols established the Chairman of the Joint Chiefs of Staff as "principal military adviser to the President" with the intent that he would be a non-parochial "ally" of the Secretary of Defense. In reality, however, this has created a situation where, *de facto*, the Chairman has two bosses, one of whom also serves at the pleasure of the other. This matters less in terms of the actual relationships between Secretaries and Chairmen, which have generally been cordial, than it does in terms of the peculiar organizational relationship between the Secretary's staff in the Office of the Sec-

retary of Defense and the Joint Staff. Joint Staff officers principally view themselves as serving the Chairman in his role as principal military adviser to the President. Only secondarily do they tend to see their role as supporting the Secretary. And few see the Joint Staff as institutionally supporting OSD. While the Secretary has statutory responsibilities to oversee the deliberate plans of the Combatant Commands, he lacks dedicated military advisers to challenge those plans or generate alternatives. The Joint Staff could be a source for such alternative plans, but in practice it is reluctant to offer second opinions to the Combatant Commands' plans. The Chairman's statutory responsibility as principal military adviser to the President has led, moreover, to an excessive duplication of staffing functions between the OSD and the Joint Staff. Where you have an OSD policy expert, that person will almost inevitably have a counterpart on the Joint Staff. In Interagency meetings, this means DOD will normally have two seats the table with possibly two conflicting viewpoints, which either becomes a source of frustration for others or an organizational seam others can exploit.

While Goldwater-Nichols improved the quality of the officers who are assigned to the Joint Staff—they tend to be some of the most outstanding officers from each of the Services—the vast majority are skilled operators (ace pilots, ship captains, and brigade commanders) who aspire to higher command assignments when they return to their Services. Their promotions are still determined by their Services rather than the Chairman, which tempers their non-parochialism while serving on the Joint Staff. Too few of these officers, moreover, come to the Joint Staff with deep educational backgrounds in military history, strategy and war planning experience. Too often Services will assign to the Joint Staff an officer with high promotion potential who excelled as a tactical commander but has no staff officer experience, rather than a highly qualified strategist or planner who is unlikely to be promoted to O–7. The kinds of officers who naturally gravitate toward staff jobs and might be best qualified to formulate strategy and develop imaginative plans also tend to be iconoclastic. Sometimes they are promoted as general or flag officers despite their maverick streaks, but more often they retire from O–5/6 staff jobs. Finally, requiring every general and flag officer to be joint qualified may have contributed to the growth of joint headquarters staffs and resulted in too many "ticket punches" rather than a creating smaller, more elite corps of highly qualified joint staff officers.

Goldwater-Nichols empowered the Unified and Specific Commands as the exclusive warfighting institutions of the Department of Defense and succeeded in improving jointness at the operational level. Few could have imagined, however, how the role of the Regional Combatant Commands would evolve over the past several decades. Increasingly, the Regional Combatant Commanders' peacetime "Pro-Consul" political-military functions have diverted their time and attention away from their statutory responsibilities planning for or conducting regional combat operations. The reality now is that Combatant Commanders often make only cameo appearances in actual wars before the Department of Defense establishes new *ad hoc* commands devoted to warfighting as was done in Iraq and Afghanistan, thereby freeing the Regional Combatant Commanders of their combat duties.

While they play critical roles in political-military peacetime engagement, it is arguable that they have also grown preoccupied with so-called "Phase Zero" activities relative to preparations for actual warfighting and war termination.

While Goldwater-Nichols was widely seen as shifting power from the Services to the Combatant Commands in 1986, over time the system has also tended to empower the Regional Combatant Commands relative to the Functional Combatant Commands. For example, Special Operations Command has played a leading role in the wars in Iraq and Afghanistan, as well as in wider global counter-terrorist operations over the past fifteen years. But the Regional Combatant Commands have resisted any accretion in SOCOM's command responsibilities in global terrorist operations, limiting its role to "synchronizing" operations across Combatant Commands, while stopping well short of directing authority over other commands. Similarly, Regional Combatant Commands have resisted moves to give SOCOM greater flexibility in moving special operations forces and assets between theaters, preferring to "own" their forces rather than depend on a Functional Command to provide forces to them when they are needed. Strategic Command has experienced similar problems in integrating global strike and cyber warfare capabilities into the contingency plans of Regional Combatant Commands, whose preferences for forces and capabilities assigned or apportioned to them may be prioritized over those controlled by a Functional Combatant Command.

This imbalance between Regional and Functional Combatant Commands also manifests itself in resource allocation and force planning decisions that subordinate global priorities to regional ones. The steady proliferation of A2/AD capabilities around the world threatens the effectiveness of many traditional elements of our re-

gional forward presence, ranging from short-range combat aircraft operating from bases close to a potential adversary, to large surface ships, to expeditionary ground forces that require access through traditional ports and airfields. In the face of growing A2/AD threats, power projection capabilities like SOF and global surveillance and strike systems that can penetrate and operate in denied areas are among the most viable power projection options available to us. They are, moreover, globally fungible and can therefore help to deter or defeat aggression in multiple areas of the world. Thus, from a global perspective they should be highly prioritized. But in reality there is a confluence of interests between the Regional Combatant Commanders who tend to favor capabilities and forces that will actually reside in their theaters and confer political-military benefits through their visible presence, and the Services, which continue to acquire capabilities and forces that are heavily dependent on relatively permissive operating conditions. In this case, the global perspective of the Functional Combatant Commanders appears to be receiving inadequate weight in the Department's deliberations.

Finally, headquarters staffs, especially OSD and Joint Staff, have simply grown too large over time and the normal processes too cumbersome. There are always compelling reasons for adding new staff and offices as pressing issues emerge, but once they are added it is difficult to divest those functions later on. Although large staffs enable leaders to ensure that no issue area goes uncovered, they reduce organizational agility and hamper effective decision-making. Large staffs, moreover, contribute to excessive coordination and labyrinthine processes. And in a system where the coordination process normally requires the concurrence of the major players, the process tends to favor keeping things just as they are or making only marginal changes that are acceptable to everyone. Rarely is someone's ox gored or do clear winners and losers emerge, especially when it comes to resource allocation. And increasingly in the Department of Defense, when senior leaders want to get something done, they must work around the existing processes rather than through them. Secretaries of Defense have to find innovative "out of band" solutions to procure MRAPs, to produce real options in a QDR that the normal bureaucratic process would kill, or to develop alternate military strategy ideas like the 2006–2007 Surge.

RECOMMENDATIONS

Mr. Chairman, as you and members of this Committee deliberate about possible changes in the organization of the Department of Defense, I would offer a handful of interrelated reform ideas that could help to address the problems I have outlined. All of these ideas would require detailed analysis to fully understand their strengths and avoid outcomes that might inadvertently leave us worse off. It is also difficult, if not impossible, to consider these proposals in isolation from one another. Enacting one but not another is likely to lead to greater problems than either maintaining the current system or adopting wholesale changes.

Replace the Joint Staff with a True General Staff

I believe the time has come to reconsider the merits of creating a true General Staff. I think this would have the greatest organizational impact addressing many of the problems we currently face. The Goldwater-Nichols Joint Staff aimed to establish an independent central staff that would be less beholden to the Services, but it fell short of a General Staff in three main ways. First, officers assigned to the Joint Staff normally return to their Services and their future promotions are still controlled by their Services. Second, despite the quality of the officers assigned to the Joint Staff, they are not trained as an elite strategy and planning staff cadre. Third, the Joint Staff and Chairman of the Joint Chiefs of Staff lack directing authority one would expect a General Staff to have, resulting in cumbersome processes aimed at achieving consensus across the Services and Combatant Commands rather than having a decider who can make hard choices.

In the 1980s, broaching the topic of a General Staff was considered taboo—too radical, "un-American," and a political non-starter. I believe that the strongest arguments AGAINST the establishment of a General Staff are that it could lead to: (1) the over-concentration of power within the military; or (2) burying alternative courses of action or isolating civilian leaders from alternative military viewpoints. These risks, however, are not insurmountable and could be addressed explicitly in the design of a General Staff. I believe that the inability of the current system to formulate effective strategies and imaginative plans, the lack of directing authority invested in the current Chairman and Joint Staff, and other potential benefits that a General Staff offers make an option that has long been seen as heretical worth exploring.

The main purposes of a General Staff would be to assist senior leaders to:

- Identify global threats and opportunities;
- Formulate globally integrated, resource-informed strategies;
- Develop initial concept plans and offer alternative plans;
- Conduct mobilization planning; and
- Determine needed capabilities across the Joint Force.

The last function would be particularly important to ensure adequate investment in interoperable command and control, and communications systems that serve as the technical glue binding the Joint Force. The General Staff should also be the advocate for globally fungible power projection capabilities like SOF, global surveillance and strike, space and cyber capabilities, nuclear forces and global mobility assets that can swing between theaters to deter, deny or punish regional aggressors.

The General Staff would assume the role of the military's global brain to develop cross-regional military strategies and initial concept plans for various contingencies. It should have the authority to decide between the competing demands of the Combatant Commands and to direct them to take preparations or actions consistent with direction or orders coming down from the President or Secretary of Defense.

Unlike the Regional Combatant Commands organized by geographical area, a General Staff might be organized around missions or issues. For example, the General Staff might assign Flag Officers with responsibilities for a particular high-level issue (e.g., a major potential adversary or key mission like counter-WMD) to develop both the overall strategic approach and initial plans that could cross-cut the various Combatant Commands and draw forces and capabilities from the various Services as appropriate. The General Staff would also play a key role in devising and validating innovative joint concepts of operation.

The General Staff should ideally be reduced in size relative to the current Joint Staff. It should be streamlined to focus on inherently military tasks while shedding political-military and policy functions (e.g., bilateral defense relations, NATO policy, arms control) where it currently duplicates functions performed by OSD. It should, however, provide technical military advice to support OSD as needed.

A General Staff would be comprised of elite officers selected at the O–4/5/6 level from the various Services on the basis of rigorous exams, interviews and their performance in operational-and strategic-level wargames. Following their highly competitive selection they would enter into an intense professional military education course centered on strategy formulation and war planning where they would be responsible for developing alternative plans and concepts of operation. Officers would remain in the General Staff for the remainder of their military careers and their advancement would be determined solely by the head of the General Staff; thus, they would not be beholden to their original Services in formulating strategy, developing plans, and determining needed capabilities and forces. Force management and manning levels would have to be worked out with the Services in advance. General Staff officers should also be eligible to compete for General and Flag Officer assignments both within the General Staff and across regional and functional joint operational commands and Joint Task Forces. Over the course of their careers as General Staff officers, they should rotate between the General Staff and assignments in the field to maintain operational currency.

To address some of the historic concerns, the General Staff should be required to develop ranges of options and alternative courses of action rather than single "point" solutions. The Congress should ensure adequate channels exist for Service Chiefs and Combatant Commanders to surface dissent or alternative courses of action to the Secretary and President if they judge it necessary. Similarly, the General Staff should foster a culture in which superiors' ideas and opinions are routinely challenged.

In sum, a General Staff would help to improve strategic and operational planning competence and would represent a globalist perspective to formulate truly integrated, cross-regional and competitive strategies. With directing authority on behalf of the Secretary of Defense over the Combatant Commands and Services, it would be far less encumbered by current coordination processes and the penchant of the current system toward concurrence in order to drive needed changes. It would also be more likely to identify problems and challenge the status quo as it would not be beholden to the Services and would be more empowered than the current Joint Staff in making hard choices between competing demands.

Replace the Chairman with a Chief of the General Staff

A Chief of the General Staff would be the highest-ranking military officer and report only to the Secretary of Defense. I see merit in the Chief of the General Staff being interposed between the Secretary of Defense and combatant commanders in the chain of command to assist the Secretary in oversight of operational commands

in the field. This would give him the authority to influence operations and activities around the world to a far greater degree than the Chairman can today.

The Chief of the General Staff would be principally responsible for formulating military strategy, developing concept plans, and directing global force allocation and application. He would have both decision and directive authorities the current Chairman lacks. The Chief would play the critical role of global integrator and decider between competing military demands consistent with guidance from the President and Secretary of Defense. He should have a deputy from a different Service who would bring complementary military expertise and help to ensure that no single Service is perceived as dominating the General Staff. Both the Chief and the Deputy should serve four-year terms that are staggered so that they do not normally retire at the same time, thereby ensuring continuity.

To address Congress' historical concerns about the over-concentration of power invested in this individual, the Chief of the General Staff should not be the principal military adviser to the President (unlike the current Chairman) but should be under the direction and control of the Secretary of Defense and provide military advice to the President through the Secretary of Defense. The President, however, might be authorized a principal military adviser to assist in assessing the strategies and plans produced by the Department of Defense. Such an adviser would ideally be a recently retired or serving general or flag officer who would, by assuming this position, be ineligible for promotion or command and thus not beholden to any organization within the Department of Defense. I have in mind the role played by Admiral William Leahy during World War II when he came out of retirement to serve as the personal Chief of Staff to President Franklin Roosevelt.

Retool the Regional Combatant Commands

Complementing central control organizational changes, Congress might also consider consolidating and retooling the Regional Combatant Commands. The existing six Regional COMBATANT Commands (Northern Command, Southern Command, European Command, Africa Command, Central Command and Pacific Command) could be consolidated and reestablished as three or four Regional Command Headquarters. One possibility might be to keep Pacific and Central Commands but combine Northern and Southern Commands, as well as Africa and European Commands. A more radical idea might be to organize these consolidated Regional Commands around the three major oceans of concern (Atlantic, Indian and Pacific Oceans) rather than continental landmasses.

The major change in the Regional Commands, however, would occur below the headquarters level. The existing Service Component Commands would be disestablished and replaced with Joint Task Forces focused exclusively on warfighting preparation or execution. In many respects, this would simply acknowledge what has already become a reality: the current Regional Combatant Commands do not normally conduct operations, but rather farm them out to subordinate Joint Task Forces or commands.

Joint Task Forces would serve as the principal joint operational command elements worldwide. For example, a Joint Task Force Headquarters might be established to plan for operations in a certain area of the world. A headquarters planning staff would be formed and operational elements from the appropriate Services and SOCOM would begin joint training and work-ups in preparation. When ordered to deploy, the Joint Task Force would move forward and scale up. While in theory the Joint Task Force Commander might report directly to the General Staff, as a practical matter for effective span of control it probably would make more sense for him to report through a Regional Command. The Regional Command would take responsibility for supporting the Joint Task Force in the field, especially in terms of logistics, handling requests for forces and other support from the Services and other commands, thereby freeing up the JTF Commander's time and energy to focus on operational planning and warfighting.

Conclusion

As this Committee deliberates on potential ideas for further reorganization it is important to remember that reform cannot substitute for adequate funding, nor can it compensate for inadequate leaders. Reform cannot ensure a perfect strategy or a brilliant plan for every crisis. And reform alone cannot generate ready and combat capable forces armed with the best equipment. But organizational reform could help to ensure that increases in funding will be more wisely allocated, that good leaders can work through a functional system rather than around a dysfunctional one, that competent strategists and planners can provide senior leaders with better options, and that the Services can more effectively develop unrivalled forces and capabilities.

The ideas I have proposed today are unlikely to garner an outpouring of support from the Department of Defense institutionally (although various officials might personally support them). You will hear from many quarters that these ideas are too radical and unnecessary, and more marginal changes will be offered as an alternative. Indeed, that was the majority reaction to defense reform ideas thirty years ago. Nevertheless, I believe that to deal with the diverse range of threats we are likely to face for the foreseeable future, we need major organizational changes, not modest, inoffensive tweaks to the system. It will be difficult if not impossible for the Executive Branch to reform itself. If change is going to happen, it will need to come from the Congress just as it did with Goldwater-Nichols.

About the Center for Strategic and Budgetary Assessments
The Center for Strategic and Budgetary Assessments (CSBA) is an independent, nonpartisan policy research institute established to promote innovative thinking and debate about national security strategy and investment options. CSBA's analysis focuses on key questions related to existing and emerging threats to U.S. national security, and its goal is to enable policymakers to make in for med decisionson matters of strategy, security policy, and resources.

Senator MCCAIN. Well, I thank the witnesses. And we have, obviously, a lot of issues to discuss.

I guess one of my first questions is—and I'd—I'll ask two at the same time. One is the results that would entail if we did nothing, if we just leave the status quo. And I guess my second question is, I don't think there's any doubt about the proliferation of COCOMs. Seems to me that every time there's some issue or area, we create a command, whether it be African Command or AFRICOM or what—now we have Cyber Command, and all is—and all of those, of course, includes large staffs and support activities that continue to contribute to the reduction in actual warfighting when we look at the reduction of brigade combat teams and the commensurate increases in size and numbers of COCOMs and staffs.

So, maybe we could begin with you, Jim, and maybe discuss those two issues.

Mr. LOCHER. Absolutely. Mr. Chairman, there would be a high price for doing nothing. The organizational arrangements in the Pentagon are not well matched to the external environment. We're going to have increased ineffectiveness and increased inefficiency. This is not a modern organization at the Department of Defense. It's filled with lots of talented people who are incredibly dedicated to what they are doing, but they have an outmoded approach. There are also some cultural obstacles. So, I would encourage the committee to take action in this area. The—as Mr. Thomas mentioned, the Pentagon is not going to reform itself. It's going to need external help to do so.

The—on the second question, on the proliferation of combatant commands, this is an age of specialization in which we need people who can get focused either on a region or a particular topic, like cyber. And if we have a problem with these commands being too large, I think some of the ideas that Dr. Hamre mentioned, in terms of making them much smaller, not having large headquarters—but, if we consolidate them, as Mr. Thomas had mentioned, we dilute that specialization, but we also begin to layer. And layering is not good in a world that moves so fast. So, I would look for other ways to reduce the burden of combatant commands to figure out how we can centralize some functions for the combatant commands to reduce their cost. But, I think that they serve a

very useful purpose, and I would not consolidate them. And I'd be very careful on eliminating some of them.

Dr. HAMRE. Mr. Chairman, when I came on this committee, working for you, I remember it so distinctly. This was—you said in your statement that the purchasing power of the budget we have today was roughly the same as we had 30 years ago. But, 30 years ago—and I remember this—we bought over 950 combat aircraft, we bought 21 surface combatants, we bought 50 ICBMs [intercontinental ballistic missiles], 1,200 M1 tanks, 1,800 Bradley fighting vehicles. We had 300,000 troops in Europe. We had 2.2 million people in uniform. We have a fraction of that today, and we're spending the same amount of money. And you look to see the size of the overhead structure and interference that comes from too many headquarters and too much micromanagement, it is choking this Department.

So, I think this is crucial. Doing nothing would be very damaging, so I really hope that you take this with full energy. We have to do it.

Senator MCCAIN. And the second question.

Dr. HAMRE. Sir, I think the—in general, we have—we've had a pattern—during the Vietnam War, the average person that testified in front of the Congress was a colonel. By the end of the war, they were generals. And now you hardly ever have anybody but a four-star general coming up here. I mean, we've got too much top-heavy focus. The people that run this Department really are the O6s [colonels]. We should be giving them much more of that responsibility back.

And I think we have too many commands. We've got commands—every command looks the same way Julius Caesar would have created it, you know, personnel, operations, intelligence, logistics. I mean, this—we have got to be smarter than just simply cookie-cutter—doing a cookie-cutter model for every command headquarters that we set up. It just—this—we're too smart. I mean, we don't have to be as rigid and structured as we are. So, I think going back and forcing a massive streamlining of this command structure would be very important.

Senator MCCAIN. Mr. Thomas?

Mr. THOMAS. Well, I agree with the points. I think Mr. Locher is—a good issue, in terms of—we want to avoid adding duplicative layers. But, I also think Dr. Hamre made a good point earlier, which was, the role that's played by the regional combatant commands is an important one, in terms of engagement and partnership and all of that, but I think we have to divide them out. I mean, the reality today is that we are warfighting with joint task forces. We're not warfighting with those combatant commands. So, I think the real choices are between: Do you want to just eliminate that layer of what we call combatant commands today and have joint task forces that report directly to the center, which I think is the solution to that problem, or is perhaps, for span of control and also to conduct some of these political, military, international activities, do you want that command layer there? And I think that's a question that we need to address.

Overall, I think our fundamental problem is that we are losing the command-and-control competitions against all of our adver-

saries today. All of our adversaries, from great powers, like Russia and China, to nonstate actors, like al-Qaeda and quasi-states like ISIL, are inside our OODA [observe, orient, decide, and act] Loop, they are moving faster and making decisions faster than we can possibly keep up with our outdated processes and organizations. So, I absolutely agree, part of the answer has to be reducing headquarter staffs. In part, you do it maybe to save money, but I think the bigger reason is, you do it to gain back your agility as an organization.

Senator REED. Thank you very much, gentlemen. It's very, very thoughtful testimony.

And just let me follow up on a point that Mr. Locher made, and ask the whole panel to—you urged us to take a holistic look, which would, I think, also include the connections between the Department of Defense and every other agency it works with. I don't want to make our task more difficult, but that world needs some attention, too. But, could you give us a sense of the relative importance of reform of not just the DOD system, but the interagency system? And I'd ask everyone to comment.

Mr. Locher.

Mr. LOCHER. If it were possible, I would urge this committee to take on the interagency issues first, because they are much more troubling. But, that's not within the committee's jurisdiction. But, I think it's important to note that, no matter how well you transform the Department of Defense, it is still going to be troubled by an interagency system that is quite broken. And the problems that confront this Nation and national security require an interagency response. The days of the Department of Defense being able to execute a national security mission by itself are long gone. And we do not have the ability to integrate the expertise and capacities of all of the government agencies that are necessary.

As you know, Senator Reed, I headed the project on national security reform for 6 years, trying to bring a Goldwater-Nichols to the interagency. We did not succeed. But, that is a major, major problem.

Senator REED. Thank you.

Dr. Hamre, your comments, and then Mr. Thomas.

Dr. HAMRE. Well, I agree it's a major problem. The problem is, it's a faultline in American constitutional government. There's no question that Congress has the right to oversee and fund the executive branch departments, and you have a right to demand that they come and talk to you about what they're doing. There's also no question that the President has a right of confidentiality in how he runs the executive branch. And that nexus is at that interagency process. We have not been able to solve this constitutional dilemma. So, what we do is, we try to improve everybody's functioning and then hector everybody to do a better job of getting together on it.

It really comes together with the President. The President has to have the kind of vision for what the interagency process should look like. And the person who did it best was Dwight Eisenhower. Dwight Eisenhower had a J5 and he had a J3 in his NSC [National Security Council]—I mean, the equivalent of that. And that's when

it worked best. That's when they did strategic planning. Right now, everything is what's on fire in the inbox.

Senator REED. Thank you very much.

Mr. Thomas, please.

Mr. THOMAS. I agree with Dr. Hamre in his formulation. The one concrete thing that the committee might consider is, there is a legislative requirement for the President to prepare a National Security Strategy every several years. And this is an *ad hoc*—this is a unclassified document that, over the years, has really generated pablum. We rarely have anything that would—truly looks like a strategy when you look at this. It looks like a marketing brochure for the executive branch in a lot of ways.

What we need is a hardhitting classified National Security Strategy. And that Strategy should be coordinated with the fiscal guidance that the President sends to each of the executive departments. This, I think, would help to improve the national security coordination and achieve greater unity of effort across the government.

Senator REED. Mr. Locher, you mentioned weak mission orientation, and—can you give us an example on what—the panel, an example. Because sometimes it helps us to sort of put a specific anecdote or a specific example to a concept.

Mr. LOCHER. Certainly. You know, as—when you're at the level of the Secretary and the Deputy Secretary, you have that ability to focus on missions. But, the moment you go below the Secretary and the Deputy Secretary, you're going into functional areas: manpower, health affairs, intelligence, acquisition. But, what we really need, to move quickly, is to be able to focus on missions, missions such as counterterrorism or countering weapons of mass destruction or some of our activities in the Middle East. There is no place in the headquarters of the Department of Defense where the Secretary and the Deputy Secretary could go and have all of that functional expertise integrated into what I would call a "mission team." In the business world, beginning in the mid- to late-1980s, businesses went to what they called "cross-functional teams," where they could get all of the expertise of a corporation together on one team to solve a problem quickly. We need to be able to do that in the Department of Defense.

When Toyota started the cross-functional teams, they ended up being able to design an automobile with 30 percent of the effort. The Department of Defense could do the same thing. You've heard both Dr. Hamre and Mr. Thomas talk about the slow, ponderous process in the Pentagon. In part, that's because we are dominated by those functional structures, the boundaries between them are very rigid, and what we need to do is to adopt more modern organizational practices, mirror what's been done in business to create teams that are focused on mission areas.

Senator REED. Thank you very much.

Thank you, gentlemen.

Dr. HAMRE. Could I just react to say one thing, though? So much of the rigidity in our system is really driven because of the way we get money from the Congress. I mean, it comes in in these buckets. We have to stay inside those buckets. People have to be advocates for those buckets. That is the—that's the structure that's, frankly, locking us in. You know, we do two things very well: win wars and

get money from Congress. And to get money from Congress, we are very dutiful about taking your direction. We're going to have to tackle that problem.

Senator REED. Thank you.

Thank you, Mr. Chairman.

Senator MCCAIN. Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

I understand that the Goldwater-Nichols Act—it was the product of years of deliberation, and today we're hearing you talk about a holistic approach, we're hearing about the dangers of hasty reform or misguided actions. Is there anything that you think Congress can do immediately? Are there small changes that we can make? Or do you propose that more holistic, big approach? And are we able to do that? You know, there's a sense of urgency out there. We just heard that there's a slow, ponderous process in the Pentagon. How do we get by that? Can we do it by taking some incremental steps there? And, if so, what would you all suggest?

Dr. Locher.

Mr. LOCHER. Well, I don't think there's—if you really want to see a seed—if this committee wants to transform the Department of Defense from a 20th century organization to a 21st century organization, it's going to take—have to take that holistic approach and work very carefully through the issues. That does not mean that, as part of this process, you won't identify ideas in the beginning that are clearly needed. And actually, during Goldwater-Nichols, there were four or five provisions that were passed early on, at the insistence of the House, focused on the Joint Chiefs of Staff organization, where enough study had been done by the two committees to see that those ideas really made sense. But, the larger reforms are going to be quite difficult.

My view is that the work that this committee will have to do will be more difficult than the work that was done as part of Goldwater-Nichols, because lots of the things, such as the cultural impediments in the Department of Defense, take a long time to really understand and figure out how to get over them. But, there could be a number of things that could be acted upon quickly because they become so obvious that they would be useful.

Dr. HAMRE. Ma'am, I would—two things. I think the—one of the greatest things that needs to be done is to rationalize DOPMA, the Defense Officer Personnel Management Act, and reconcile it with joint duty. But, I don't think that could be done by a committee. I think you should create a task force that supports this, gives you some recommendations. It's very elaborate how personnel management is conducted and what it does to patterns of officer recruiting and retention and all that. So, I think you should have a—create a commission that helps you with that.

The one thing I would ask you to focus this next year on is the relationship of the Joint Staff and the unified combatant commands. Overwhelmingly, that's going to be the—where you'll get the biggest bang for the buck. It's the biggest force—biggest factor that's going to make big structural changes in the Department. And that's something that you could easily get your arms around in one year.

Senator FISCHER. Thank you.

Mr. Thomas.

Mr. THOMAS. I would just second that and that I think it is really about the role of the Chairman and the Joint Staff that might be the most discrete, but all of these issues really are intertwined. But, there are several things. One is improving the training of officers who are going to serve on the Joint Staff, in terms of their ability to do strategic and operational planning. The other is really the role of the Chairman, and considering perhaps placing him into the chain of command and, at the same time, rethinking his role as principal military advisor to the President, and how that could evolve in the future.

Senator FISCHER. Okay, thank you.

You also spoke of strategy and planning and a—the weak civilian leadership, yet—how successful can the Department be, when much of the strategic direction comes from active participation by that civilian leadership?

Mr. LOCHER. Well, let me talk about that. I think that's a little bit of a challenge in the Department. Many professional organizations, whether they're medical, law, accounting, have a tendency to promote people based upon their technical competence. And for a long period of time, we've done that on the civilian side of the Department of Defense, that we have our greatest policy specialists who rise to the top of the organization. And for a long time, that was fine, but, as the world accelerated and the demands of leadership became greater, we ended up with a vulnerability. We're not, in the Department of Defense, preparing people well enough—civilians—for the leadership responsibilities they have. And that leads to lots of inefficiency, inability to produce quality products on time, inability to recruit, to mentor the next generation of leaders. And so, it's a topic that needs some attention, but would have to be a long-term process with all of the right incentives.

Senator FISCHER. Thank you very much.

Thank you, Mr. Chairman.

Senator MCCAIN. Senator Manchin.

Senator MANCHIN. Thank you, Mr. Chairman.

And thank you all. I appreciate very much your giving us all this insight.

As I look at the organization of the Department of Defense, I have a hard time figuring out who's in charge. And I would ask you all—I know the Department of Defense, Secretary at the top. I always—and you're right about all the generals that come—four-stars generals. We see very few below that level. But, I've always felt the Joint Chiefs of Staff, in my mind, before I knew the—what the chart looked like—the Joint Chiefs of Staff would have been representing, but working together to defend our country and make sure that we were—the homeland was safe, and then they would have answered directly to the Secretary of Defense for the responsibilities of each branch, seeing that they were coordinating. When you look at the chart, it's not that at all. The chart basically—the Joint Chiefs of Staff have no more input than the Department of Army, Department of Navy, Department of Air Force. It doesn't make any sense. I mean—so, I don't know how you get a decision being made, or how the Secretary is getting the information, when

they're supposed to be thinking as all-in-one versus just individually. Is that the problem you all have been identifying? Or——

Dr. HAMRE. Well, yes, sir. Mr. Thomas had brought this up. You know, the hottest debates we had 30 years ago on the committee when they were deciding Goldwater-Nichols was this question about creating a general staff. And there was great fear——

Senator MANCHIN. Joint—you're talking about the Joints.

Dr. HAMRE. The Joint Staff evolving into a general staff like——

Senator MANCHIN. I gotcha.

Dr. HAMRE.—the Bundeswehr used to have, you know, where there was a dedicated cadre of staff officers that ran——

Senator MANCHIN. Okay.

Dr. HAMRE.—you know, the Ministry. And there was great fear that we would do that. And the reason you see the structure of Goldwater-Nichols today was, in no small part, because of that fear of the general staff. And part of it was parochial, to be honest. I think there was a fear on the part of the Navy and the Marine Corps that the Army would dominate the—a general staff, as it did in Germany. And so, it was kind of a backdrop argument why we shouldn't have a general staff. But, we have always been deeply ambivalent about having a very strong uniformed body in Washington, because—look, the average Secretary of Defense serves 26 months; the Deputy Secretary, about 22 months.

Senator MANCHIN. Who's the most powerful after the Secretary of Defense? What—which layer does it go to?

Dr. HAMRE. Well, I mean, it's—when—if it's a matter of resource allocation, it's the service secretaries and the service chiefs. Service chiefs are, by far, the most important people in the building when it comes to physical things, real things——

Senator MANCHIN. Okay.

Dr. HAMRE.—people, equipment, training, et cetera. Service chiefs are all-powerful. When it comes to operations in the field, they're not in the game. That's—it's the Secretary to the unified commander, actually, even though the unified commander isn't doing much anymore, to a task force. So, we've got two different channels where power is exercised, but it only comes together at the Secretary. And, honestly, you know, every one of us that's served in public life were accountable to the people—the American public through the chain of command through the President. So, I don't think that part is bad. But, what's—where we get clogged up is when we have ambiguous command and ambiguous——

Senator MANCHIN. I've got one final question. Time is precious here. I want to ask all three of you this. And, Mr. Locher, you can start, and then Mr. Thomas, and, Mr. Hamre, you finish up.

Do you all believe there's enough money in the defense budget to defend our country to continue to be the superpower of the world? Do you believe there's enough money right now—I heard a little bit—I need an—your thoughts on that.

Mr. LOCHER. You know, I—this is not an area of my expertise currently. I've not been involved in the defense budget. I do think that there are lots of improvements in effectiveness that'll lead to considerable efficiency, which would free up more money——

Senator MANCHIN. Well, you know our budget, in the 600 range, versus the rest of the emerging world, if you will——

Mr. LOCHER. I think my—the—my two colleagues here are better——

Senator MANCHIN. Okay.

Mr. LOCHER.—able to answer this question for you, Senator.

Senator MANCHIN. Thank you.

Mr. Thomas, real quick, and then Mr. Hamre.

Mr. THOMAS. Senator, if I could just comment on your first question and just maybe add—very quickly—and then add—and address the funding question.

I think——

Senator MCCAIN. If we need additional time, please go ahead. This is an important line of questioning. Go ahead.

Senator MANCHIN. Thank you.

Mr. THOMAS. Thank you very much, Chairman.

The way we do command and control in the American military is exceptional. It is unlike the command and control for any other country in the world. And we have had a tension, since the founding of the Republic, between a Jeffersonian aversion to a—the concentration of power in any military officer versus the Hamiltonian impulse toward centralization and effectiveness. And I think that's really what we're struggling with today, is that, if anything, we understand that either extreme is going too far, but where we are on that pendulum swing maybe is too far in the Jeffersonian direction today. And I think if we're frustrated with how much—the Byzantine coordination process, and everyone has to concur, and you can't figure out, on the process, who's responsible for what—those are all symptoms of that. And so, I think that that's something we would consider. And I think that really gets to this fundamental point of thinking about the role of the Chairman. Is he or is he not in the chain of command? And should we have a general staff? And it's a part of the issue.

With respect to funding, I think that our funding today is inadequate, given our level of strategic appetite, that, for all the things we want to do in the world and that we perhaps are required to do in the world, we simply don't have the resources to do it all. And I think the other part of this problem, again, is that there's a lack of global prioritization, there's a lack of an ability to determine where we're going to take risks—below the level of the Secretary.

Senator MANCHIN. Mr. Hamre.

Senator MCCAIN. Does that respond, Mr. Thomas, to Senator Manchin's question about sufficient funding?

Mr. THOMAS. I'm sorry, Mr. Chairman?

Senator MCCAIN. One of Senator Manchin's questions was, Do you believe there is sufficient funding for defense?

Mr. THOMAS. No, sir, I do not. I think that—I think we are underfunded, given our strategic appetite and what we want to accomplish. I think improvements in organization could help us more efficiently allocate resources across the Department, but reorganization is no substitute for adequate funding for defense.

Senator MANCHIN. Gotcha.

Mr. Hamre.

Dr. HAMRE. Sir, we have too small a fighting force, and we've got too big a supporting force, and we have inefficient supporting—I

personally think we can live with the budget that you've outlined if we were to do fundamental changes in how we support this force.

I'll give you just a little example. You go to the headquarters that are operating and supporting satellites for the United States Government. I won't say—I'll just say the Air Force.

Senator MANCHIN. Yes.

Dr. HAMRE. They'll have 5- and 6- and 700 people in that office. If you go to a commercial satellite operating company, they're going to have 10. I mean, the scale is so off. So, I mean, we have so much we could do by becoming more efficient. I think that there are—I think it's the case. There are more people in the Army with their fingers on the keyboard every day than on a trigger. This is what has to change. We can live with the money you've given us if we can make real changes.

Senator MANCHIN. Thank you, Mr. Chairman.

Senator MCCAIN. Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

In listening to the testimony of all three of you, there seems to be a common thread. And that is, number one—and I would ask your comment—Goldwater-Nichols did not design the Pentagon to fix itself, but, rather, expected an outside entity to provide that. At the same time, I think the suggestion by Mr. Thomas that the Senate having the opportunity to fix and then laying out the challenges you find within the Pentagon, it is slow to adapt, it is slow to respond. It has an archaic system, which, basically, feeds upon itself. It sounds a lot like the United States Senate, in many ways. Would you care to comment, in terms of: Should we be looking at—in terms of how we fix, or if we fix—how do we put together a system that may very well have the ability to make changes within itself to keep up with an ever-changing environment?

Mr. LOCHER. Senator, if I might start on that topic.

At the time of Goldwater-Nichols, there was a great interest in having the Department of Defense renew itself. You know, the Defense Business Board was created, and it generated some ideas for changes that need to occur. But, all large organizations, even in the business world, have a great difficulty in reforming themselves. Often, a leader in a business sees that things are not working well, but his institution is very interested in maintaining the status quo, and so they often go to an outside consulting firm, where they can get a fresh perspective. And the Department of Defense is a large organization. It's overwhelmed with its day-to-day responsibilities. It's hard for the senior leadership to find time to take—to look at these issues in the depth that are required. And so, I think the Congress, the two Armed Services Committees are always going to have play a role, in terms of thinking the—about the changes that will have to occur in the Defense Department next.

You know, in addition to doing Goldwater-Nichols, the Congress also passed the Cohen-Nunn Amendment that created the U.S. Special Operations Command, another piece of legislation that's been highly successful, and it was done over the opposition of the Department of Defense.

Dr. HAMRE. A friend of mine once said, "A Candlemaker will never invent electricity." And so, you're going to have to create a reform impetus from outside of the system. This is what corpora-

tions do. I mean, it—reform comes from cuts. Cuts don't lead to reform. I mean, you—or cuts lead to reform. You don't get savings by starting with a reform agenda. You have to just impose some changes. And I—this is where I think you have to do it, if possible, in partnership with the Secretary. I mean, the two of you have the same goal right now. And trying to find a way where you can—in this—you're ahead. You've got 1 year where you can make some very large changes. I think there's real opportunities here.

Mr. THOMAS. I would agree with that point, that one of the things, thinking back to the history of Goldwater-Nichols, was the staunch opposition, not only of the services, but the Secretary of Defense at the time, Casper Weinberger. And I think you have an opportunity to establish that dialogue today, and perhaps a partnership to address some of these problems. But, it is absolutely right that the organization simply cannot reform itself, that there are too many conflicting interests and priorities and parochial interests that just can't be overcome from within. They're going to have to be addressed from an external source.

I think, as much as the Department resisted Goldwater-Nichols 30 years ago, that now has become the *status quo* in a lot of ways. And I think, actually, there would be strong defense for maintaining many of the edifices and processes that it created. And so, we'll have a—the same sort of tension that existed then, today. But, one way I think that could be ameliorated is by early dialogue with the Secretary.

Senator ROUNDS. The cyber threat seems to be all-encompassing, in terms of where it hits. How do you begin the process of looking at a system that includes cyber? And where do you put in at? Where in the system does cyber fit when we talk about redoing or revamping the Pentagon operations?

Dr. HAMRE. Well, I have—sir, I have my own personal view, here, which is not—is rather different. In my view, you've got two separate, parallel staffs that work for the Secretary of Defense. We've got the Joint Staff—I mean, they report through the Chairman, but the Joint Staff works for the Secretary, as does OSD. OSD's C-cubed part is weak. I think the—that the J6, you know, ought to become the direct guy watching over cyber and all C-cubed stuff for the Secretary. And personally, I believe that we stood—should migrate towards Title—take Title 10 authority away when it comes to command-and-control systems, from the services. We're going to have to do that on a centralized basis. It'll take a long time to get there, but we're never going to get interoperability and we're never going to get an efficient system to protect cyber—cyber defenses with this very, very fractured landscape that we have. It's the only area that I would change Title 10.

Senator ROUNDS. Thank you, Mr. Chairman.

Senator MCCAIN. Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

I'd just like to briefly say I was with the sailors of the USS *Kentucky* this weekend. They passed on their best wishes to the Chairman and Ranking Member. And you would be very proud of the extraordinary job they're doing.

Senator MCCAIN. The sailors, to Senator Reed?

Senator DONNELLY. He's from Rhode Island. He's seen a sailboat every now and then.

Senator REED. Submarines.

[Laughter.]

Senator DONNELLY. Dr. Hamre, you gave us an example of where you thought you could see significant change. Do you have another example or two that you can give us? And then the rest of the panel, as well.

Dr. HAMRE. Yeah, this is a real pet rock of mine, but our—the way we—we spend over a billion dollars a year on security clearances. Now, let me just tell you, this is the only system in the world where the spy fills out his own form, and then we give it to a GS7 to try to figure out if he lied or not. This is the dumbest system in the world that we have. We spend a billion dollars on it. You could easily ask somebody to fill out a 1040EZ security form, where you put down your name, your Social Security number, and your mother's maiden name, and I can generate a dossier on you for $25 that's better than anything an investigator's going to come up with. I could save you $700 million tomorrow, and give you a better security system.

Senator DONNELLY. And do you have a second one?

Dr. HAMRE. Yeah, I—we have to consolidate DLA [Defense Logistics Agency] and the—and TRANSCOM [Transportation Command]. I mean, we—it doesn't make any sense to have separate transportation function and warehousing function for the Defense Department. I mean, that has to change. There—I'd be glad to come up to your office——

Senator DONNELLY. That would——

Dr. HAMRE.—and bore you——

Senator DONNELLY.—be terrific.

Dr. HAMRE.—to death.

Senator DONNELLY. I'd enjoy that.

Mr. Locher?

Mr. LOCHER. What I'd like to talk about is the bureaucratic bloat that has occurred in the headquarters—in the Washington headquarters of the Department of Defense. As you may know, the workload in the Pentagon is crushing. People are working as hard as they possibly can, with incredible dedication. When I was the ASD SO/LIC [Assistant Secretary of Defense for Special Operations on Low-Intensity Conflicts], some of my people were working so hard that I actually had to limit the amount of time that they could come to work, because they were burning themselves out completely.

Now, we've added more manpower to try to make this system work. But, if we went to sort of modern practices, things that have been proven in business, these horizontal process teams, we could be incredibly more efficient. We could serve the Secretary and the Deputy Secretary. We could have integrated decision packages sent up to them. And we could do it with a lot fewer people that we're—than we're currently using.

One of the things I had mentioned is, we have two headquarters staffs, at the top of the Department of the Army and in the Air Force, and three in the Navy. That's a holdover from World War

II. They ought to be integrated. The Secretary and the Chief ought to have——

Senator DONNELLY. Great. Thank you.

Mr. Thomas?

Mr. THOMAS. The Department of Defense is a lot better at adding new functions and organizations over time than it has been in abolishing old ones that may not be as relevant in the world we're living in. That's for sure.

I think headquarters reductions across the board, starting at the very top, with the Office of the Secretary of Defense and the Joint Staff, as well as in the service staffs and the combatant commands, would not just be, again, a cost savings, but could increase the effectiveness of those organizations and their agility. Large staffs lead to overcoordination of a lot of issues.

Senator DONNELLY. If—I'll let you finish, but I'm running out of time, so I wanted to ask you one other thing. One of the things we do at Crane Naval Warfare Center in Indiana is try to figure out how to do some commonality for the Navy, the Air Force, the Army so that, instead of three different stovepipes going up, that they work together on one project, one type of weapon, one type of process. Does this seem to be a path that makes sense to all of you?

Mr. Locher?

Mr. LOCHER. I would agree. You know, this—the 21st century is the century of collaboration, that we need to be able to work across organizational boundaries. And the work that you're talking about being done across the three services is exactly what we need to do. The problems we face are so complex that we need lots of expertise that comes from different functional areas. And so, they need to figure out how they are going to collaborate in highly effective ways.

Senator DONNELLY. Thank you.

Mr. Thomas, I had cut you off when you were finishing your answer.

Mr. THOMAS. Just on that last point, I think we need to empower the services more to make some of those decisions. I think sometimes we impose joint solutions across the services in areas where it may not make sense, because the issues are very complicated. I think when services come together and decide they're going to design a common weapon system or a common airframe, that has led to some good results. I think when we try to impose it and say we will have a one-size-fits-all solution for our next combat aircraft or for a weapon, sometimes the results have been disastrous, because they just layer more and more requirements on a system that's overburdened and ends up being behind on schedule, over on cost, and doesn't perform as well as we'd like for any of the services.

Senator DONNELLY. Thank you, Mr. Chairman.

Senator MCCAIN. Senator Tillis.

Senator TILLIS. Thank you, Mr. Chairman.

Gentlemen, thank you for being here.

Mr. Locher, I want to start with you. You've made references a couple of times to examples in the private sector that have worked. And I think you talked about Toyota. If you take a look at a lot of those private-sector transformations, they—the successful ones—and there have been many failures—had a lot in common. They did have CEO commitment, they had the commitment of what would

be the CEO, the board, and the senior management team saying, "We're going to change this organization." Given what we've said about the separation issues that we have here, how do we actually apply that model? Unless there's a different operating construct and you have all the partners at the table, how are we going to be any different 35 years from now than the recommendations that were made about 35 years ago between the Packard Commission and the resulting legislation in Goldwater-Nichols?

Mr. LOCHER. Well, you're correct. You—in successful reforms, you have to have a guiding coalition, a powerful guiding coalition. And, you know, at the time of Goldwater-Nichols, most of the people in the Pentagon in senior positions were dead-set against it, and that's why it took the two Armed Services Committees so long to work their way through it to mandate these reforms.

The suggestions of trying to work with the Department—and Senator Goldwater and Senator Nunn never gave up in trying to work with the Department of Defense—I think those are important ideas. But, this committee can form that powerful coalition. You can get people from outside of government, some business experts to join your efforts and provide a convincing case, even to people in the Department of Defense, that these ideas are things that do need to occur, would be beneficial for the Department. You know, as the committee develops a vision of what a future Department would look like, that could be useful, as well.

Senator TILLIS. Well, thank you. You know, we remember the stories of the $435 hammer and the $600 toilet seat, and the $7,000 coffeepot. And now we've got more generals in Europe than we have rifle commanders. We've got a lot of problems out there. And it's a big—going back to the private-sector models, it costs a lot of money to transform an organization. We're in a resource-constrained environment, where there almost invariably—if you look at Toyota, you look at GE, look at any of the major companies that truly transform and produce transformative results, they had to spend money to actually save money. And one of the ways they did that is, they identified so-called low-hanging fruit or quick hits to do that.

Mr. Hamre, you talked about security clearances. Where do we look for opportunities to try and create the resources that we need if we're going to continue to be in a resource-constrained environment to really accelerate the transformation? And, Mr. Hamre, I'll start with you, since you've already offered to do security clearances for $25 each.

[Laughter.]

Dr. HAMRE. I offered to do the background investigation for $25 each.

Senator TILLIS. Okay. Fair enough.

Dr. HAMRE. That's—that would save three-quarters of a billion.

We are very poor at real property maintenance. You know, we don't have a purple property book. You know, every bit of real property is owned by a military service. It's not a well—they're not well managed, they're not well run. We could easily consolidate that and bring that under some broad-scale professional management. Property disposal—we've got a 450-person property disposal operation, and they've got eBay. I mean, you know, we have 450

people who are going to work every day doing what eBay does. I mean, so we could easily be—there are changes all over we could do stuff like that. So—and that would save money almost right away.

Senator TILLIS. And how do you—and I was Speaker of the House down in North Carolina, and we ended up having a fiscal crisis. We had to find a way to save about $2 and a half billion or fix a deficit, by no means scale here. But, one of the things that we found is that we need to incentivize good behaviors for a lot of good people that are working in DOD. And we created this concept of "finders, keepers." And the way it worked is that, if we found it, we kept it. If they found it, brought it to us, in terms of savings, things that could be reinvested, then we would reward them. I think one of the dangers that we'll have in this transformation is that we'll find waste, we'll say you can no—or inefficiencies, or we'll identify some productivity improvements. We sweep all that back for spending based on our priorities rather than looking at ways to incent good behavior and strategic investment to foster an ongoing process of transformation versus—let's say we get this right. And I believe Senator McCain is best suited to lead us in this job. But, if it's once and done, we'll be back here, in 10 years or 15 years or 20 years, lamenting the fact that it was a great—it was a great meeting, great recommendations, a few things got done, and we're no better off 25 years from now than we are today than we were 35 years from now. So, how do you—in terms of looking at the good things going on in the Department, how do you create a construct that actually has a lot of the best ideas, like came out of Toyota, like came out of GE, are rooted in the minds of people down in the trenches trying to do the jobs, knowing that there's a more efficient, better way to do it?

And, Mr. Thomas, I'll start with you since I haven't asked you a question, and then we'll go to Mr. Locher if the Chair allows.

Mr. THOMAS. Thank you, Senator.

I think you raise a good issue, in terms of looking across the Department for ways where we can find efficiencies. And this certainly is something that both, I think, the Secretary and the services are probably looking at on a constant basis. I mean, they've booked—both Secretary Gates and his successors made finding efficiencies a big part of their remit, in terms of trying to find some economies within the Department of Defense. But, I think we have to ask ourself, How effective or how well have we done, in terms of finding these efficiencies?

Senator TILLIS. Not well.

Mr. THOMAS. And I worry that, without really thinking through a reorganization, I'm skeptical that we're going to find that much, that I think you're going to have to actually take some bolder steps, in terms of reorganization. And those reorganizational steps, in turn, I really think should be driven by considerations of strategic and operational effectiveness first, not for efficiencies. I think, in the process, that they could generate some.

Mr. LOCHER. Sir, your discussion of incentives is hugely important, because we need to build some new behavior, some new approaches, and so you need to be thinking, you know, What are the incentives we have now that are not serving us well? And what in-

centives do we need to create both for individuals and for organizations?

And to give you an example, at the time of Goldwater-Nichols, nobody—no military officer wanted to serve in a joint duty assignments. And—but, our most important staffs were the Joint Staff and the combatant command headquarters staffs. So, the Congress saw that as an intolerable situation, so they created incentives in the Joint Officer Personnel System for people to want to go to serve in joint assignments and to do so serving the joint need, not beholden to their service. And out of that, they built a joint culture which served as—very, very well.

So, as we're—as the committee is thinking about how it's going to reform the Department of Defense, one of the things it needs to figure out are, What are the incentives that are producing dysfunctional behavior, and what incentives does the committee need to put in place that'll move us in the right direction?

Senator TILLIS. Thank you.

Senator MCCAIN. Senator Hirono.

Senator HIRONO. Thank you very much.

And thank you, to the panel.

Goldwater-Nichols, I understand, was a big change to how the Department of Defense operated. Correct? And you are the—all of the—you panel members are looking to Congress to make the—a big change to how DOD operates, because you have said that the Pentagon cannot reform itself.

Now, Goldwater-Nichols, you've said—testified that it was passed, over the objections of the defense—people from the Department of Defense and others. So, I'm wondering whether, in the time of Goldwater-Nichols passing and where we are now with this committee, are there some significant limitations on the ability of this committee to push through the kinds of significant changes that Goldwater-Nichols represented?

Mr. LOCHER. My honest answer is, I don't see any limitations upon this committee. It—the Congress has the authority to provide for the rules and regulations of the military. And I think, at this point in time, this committee and its counterpart in the House are best prepared to take on the intellectual and political challenges of setting some new directions for the Department of Defense.

Senator HIRONO. I wonder about that, because, for example, on the issue of things such as base closures, it is really hard for us. Most of us have very significant military constituencies. And so, we are part of the environment of the—I would say, the difficulties in moving us forward to modernize our military. So, BRAC [Base Realignment and Closure] is one example. You know, I have Pacific Command, which is a huge area of responsibility. So, we all have these constituencies that I think make it pretty challenging for us to remove ourselves from the priorities and the input from our military constituencies to move us forward. So, I think that—I don't know if that—that this situation is more pronounced now because of the complexities.

So, I'm world wondering, from a realistic standpoint—yes, we can get to some of the low-hanging fruit, but the kind of wholesale, large changes that you all are recommending, I—if there are any suggestions on how we can move forward—do we create a commis-

sion, do we—you know, how do we move forward, knowing I—as I said, that we have our own huge military constituencies in Congress—as Members of Congress?

Mr. LOCHER. Well, at the time of Goldwater-Nichols, you had very strong ties between members of the committee and the services. Almost everybody on the committee at that time had served in the military, many of them during World War II. And so, when the committee began the work, you had that pool of those service loyalties, and eventually that was overcome as the committee worked its way through the issues and came—became convinced that there were fundamental changes that needed to be made. As it turns out, this is a good-government effort. And the committee was able to free itself up from its ties to the various services and look at this from a whole—Department of Defense—a whole-of-Department-of-Defense perspective.

Senator HIRONO. Do the other two panel members want to chime in?

Dr. HAMRE. Well, just—I'd just say, there's no low-hanging fruit. I mean, everything's hard now. I mean——

Senator HIRONO. Yes

Dr. HAMRE.—we've had 15 years of picking low-hanging fruit. I mean, there is no low-hanging fruit. So, we now have to make hard choices.

I just would argue, your best chance of finding meaningful changes is in the support side, not on the combat side. We've cut the combat force too deeply.

Mr. THOMAS. I would just add, in an era that sometimes is seen by American taxpayers and voters is overcharged politically, I can't think of a better bipartisan issue that Congress could be taking up right now. This is not one that divides cleanly along partisan lines. It's an issue where there's going to be acrimony, and there will be huge debates on lots of issues, and we would have disagreements amongst ourselves in terms of thinking through these organizational issues, but they're not going to break down along partisan lines. And I think that's a—both an opportunity for this committee and for the Congress as a whole, and I think it's something that would just do tremendous good.

Senator HIRONO. Usually an organization can move forward if there is a guiding overriding goal. So, for example, for our committee to move forward, what do you think should be a organizing goal? Would it be something as broad as the need to modernize our military, modernize DOD? Would that be a unifying goal for us to proceed under?

Mr. LOCHER. Well, in his opening statement, the Chairman mentioned six guiding principles for this work. And I think that those provide, really, goals for the work of the committee. Some of that is, as you've mentioned, to modernize the management of the Department, but he listed some others, as well.

Senator HIRONO. Thank you. My time is up.

Senator MCCAIN. Senator Blumenthal.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

In light of the increasing reliance and importance of the Reserve components and the National Guard, do you have any suggestions

as to whether there ought to be additional reorganization changes that take account of their increasing significance in our force?

Dr. HAMRE. Well, it—I think we have to separate the National Guard from the Reserves. I mean, the National Guard, it's very hard because, of course, it's a federated—it's a Federal structure. I mean, they work for Governors, and then they're mobilized at a national level. So, there's no real way around that central dilemma. I mean, we've—what we've done is, we've create the National Guard Bureau, the—we have a four-star Guard officer who now sits on the Joint Chiefs. I mean, I think that—I think we've captured about everything we can on the National Guard side.

I think, on the Reserves—I think there's a deeper question, frankly, on the Reserves. And that is, for the last 10 years, 12 years, we've fought wars where we wanted to minimize the number of soldiers' boots on the ground, and so we used contractors to provide support. Historically, the Reserve component was very heavy in doing that combat service support in theater. And we didn't use them, because we were afraid of having to make a military headcount.

I think we have to sit down and so some fundamental thinking. If we're going to continue to fight wars like that, where we use contractors, you know, to augment and support the force in the field, we need to rethink what we're going to do with the Reserve component, with the Army and Air Force Reserves. The—you know, the Navy has a Reserve, but it isn't—it's very different, you know.

So, I mean, I think there is a—I think that's worthy of a real deep dive, actually, but I don't have a recommendation for you, though.

Mr. THOMAS. Senator, I might just add. I think there are some new opportunities for how we think about leveraging both the Guard and the Reserve components across the services. One issue we've talked about already this morning is cyber warfare. And this may be one where it may be very well suited for Reserve components, both in terms of how we tap expertise that comes from the private sector and where, in fact, they may be some of the key drivers in the areas of how we think about networks in the future.

Another may be in terms of unmanned systems and unmanned system operation, where this can be done in a distributed fashion that you don't actually necessarily have to be at the point of attack.

And lastly, I'd say we're now well over 40 years on from the Abrams Doctrine and coming out of our experience in Vietnam and how we thought employing the Guard and the Reserve, and this idea that—we wanted to actually make it very difficult to mobilize the Guard and Reserve to go to war. And we may want to go back and rethink some of that, in terms of making it easier to tap the resources of the Guard and the Reserve in the future for various military operations and activities.

Senator BLUMENTHAL. I couldn't agree more that the role of the Guard and Reserve—and I recognize that the National Guard, in peacetime, unless it's mobilized, is under the jurisdiction of State officials, but both the National Guard and Reserve reflect resources that are used increasingly without, necessarily, the kind of rethinking or deep dive that you've suggested be given to that role. And so, I'm hopeful that this conversation may lead, not necessarily to

drastic changes, but at least to an appreciation for the tremendous resource that our National Guard and Reserve represent.

And talking about outside contractors, just a last question. We haven't talked much about the acquisition process. And we probably don't have time, in this setting this morning, to reach any thorough recommendations, but I would just suggest that the size of contracting, the time that is taken for delivery of weapon systems—taking the Ohio replacement program, for example, a submarine that's going to be delivered well into the remainder of this century, and we're contracting for it now, using a process that many of us have found frustrating and disappointing, in some ways. I think there is a need to think about the Department of Defense as a major contractor and buyer and purchaser of both services and hardware in capital investments.

So, thank you for your testimony this morning.

Senator MCCAIN. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Mr. Chairman.

Senator MCCAIN. I'd just like to announce to the committee, after Senator King, we will be adjourning, because we have a vote at 11:00.

Senator Gillibrand.

Senator GILLIBRAND. Mr. Thomas, in the open letter on defense reform, you and your colleagues wrote, quote, "It's time for a comprehensive modernization of the military compensation system. America's highly mobile youth have different expectations about compensation and attach different values to its various forms than did earlier generations." What types of compensation do you think will attract modern, tech-savvy youth to the military? And what lessons can we learn from the private sector about employing a modern workforce? And how does this affect National Guard and Reserve?

Mr. THOMAS. Thank you, Senator.

I think one of the concerns—and maybe sometimes it's not so appreciated—is that it's only really a small minority of servicemen and women across the U.S. military that actually will end up collecting any sort of retirement pension for their service. It's really an all-or-nothing system today. And—whereas most folks who serve in the U.S. military are not going to serve for 20-year careers, or longer, they're going to serve only for probably a handful of years. And so, just as we've done in the private sector, where we've moved away from defined pension schemes towards 401k's and contributory plans, perhaps this is something we should be thinking more about for the Department of Defense: more flexible compensation and benefits that people can take with them as they move, not only from the military out into the private sector, but increasingly as we think more creatively about how we can also at various points in—over the course of a career bring people from the private sector and from the civilian world into the military for various stints of time. This is something that's so foreign to our concept of how we think about the military. And I think this really impresses on the importance of the Guard and the Reserve and how people can move, over the course of a career, from serving on Active Duty to moving back into the Reserve Force, making taking a few years off while raising

a child or pursuing educational opportunities, and then being able to return again at a later point.

Senator GILLIBRAND. I thought your comment about cyber was really important, because we've been trying to have that discussion in this committee about using the Guard and Reserve to create cyber warriors, since they have expertise. They might work at Google during the day, but they have great abilities that could be used by the Department of Defense. And so, I think your testimony there is very interesting.

Mr. Locher, one of the fears of opponents of Goldwater-Nichols was that it would decrease civilian control of the military. What's your assessment on how the reforms have impacted civilian control of the military? And do you think we have achieved a good balance? And do you believe there is sufficient civilian oversight of the combatant commanders?

Mr. LOCHER. Well, I don't—I—the fears of loss of civilian control were misstated. I think the—Goldwater-Nichols made it absolutely clear that the Secretary of Defense was in control of the Department of Defense. In the past, you know, the Congress had weakened the Secretary, in part for its own interest in the Department, but now I think the Secretary's role is absolute in the Department, and we do have effective civilian control.

At the time of Goldwater-Nichols, the attention of the Congress, in terms of confirming officers, was focused on the service chiefs. And we ended up putting much more emphasis on the combatant commanders, because those are the people on the front line who are—who could actually get the United States involved in some action in their various regions. And so, I think that having the combatant commanders work for the Secretary of Defense and having those efforts to review their contingency plans by civilian officials, all of those have helped to provide for effective civilian control of those operational commands.

Senator GILLIBRAND. You also said that the Pentagon's change-resistant culture represents its greatest organizational weakness. Do you think that's still true today?

Mr. LOCHER. Absolutely. You know, we've gone 30 years without major changes in the Department of Defense at a time in which the world has changed tremendously. Organizational practice has changed in lots of private organizations. We've not seen that mirrored in the Department of Defense. And all sorts of inefficiencies have come from that.

Senator GILLIBRAND. Where do you see the greatest overlap and redundancy now in our current system?

Mr. LOCHER. Well, I think the greatest overlap and redundancy is in the headquarters of the military departments, where we have a service secretariat and a military headquarters staff. They have one common mission. And I think we—lots of manpower is wasted there.

There has also been some concern about—between the Office of the Secretary of Defense and the Joint Staff, whether there are functions there that are being performed by both organizations that could either be eliminated in one of those two offices, or reduced. And so, I think that's another question for examination.

Senator GILLIBRAND. Thank you.

Thank you, Mr. Chairman.

Senator MCCAIN. Senator King.

Senator KING. Dr. Hamre—if you fellows also want to chime in on this—a lot of people talking about national security today are talking about whole-of-government approaches to dealing with some of these issues. Do we need to rethink or think about how better to coordinate the activities and work of the Department of Defense, Department of State, intelligence agencies? Is there duplication, overlap, inefficiency in trying to do a whole-of-government approach with the combatant-commander structure?

Mr. LOCHER. Sir, we—this is—we—this is a very tough problem, because it's a constitutional problem. The Congress oversees the branches—the Departments of the executive branch. But, it has no responsibility to oversee the coordination of them. That's the President's responsibility.

Senator KING. Right. That's the Commander-in-Chief.

Dr. HAMRE. Commander-in-Chief. And so, you're dealing with the central ambiguity of the Constitution. The President chooses how he wants to organize and coordinate them. Now, I think there are things that could be done, especially as we think about transitions of government. For example, I think we should be—when you come to a seam in the government like this, we should be strengthening the executive secretariats. That's a case where the Defense Department could make a contribution—the executive secretariat's like the lymphatic system that parallels the blood system, you know, in the body. And we put military officers with senior elected officials—or appointed officials. And it gets the—the government functions, even when the new people that are coming in don't know how it works and the people who are leaving have lost interest. You know, and so you can at least have—you can do some things like that. But, it's a very hard problem to solve.

Senator KING. Mr. Locher, do you have comments?

Mr. LOCHER. I do. This is an area that I spent 6 years working on, trying to produce a whole-of-government effort. Today, national security missions require the expertise and capacities of many, many departments. And right now, the only person who can integrate all of that is the President. And it—that's not possible for him to do. He has a small National Security Council staff, and it's been drawn into management of day-to-day issues, and it's completely overwhelmed. So, we need to figure out a different system for integrating all of this capacity across the government.

Now, the—inside the Executive Office of the President, there's no oversight by the Congress of that, but there are other things that could be done. The Office of Management and Budget is inside the Executive Office of the President, but it is overseen by the Congress, and three of its officials are confirmed by the Senate.

Senator KING. But, the—there's a contrary problem, where if you concentrate all power in the White House, you end up neutering the State Department and the Secretary of Defense, and everything gets—the calls all come from the National Security Council. So, I take it there's a tension there.

Mr. LOCHER. Well, you want the Departments of State and Defense to provide their expertise. You don't want that duplicated up at the National Security Council level. But, all of that has to be in-

tegrated some way, and it's, you know, sort of the integration we did in the Department of Defense at the time of Goldwater-Nichols. We don't have mechanisms for doing that. It would require some new legislation. But, right now, our ability to pull together our government to tackle these tasks is very, very poor, and something will have to be done about it.

Senator KING. That question is, Is it legislative or is it presidential management and leadership?

Mr. LOCHER. Well, there's a lot that the President could do within his own authority. You know, we have no executive order for the national security system. The National Security Advisor, there's no presidential directive for that. You don't have any guidance from the President to the departments and agencies as they put together their budgets. There are lots of things that could be done, but there's not much capacity for doing that. But, there are also some things that will require legislation to enable the President to delegate his authority to lesser officials.

Senator KING. I'm running out of time, but I'm very interested in this issue. And, to the extent you could supply written comments for the record, giving us some suggestions as to how we can tackle this issue.

[The information referred to follows:]

Dr. HAMRE. We do need to rethink how to better coordinate the work of the various departments of the Executive Branch. I personally think there is not much duplication, but there are major gaps and lost opportunities because we fail to coordinate appropriately.

But there is a larger issue here that merits our reflection. The interagency process in foreign policy sits right on top of a fault line in American constitutional governance. There is no question that the Congress has a right to oversee the work of cabinet departments. The senior leadership requires Senate confirmation. The Congress appropriates annual funding for the department. There is no question of Congress's right here.

At the same time, the President has a constitutional right to privacy of his deliberations in his own office. Congress has to subpoena records. The President decides what and how he wants to cooperate. The Supreme Court has largely stated that these are "political questions" and not subject to their jurisdiction.

The question is this: is the interagency process within the National Security Council something that is privileged for the President and not subject to review, or does the Legislative Branch have inherent rights to change the interagency process as an extension of their right to oversee the work of cabinet departments?

This is an unresolved question. I am personally skeptical that there are legislative solutions to this problem.

There is no question that many of the problems the country has in foreign policy are more the caused by weak coordination of the Executive Branch departments. I should also note that the Congress is a major factor here because the committee jurisdiction reinforces the stove-piped approach of the executive branch departments.

Senator KING. Because I think this is going to be a major issue, going forward. We're not—we're no longer going to be engaged in strictly military conflicts, they're going to have other dimensions. So, I look forward——

Yes, sir, you wanted to—thank you.

Very quickly—and perhaps this is for the record—Packard Commission identified accountability as an essential element. The Chairman has really focused very diligently on acquisition. Are there other areas of the Defense Department that are lacking in accountability or that we should raise the accountability analysis level?

Dr. HAMRE. Well, I think the action of your committee to put the service chiefs back in the chain of command probably fixes the biggest one. I think that was really important.

I think that probably looking at how we manage defense agencies—defense agencies are very large enterprises now, and I—there's not a great oversight system for the defense agencies, how they perform, accountability to the Secretary——

Senator KING. When you say "defense agencies"——

Dr. HAMRE. This would be the Defense Logistics Agency, Defense Commissary Agency, the——

Senator KING. Okay.

Dr. HAMRE.—the Defense Finance and Accounting Service.

Senator KING. Principally civilian.

Dr. HAMRE. Yes, sir. They have a thin veneer of military, but they're largely civilian enterprises and big business. I mean, this is probably $85 to $90 billion every year. I mean, these are big operations. And there's not a great system of oversight for their activity.

Senator KING. Thank you.

Thank you, Mr. Chairman.

Senator MCCAIN. Well, I thank the witnesses. It's been very helpful and certainly is, I think, an important basis for us moving forward. We will be making sure as many people as possible are able to see your written testimony. I think they're very comprehensive and very important. And we will be calling on you as we move forward.

And I do take your advice seriously about working with the Secretary of Defense. We do have a bipartisan approach to these issues, as we have in—as the bill we are about to vote on. But, this has been, I think, very helpful to the committee. And it is our mission to try to get as much done, this coming year, as possible, recognizing that we aren't going to get everything done.

But, I also might make what seem to be self-serving, but some of the things that we have in this legislation, such as retirement reform, such as many others, they're not necessarily low-hanging fruit, but they certainly are issues that we could address in a bipartisan fashion. For example, the retirement system. The predicate for that was laid by a committee—a commission that was appointed, that testified before this committee, that I don't think we would have acted if it hadn't been for that. So, it's also helpful to have your advice and counsel.

Senator Reed, did you want——

Senator REED. No, Mr. Chairman. I just wanted to second your comments and thank the witnesses' extraordinary insights, and look forward to working with them.

Senator MCCAIN. This hearing is adjourned. Thank you.

[Whereupon, at 10:53 a.m., the hearing was adjourned.]

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