

Ruthless Prioritization: The Army's Realization of the National Defense Strategy

*A Conversation with Acting Secretary of the Army Ryan D. McCarthy and CMPP Senior Director Bradley Bowman*

*Introductory Remarks provided by Clifford D. May*

MAY: Well, welcome to the Foundation for Defense of Democracies. A special welcome to our viewers online and those watching on C-SPAN today. I'm Cliff May, I'm the founder and president of FDD and I'm pleased to welcome you to our event today. *Ruthless Prioritization: The Army's Realization of the National Defense Strategy*. We are honored today to host Acting Secretary of the Army, Ryan D. McCarthy. Thank you so much for coming again.

As Secretary Esper and General Milley highlighted in their army posture hearing earlier this year, the army confronts a global security environment that is increasingly competitive and volatile. We see great power adversaries working overtime to erode America's military power in order to threaten our interests and those of our allies. In light of these challenges, and to support the national defense strategy, the Army has achieved commendable progress on readiness, modernization, and reform over the last couple of years, but the threats remain significant and the budgets remain finite.

Now, there is much more work to do and FDD stands ready to provide world class research and analysis to inform this effort. As many of you in our audience know, FDD is a research institute. We are focused exclusively on national security and foreign policy. We are non-partisan and we accept no funds from foreign governments, we never have, we never will. This event is hosted by FDD's Center on Military and Political Power, which seeks to promote, on a bi-partisan basis, an understanding of the foreign policies, national security strategies and range of diplomatic defense, intelligence and other government capabilities necessary to secure the United States, its citizens and its allies. While preserving peace, promoting prosperity and advancing American influence.

CMPP experts work closely with FDD's Center on Economic and Financial Power and our Center on Cyber and Technology Innovation. With the goal of integrating all tools of American power to achieve better outcomes for America and for our allies. CMPP also features FDD's *Long War Journal*. An online journal, if you don't, most of you probably know that, if you don't, do look for it. It provides original and accurate reporting and analysis on ongoing conflicts, as well as professional development we do here and research opportunities for active duty military personnel.

That's also part of FDD's National Security Alumni Network. CMPP is led by former national security advisor, Lieutenant General H. R. McMaster, who serves as chair of CMPP's board of advisors. It is led by CMPP's senior director, Brad Bowman, who will moderate today's session. Brad served as national security advisor to members of the Senate Armed Services and Foreign Relations Committees, and was for more than 15 years an active duty U.S. Army officer.

During that time, he was both a Blackhawk pilot and an assistant professor at West Point, probably not simultaneously. CMPP's board of advisors includes former secretary of defense,

Leon Panetta, former U.S. senator, Kelly Ayotte, Ambassador Eric Edelman, General Edward Cardon and other leading thinkers. Today's program is one of many we host throughout the year. For more information on all our work and our areas of focus, we encourage you to visit our website, FDD.org.

We invite all of you to join in the conversation today, which will be live streamed and recorded. We will also be live tweeting at @FDD. I look forward to this conversation and many more to come. Again, thank you for being here and may I now ask that you please silence your cell phones and with that let me turn the mic over to Brad.

BOWMAN: Great, great. Thank you, Cliff.

As Cliff mentioned, my name is Brad Bowman, senior director for our Center on Military and Political Power here at FDD. I want to welcome all of you here in the audience as well as all of you tuning in online and on CSPAN.

Most of all, it's an honor to welcome you, sir. Thank you for being here with everything on your desk. It's -- I'm very grateful that you spend time with us today. Thank you.

The plan for our time together today is to give the secretary an opportunity here in a moment to provide some remarks. He and I will engage in about a 30-minute discussion and then we'll open it up to you all for questions.

So with that, let's get started. You have -- you should have bios in your seats or on the table when you came in, so I'll be brief. But by way of introduction, Ryan McCarthy assumed his duties as acting secretary of the Army, the top civilian Army official, on July 23rd. From August, 2017 until then, about two years, he served as undersecretary of the Army. In that position he was the Army senior civilian assistant and principal adviser on matters relating to the management and operation of the Army, including development and the integration of Army programs and budget.

Prior to that, he worked in industry on Capitol Hill and a variety of positions in the Pentagon. Earlier in his life, from 1997 to 2002, he served in the Army, including a deployment to Afghanistan with 75th Ranger Regiment in support of Operation Enduring Freedom.

I suspect that experience as a soldier helps explain, in my view, his admirable focus on ensuring our war-fighters have everything they need to accomplish their missions and return home safely.

Sir, the floor is yours to deliver any remarks you might like to give. Thank you, again.

MCCARTHY: I appreciate that.

Sorry Cliff stepped out. But we were actually texting with his son backstage who just graduated from the University of Chicago. And he is going to go into the infantry, and reports to

Fort Benning this fall. And he was texting us from Italy. So he's having a fun summer. He's going to have a very different fall when he reports to Fort Benning. But excited to have extraordinary young men like that in our formation.

Brad and I met over a decade ago in Afghanistan and have worked together in the past. It's a great opportunity for me, nice to see you again.

Great opportunity for us. A lot of transition in the department and still transitioning. I will have to go through the Senate confirmation process this fall. But just over a week ago, General James McConville assumed the duties as the 40th chief of staff of the U.S. Army. We are extraordinarily blessed to have an officer of such a dynamic breadth of experiences: the senior aviator of the Army, commander of a division for over three years, engineering background. He was the G-1.

So there's not a portfolio across the Army that General McConville does not have extraordinary depth, both experience in combat operations, but also operating and maintaining complex weapon systems. So at this unique time, with the efforts under way with modernization, with still having 180,000 troops deployed in over 40 countries, we have nobody finer to be the senior officer in uniform.

General Joe Martin moved from the director of the Army staff to be the vice chief, another extraordinarily talented officer, has commanded in combat at every echelon since he was a captain. And so we are very excited about that.

I have the Senate confirmation process coming down this fall, so I'm anxiously awaiting to go through that again. But so from a transition standpoint, we are very blessed with Martin moving up from the DAS to the vice, General McConville was the vice chief. We've all had a lot of time and experience with each other, so we are managing a very unique transition in our secretary going to be SECDEF, our chief to go become the chairman of the Joint Chiefs. A lot of movement in the Army corridor.

With that, what we have really worked very hard on is to remaining focused on the priorities that we set as an institution. But what you will hear us talk a lot about more here in the future is on our people, investing in our people so that they can reach their potential, but also taking a very hard look at how to manage challenges that we face with suicide and sexual assault, sexual harassment, the types of things that tear away at the fabric of an all-people organization, something like the U. S. Army. We are a people organization.

So we're -- we've been buckled down, been very focused on our priorities. We have been on a very unique journey for the Army over the last two years. We've conducted one of the most extraordinary management restructuring changes that we've made in over 40 years with restructuring our enterprise -- our modernization enterprise where we bring you all of the stakeholders together so we can achieve unity of effort and unity of command all under one roof.

So over two years ago, we started a process of looking at how we conduct modernization and what does it take to reduce the span time to develop requirements, to experiment with a prototype system, and then ultimately by tranches – LRIP tranches of capability in field and the formation.

If you look at it historically, it would take us about 20 years to field the capability into a formation, five to seven years to get a requirement, two to three years to test it, and then about 10 years to buy enough of the capability to field an organization that has over a million people.

It's like having a 19-year-old kid that can throw a 100-mile-an-hour fastball, and that won't make the majors until they're 39, in professional baseball terms. It took too long to bring a relevant technology to the field and make it -- have it utilize in a formation. So when we went down this process we knew we had to lock in against investment priorities, we had to look at where all the stakeholders were in the institution and how they were spread across different large organizations, Army commands, or across the headquarters Department of the Army.

We went -- we went and looked at ourselves and said how do we reduce the time span because it really was a business problem. How do we make a decision -- an informed decision with speed.

So over the time we put through this process -- we realized we had to put an enterprise or an organization to be leading this effort. We created an Army Futures Command. A four star entity, putting it on par with the other three Army -- major Army commands; FORSCOM, TRADOC, and AMC.

And what this organization does is it fuses futures and concepts, combat development and then dotted line combat systems as your acquisition community working shoulder to shoulder with them.

So with all the problem that we've had, and particularly with the Army's challenges, for technology development over the last several decades was requirements definition and the discipline of sticking with requirements.

You have to come -- make up your mind very quickly and stick with it, and then develop a technological road map where you can cycle in new increments of capability over time. But you had to have the same kind of discipline, like auto manufactures in the United States and others where if you want cooling in the steering wheel, you got to wait for that increment to come in later.

You can't stop the production line, change your mind and come back around. It cost money, you lose time, and this constant fluctuation confuses the vendors that you're working with that are developing the capabilities with you.

So we've empowered the requirements community through different policy changes and directives, we've created a four star organization. We've put it in the middle of an American city,

because we needed an organization that will help us get closer to academia, business and work side by side in the development of capabilities.

So over time we developed six investment priorities; long rang precision fires, next generation combat vehicles, future vertical lift, aviation platforms, network, integrated air missile defense, and soldier lethality, which we refer to as expanding across all the fundamentals of shooting and moving armor equipment on an individual soldier.

So these six investment portfolios have complementary efforts, synthetic training and position navigation timing, lower orbit satellites, things of that nature. There's 31 systems across these investment portfolios that are going to have the 80 percent of the S&T budget for the U.S. Army.

And then as we continue to unfold from the '18, '19, through about the '25 budget, we'll have over half of the procurement dollars going towards these 31 signature systems. And we crest over that 50 percent mark by the middle of the FYDP.

So along with the organizational construct, you're putting an enterprise leader to drive requirements. We went through a series of budget exercises, starting in fiscal '18 with our S&T budget and then in the '19 fiscal year, the '20 and now as we head to the '21 as we're working with OSD on that budget now, has been this massive shift to the Army enterprise of divesting legacy systems and starting to invest against our future.

If you would have looked at just at the '20 to '24 FYDP alone, there's about \$57 billion worth of opportunity in new business across the five-year future's defense plan, the '20 budget.

So the Army has made a massive change in the way we're doing business, and also putting the dollars against it to invest against our future.

The '18, '19 budget was wonderful. A huge uplift to get that predictable, sustainable fund and getting it on time. As we head into the fall and we know we have a budget deal on the table, the fiscal '20, '21 deal is -- it's also -- it's great. We -- this is going to be very helpful for us to have that.

But we got to slap the table, recognize that there's going to potentially be a continuing resolution as they try to smooth out the specifics of the F.Y. '20. It's -- it's very important that we get that deal done in the early fall because the challenges of continuing resolutions if they come back onto the system.

Continuing resolutions create uncertainty, it creates a lot more conservatism. In the business world that fluctuation prevents them from investing, they slow their production lines, it creates mass confusion.

So we'll work very hard with Congress to try to get this deal done in the fall. And what -- what'll eventually happen there is from '18, '19, '20, and '21; you'll see four budgets in a row

where the U.S. Army was very specific about what it wanted and it put its money where its mouth is against the 31 signature priorities.

The challenge is, is you're going to see a lot of these prototypes landing this fall and into next spring and summer. Some of them are going to work and some won't. And for the leadership and the Army, in particular, we have to communicate to OSD and others of that -- as long as we can learn from the prototypes and we can adjust and we can work with these -- these vendors, we can continue to progress and to bring new capability into this system.

A lot of people are going to be watching to see did you make the right bets, have you -- have you gone too quickly. That'll be on the leadership to insure that we can buy the time for our folks to work through these problem sets.

But over time we think we're going to have a lot of success with this. We worked very hard on the requirements for these prototypes. And then these -- this '20 to '21 vehicle -- budget deal -- excuse me -- will have the funding required to keep those production lines moving, to create these prototypes.

We'll test them in the field very rigorously and that's going to be the window where we're going to see opportunity where we can start buying low rate initial production, large tranches of capability and then start testing them in units at larger scale.

And that's really the tipping point, I believe, of how we'll be successful as an institution in this modernization effort. So very important, 18 to 24 months ahead of us as we face this modernization effort.

But one thing, modernization is not all about materiel. A lot of it is the operating concept that you apply against these new weapon systems. The Army has a concept called multi-domain operations.

So basically we've taken the air, land battle that you -- you've heard us use for decades and now you're applying space and cyberspace. And how will that change the operating model of the Army over time?

Some of that is materiel, but a lot of that as well is the doctrinal concepts that we develop and put into these formations. We have what we call our dot.mil-P of continuing doctrine, training, materiel, logistics and bringing all these pieces together so that the team operates as one.

Changing the operating concept and the materiel will change our structure over time. Looking very hard at that, at multi domain task forces and other types of formations that will help us look at ourselves and how are we going to operate in the future. So this is extraordinary time for the Army over this next 18 to 24 months in particular.

We're going to learn a lot about ourselves. And -- and getting the opportunity to come to venues like this, we learn from all of you and we communicate about where we're trying to go. We get the help from Academia, from business think tanks and others.

It helps us sharpen the approach and adjust over time. So I appreciate the opportunity to be here and look forward to the conversation.

BOWMAN: Great. Thank you sir. Thank you for those comments. You mentioned transitions, obviously the Army is going through a big leadership transition right now and you're a central part of that. You know transitioning from undersecretary to acting secretary.

I noted, as I mentioned earlier, that you were confirmed in the Senate to be under secretary via voice vote. And for those not versed in the workings of the way that the U.S. Senate floor works that usually means it was unanimous.

And so you had unanimous support to be confirmed as undersecretary. But I'm -- I'm interested in, Sir, how you view the transition personally for you from undersecretary to acting secretary. How do you think about your transition from one role to the other because those two positions obviously are very different.

MCCARTHY: It's very difficult. You have to -- you know your -- the -- the way you approached each day with -- I love working the details of issues taking hold of -- of certain portfolios Dr. Esper had me drive largely the budget and modernization and reform efforts.

You know through shifting gears to that job, you got everything. So the way you approach the day, your behaviors, everything is different. So, you know, if confirmed, touch wood somewhere, the -- that -- yes, hit it three times -- that you have to adjust. You know I have seen it already with General McConville.

It's -- you know it's -- he's already made the adjustment very quickly. He has extraordinary experience assuming, you know, command positions. So it's making that adjustment and checking yourself and editing yourself each day of how you approach every meeting, and every engagement with, you know, privates, sergeants, general officers, it doesn't matter. So it's just -- it is a big adjustment and you know I'm going to have to rely on my teammates, and I've got wonderful ones, so.

BOWMAN: Excellent.

A member of our board is Ambassador Eric Edelman, who I know knows you and respects you and sends his regards. He was co-chair, as you know, of the National Defense Strategy Commission, important report that came out a while back. That commission found in its report that the U.S. is confronting a -- a -- quote, a crisis of national security, warning that the U.S., quote, might struggle to win or perhaps lose a war against China or Russia. I think a lot of Americans who hear that might be startled by that. You know, people that don't kind of do this

for a living day in and day out might be startled to hear that this bipartisan independent group of experts would come to such a conclusion.

Or some might view that as just kind of fear-mongering and -- and undue alarmism. Do you agree with that finding of the National Defense Strategy Commission? Do we confront such -- obviously we've made strides in the last two years but where do we stand in terms of deterring and if necessary, defeating China and Russia in a conventional -- conventional warfare?

MCCARTHY: I think if we had to fight them today we'd beat them at extraordinary cost. And it would fundamentally -- it would fundamentally change our way of life, but I think we'd win. The challenge is, is the trajectory of their investments and the energy behind the -- the growth in their national security space. It's breathtaking. It's very focused. And so that has the attention of, you know, serious opinion-makers like Ambassador Edelman. And -- and -- and I think the NDS, we -- we have -- we're trying to live and breathe that as gospel in the Army.

So that's -- I think they have -- they -- they've grabbed a hold of this and recognized -- it is the long term pacing threat to the United States. And you can see by the way we've invested, the way we are organized and the way we're approaching multi-domain operations as a force. We're putting our shoulder to the wheel to ensure that we can -- we can still stay ahead of pace and be best of breed and be able to deal with that threat.

BOWMAN: Thank you. The -- it seems to me, just from -- from my foxhole here that one of the central challenges or questions for DOD broadly, but perhaps for the Army as well is how do we shift, as the NDS says that we should, to a focus on great power competition, China and Russia while also addressing persistent threats from Iran and terrorism and of course North Korea as well? How do we walk and chew gum at the same time in terms of focusing on China, Russia, great power competition, but also address seeing these persistent interests and threats in the Middle East? How do we do both at the same time?

MCCARTHY: I think it's a couple things. Have to be very clear about national objectives. What are we trying to achieve? Where do we compete against near-peer competitors worldwide? Harden our reform efforts. We've got to be -- we've got to be as aggressive with every dollar and focused with every dollar in that utilization, every dollar we invest in -- in the enterprise. But it's -- it's where can you take risks? You know, for the -- for the Army, why we continue to grow, albeit modestly at about 2,000 year-over-year, we are 60 percent of combatant commanders requirements worldwide. We still need a lot of people.

So the challenge with that is we have to continue to grow, we have to continue to train, have units ready. That's 55 to 60 percent of our balance sheet. So then you're very fixed of what you can invest against. So you know, you used the word ruthless earlier. We were and we will continue to be. And with that comes -- every investment program comes divestiture. We're going to have to continue to cut programs that are not the highest property. So night court, as the Army staff coined it two years ago -- and they obviously have a sense of humor during tough times -- we -- we're going to continue that. And that's the reform efforts that Dr. Esper and General

Milley put us on it's going primetime now in OSD. And we're going to keep doing that for years to come.

BOWMAN: Based on the extraordinary contributions and sacrifices of the Army since 2001 in Iraq and Afghanistan, it seems to me that the Army appears to be the service facing the largest adjustment moving from -- maybe preoccupation's not the right word, but a focus on counterterrorism, counterinsurgency and stability operations to this great power competition we're doing. As you lead the Army, how do you think about that adjustment? Are there things that we can learn -- best practices that we can learn from those -- those tough experiences in Iraq and Afghanistan that apply to the gray zone conflict with China and Russia both inside the Middle East and beyond, because we know we're -- this competition with China is just not in Indo-Pacific, it's -- it's a global competition.

MCCARTHY: Yes, the counterinsurgency operations that you referenced are not going away. We thought that post-Vietnam, so we're -- it's not and that demand will remain for decades to come. So under General Milley's leadership, we were focused on creating security force assistance brigades, institutionalizing the hard lessons learned that you referenced into organizations that will do advise and assist operations worldwide. So we -- these are second command opportunities for officers and senior enlisted folks. These are second opportunities for them, so they're all very seasoned personnel. So we -- we're institutionalizing those behaviors into SFABs and what we're doing is trying to protect the large formations that we had to break up -- excuse me -- to support these missions and focusing their readiness against near -- near-peer competitors.

And we've got that got that across all the verticals from home station training through the combat training center rotations where they bring -- they do their larger collective work going from individual to the large collective.

BOWMAN: The Army's role in deterring Russia and Europe seems pretty clear to me, you know, the role -- the pivotal role the Army plays in EUCOM and deterring additional aggression by Moscow. Curious, what role do you see the Army playing in the Indo-Pacific in terms of deterring China? A lot of people focus on the -- the maritime and air aspects, the Navy and Air Force. What is the Army's role in the Indo-Pacific and what is the delta you see between the posturing capabilities you think we need in the Indo-Pacific for the Army and -- and what we have today and how we close that gap?

MCCARTHY: Was it two or three wars in the last century were all on the ground over there. So I mean, we're going to have a role if something were to happen. But in the great competition space, advise and assist capability will be critical with allies and partners throughout the region. We're going to work hard on foreign military sales with our partners throughout the region.

And what long-range fires, electronic warfare, there's a lot of capabilities that we can bring forward and a variety of formations, whether that's in -- we had a Stryker Brigade just trained in Thailand, Philippines and Palau. So we've increased our presence from not only units

that have been assigned to that part of the world, but brought some domestic-based units forward to conduct exercises. The -- the work that General Bob Brown's done over the last three years is remarkable looking at how the Army participates in the Pacific pathways exercises.

So we've increased our presence and we're going to do more of that here in the future.

BOWMAN: That's great. My former boss was chair and ranking member of the Readiness Subcommittee, so something I always like to focus on -- my sense, with full deference to you, is that in 2016, 2017, the Army -- and DOD more broadly, but certainly the Army was confronting a readiness crisis, largely due to the Budget Control Act of 2011, sequestration, the habitual reliance on continuing resolutions and the inability to deliver the NDAA and defense appropriations on time before the fiscal year. All things largely that were out of the Army's control and yet they were victims of. You know, what are your top readiness concerns? To put it differently, what worries you at night about Army readiness? What are you most concerned about?

MCCARTHY: You know, if there's one place that I'm not as worried, it is -- it's really not readiness. I think if you were to go from two years ago when we had two brigades at the highest levels of readiness to north of 25 today at the highest levels of readiness, it's truly remarkable the performance. You know, it's -- General Milley, General Abrams, McConville, they -- they did get an infusion of funding. That's a big part of the equation. But the others also is focus and leadership.

And whether you're talking to a four star, you're going to go down to a battalion commander, they all understand the metrics, they're all laser focused and they're doing what they need to do. So very proud of the gains that have been made but these are gains that could slip through your fingertips like sand.

So you have to stay laser focused on this every day. The -- the key for us is -- is the sustainability over time. Demand remains high. Funding challenges could be flat in the -- across this FYDP dependent upon where things go with, you know, the challenges we face with trade and others. It was difficult getting to this budget deal.

Funding is a key variable to the equation every time, so the work we do with Congress is critical.

BOWMAN: Yes. The -- what are the -- so what are the Army's top priorities for the fiscal year '20 NDAA and defense appropriations? What are -- what do you hope -- the most important things you hope to see? What are the consequences if you don't get those in the final bills?

MCCARTHY: So we made about 186 really tough choices. We truncated the buys on 93 programs and terminated 93 others. Made some very big, hard choices to include -- we've basically said that we're going to buy another five brigade sets worth of the Bradley, and then we are walking away from the Bradley and we will introduce the next generation combat vehicle into the formations by the end of the FYDP.

The -- on the Chinook helicopter, we have halted the buys for the conventional force. For the Block II, we're going to continue to buy the Block IIs for the Special Operations Force. Working very hard with two partners in particular to continue the FMS buys for the Chinooks, also looking at potentially doing it with some other partners.

So we'll keep those supply lines robust but we are divesting weapon systems, legacy systems from the past in order to create the trade space in our investment portfolio so we have enough money to pay for this stuff in the future, especially when we have to start scaling it across the institution.

So a lot of the work in '20 is this shift. And if money gets re-inserted or the -- we don't accept the proposals, we're going to have pressure on our investment program in the out-years.

We look very good heading into the SAC-D mark, but that's coming up here in September. We're going to work real hard to communicate and make sure everybody understands where we're trying to take the modernization portfolio in particular. But as we get through three of the four committees, we're in very good shape, having maybe one or two issues in particular across those whole 186 decisions.

And then from the readiness standpoint, we get tremendous support, bipartisan, from the Congress on that. They were very pleased with the progress that has been made. Some places where we're going to get additional support from the Congress is on housing. So we are looking very hard at the MILCON budgets, and then what can we do to continue to perform better in that space.

But, you know, I guess I have got to hit wood again. We are doing very well. We're very blessed. But, you know, the leadership team worked very hard across the army to communicate with every committee of jurisdiction in particular and countless briefings to ensure that everyone understood what we were -- were trying to do.

And for the members that may have been affected in their states or districts, they worked very hard with us to understand it. And then they saw ways in which we were trying to mitigate challenges, like FMS sales and others, and we got a lot of support, so we're pretty blessed.

BOWMAN: As you know, from your experience, and as I saw as well, often service will want to divest something to clear budget space for an important modernization priority. And perhaps that aircraft or that system is based in a particular state or district or manufactured in a particular state or district, and Congress will want to intervene and prevent that divestiture. And then, you know, receiving calls from constituents and that sort of thing.

If appropriate, what would you say to those constituents in terms of the consequences if the Army is not able to divest these key systems and you don't have the money that you think you need to modernize and get ready for great power competition and potentially conflict?

MCCARTHY: That is a rough conversation. But there is tremendous opportunity that's coming to bear because of all of these investment decisions, because we have also had the -- obviously an uplift of investment from top-line, excuse me, to support this ambition. But there is just so much to go around and we couldn't maintain all these other systems.

But, as I mentioned, there is north of \$55 billion of opportunity that is presented. The companies and the districts and states that have been affected also have vast opportunity to win new business. So in many cases, these are business decisions by the leadership of these corporations, and but there is a recognition they have the talent, they have the production lines and systems in place.

It's just developing new products. So that's why, you know, if you think of 186 of these types of decisions, we've narrowed it down to about one or two where we're working back and forth with Congress. So we've worked very hard to communicate with them. Dr. Esper and General Milley introduced this process where we had every Monday night we would bring in a CEO, and we would sit there with their leadership team and we would have dinner.

And after a while, you realize you're doing the same folks two or three times. We have gone through 25-30 companies in this process and we keep having more sessions like this. So the communication helps a lot. And we show them where the opportunity lies. These are all great companies. They see where the opportunity is and they make the adjustment, they go after it.

BOWMAN: It seems to me, just a quick unsolicited comment, that if the Army is not able to divest key legacy systems, then you're not going to have the money you need to modernize. And that could have life and death consequences in the next conflict. And so we want the Army to have the money that you need to do that. And I think it's important for Americans to understand that.

What -- in addition to discussions in Conference Committee about individual programs, there is obviously going to be perhaps some discussion about the top-line number. I'm curious, your perspective on -- at what top-line funding number would the Army be unable to implement the National Defense Strategy?

MCCARTHY: So today if we hold flat, we have \$182 billion. That includes OCO. If we stay flat in the out years, our buying power starts to reduce. And that is where I think it was Secretary Mattis and General Dunford testified about close to two years, maybe about a year-and-a-half ago. And they talked about the real growth, you know, 2 percent, 3 percent, plus inflation.

So that is when they say real growth, be required in -- across this FYDP. And that is where you see such aggressive efforts on reform is that if we can't achieve a top line of that magnitude, we are going to have to find ways to claw back 10, \$15 billion a year as a Department of Defense to be able to finance both readiness and modernization in particular because we will start to stall out.

You know, in the Army's case, we're performing the analysis right now, that if the 31 signature systems that I referenced before are starting to really look like they have the makings of a system we want to bring in the formation where you take that prototype and you start to really go down the path to develop large tranches of capability, we're going to need more money to scale it in its relevant time-frame, and to be able to deploy with them.

So the -- as you kind of look at fiscal year '22 will be -- it's amazing, you know, we are finishing the '20, we are working on the '21 internally, we are already starting on '22. We do budgets every day.

When we look at that, the choices that the Department of the Army will have to make from '22 to '26, we will have to find more money for the modernization effort under current assumptions of being flat. I don't have that number today because we just haven't performed enough rigor against it.

But the type of reform behavior will be necessary under flat conditions.

BOWMAN: And I would just note that the National Defense Strategy Commission that I referenced earlier, this independent, congressionally-mandated group of bipartisan experts said that they believe that DoD need I think 3 to 4 percent real growth in order to make the -- to implement the National Defense Strategy. So it seems to me it would be real tough to do that under a flat budget.

Sir, if you were to get one additional dollar above the Army's -- or the president's budget request, DoD's president budget request, where would you spend that next dollar?

MCCARTHY: Probably in the modernization portfolio. I think we are yielding a lot of progress, in particular, so for General Murray's command, we've been able to reduce the requirements process which was normally taking us five to seven years. He can crank out fully loaded requirements documents to Dr. Jette who will release an RFP to -- you know, to vendors in about 18 months or less for complex weapons systems.

So we've reduced the span time it takes to make a decision and turned to a contractor to say, develop me a prototype helicopter, armored vehicle, machine gun. And reducing that span of time is the speed of an order for business. Reducing that cycle time to achieve a sale, that is great for American business, that is great for us because we're going to get it sooner.

We don't spend millions and millions of dollars talking to ourselves and moving paper back and forth to try making up our mind. So the speed at which we can bring these capabilities forward will help us change. And between the materiel and the work that General Murray's command is doing on multi-domain operations, that is how we're going to transform the Army.

BOWMAN: Excellent.

Last question from me before we go to the audience. As you know, the National Security Strategy and then the subsequent National Defense Strategy, and also the Army Posture Statement from earlier this year that I reviewed, all emphasize the importance of allies and partners.

And when I think of China, one of those partners that I think of is Taiwan. So I know this is, you know, kind of a bit specific, but would be interested in any update you might be able to provide in what the Army is currently doing with Taiwan and if there might be a way to expand, deepen, strengthen the events and exercises that we do with them because giving them weapons is one thing, but as you know better than me, readiness, capability also depends heavily on training and exercises as well.

MCCARTHY: So I know we have a couple Special Forces ODAs train there regularly, great frequency. The -- they are part of the Pacific Pathways exercise. We're working an M2A2 Abrams sale with Taiwan. So across a variety of different means, we're working that partnership very strongly. I think the -- heard just the other day, we're announcing a potential pursuit of an F-16 deal.

BOWMAN: Yeah.

MCCARTHY: So working very hard with that partner, and you know, the Army's participation's pretty robust.

BOWMAN: Great, thank you.

All right. Well at this point, I would welcome questions from the audience. If you wouldn't mind, please wait for the microphone to come to you, and introduce yourself. And if you're able, please stand up.

Right here.

SPOEHR: Mr. Secretary, Tom Spoehr from Heritage Foundation. I wanted to talk about recruiting for a moment. 2018 missed the mark, although it was an aggressive mark. I was wondering how 2019's shaping up. I know the Army's taken a lot of new approaches to recruiting, but interested in your forecast on how that's going to -- how the year's going to end. And if -- if you project difficulties, are there any solutions for maybe a whole-of-society, whole-of-government approach that might --

MCCARTHY: Yeah.

SPOEHR: ... because I know this is a very difficult recruiting environment. Thank you.

MCCARTHY: I believe we will make it on October 1st, 68,000. What you're -- you did highlight, though, the real challenge, that with 3.6 percent unemployment, that has -- we've never

seen a benchmark like this since 1969, and we didn't have an all-volunteer force in 1969. So we have, really, no metric for us to know how we're going to do in this type of environment.

The other challenge is, the 17- to 24-year-old men and women in this country, about 70 percent of them would require a waiver because they're -- either the drug use, challenges with the law, mental health. So that sample size is really small. It gets much smaller. And so we're -- we've been laser-focused on that.

So things that we've done is, we've made some big changes to how we're doing marketing. We changed the partner, we moved a team of civil servants and uniformed personnel to be -- to work side-by-side with the advertising firm. We've hired some microtargeting marketing experts to help us with geofencing and some very sophisticated techniques of how to identify potential recruits.

But more so than anything, we're changing the way we message and communicate to the country. We're focusing our efforts on 22 key cities in every corner of the country. And the Army senior leaders are traveling to cities, and we're meeting with mayors and superintendents of the schools and directors of Parks and Recreation and every other thing.

Because we need civic leaders to help us communicate to young men and women and their parents, and find a way to show how the Army has 150 different operational specialties. There is no other institution in America that's going to help you find the middle class than the U.S. Army, help you get an opportunity to go to -- get education and to really have an opportunity to reach your potential.

But it -- recruiting is -- it's, you know, it's like college sports or anything else. You've got to get out of your office, and you've got to look people in the eye, and you've got to convince them that it's an opportunity, and this is the team you want to be on.

So we've been doing a lot of that. I think -- I visited over a dozen cities alone in the last year to 18 months. So we've -- we're getting a wonderful reception, but we have to do that. We're all-volunteer and the disposition of our installations are in a particular part of the country. So we've got to get out there and shake hands and talk to people, so we're trying to do that.

BOWMAN: Other questions?

Yes, in the back?

ROQUE: Hi. Ashley Roque with Jane's. On Sunday, it was announced that the Navy had fired a Tomahawk missile from an Mk 41. What direction has the Army been given at this point, at fielding something -- a weapon that was previously banned under INF Treaty? And could you give us an update on how you're looking at potentially positioning some of these weapons within the Indo-Pacific region?

MCCARTHY: So with respect to the INF ranges in particular, the -- by now, not participating in the treaty, we're looking at where can we first find opportunities. Is it -- is it we go down the path for the precision strike missile, the ATACMS replacement program?

Clearly, hypersonics, if you put a ballistic warhead on a hypersonic glide body missile, those would be beyond the INF compliance. So we're looking at those opportunities. With respect to deployment, I mean, I'd defer to Admiral Davidson on that.

BOWMAN: For those listening that are -- might not be tracking all of this, I mean, the INF Treaty, we just -- it was, I believe, around August 2nd, we --

MCCARTHY: August 2nd.

BOWMAN: August 2nd, the U.S. ended that. And because of Moscow's persistent long-term refusal to abide by its commitments under that treaty, and would not come back into compliance despite a warning period.

And I would also note that the commander of INDOPACOM testified recently that roughly 90 to 95 percent of China's missiles fall within the intermediate range that we were preventing ourselves from developing.

Next question?

MCCARTHY: I know you're trying. Go ahead.

BOWMAN: Right here. Yes, sir.

LEE: Thank you, Mr. Secretary. Chung Min Lee from South Korea, and I'm currently working at the Carnegie Endowment.

I have two quick questions. The Chinese are investing billions of dollars, literally, on A.I. quantum computers, hypersonics, all of the things that you are concerned about. Looking to the future, are you going to work with your Japanese, South Korean and Australian allies in developing next-generation systems?

And number two, how assured are you or confident are you that the U.S. Forces-Korea will remain in the ROK, regardless of the negotiations on denuclearization? Thank you.

MCCARTHY: With respect to joint investment, those decisions are usually driven largely from the Office of the Secretary of Defense. So Ms. Ellen Lord would drive that. I know she works very hard with partners that are looking at opportunities to do that, just that.

With respect to USFK position, I've not heard anything different than our current posture.

BOWMAN: All right. Other questions?

Yes, sir? Here comes the microphone. Thank you.

READ: Thank you, sir. Russ Read with *The Washington Examiner*. I wanted to go back to a statement you made regarding if we had to fight China now, it'd be costly. Could you expound upon that a little bit for us? And offer some weaknesses you see within the Army that could help maybe make it a little less costly in the future?

MCCARTHY: Well, it's be -- I mean, it's a country of a billion people, and we -- I mean, we -- tremendous casualties, would be tremendous expenditure of American blood and treasure. That's -- sorry, that's what I was referencing.

BOWMAN: Thank you.

Next question?

Yes, sir. Right here.

SHARP: Lieutenant General Skip Sharp. Great to see you again, sir. I'm glad you brought up multidomain operations. And with the Army's work on it, because I truly do believe that when we get into competitions to deter and potentially defeat people like China and Russia, multidomain operations, kind of any sensor to any shooter, are just going to be required to do that.

My question is, what's the Army doing -- is there a movement to make this truly work, which has to be done in a joint environment? What the Army's doing from acquisition, what we're doing -- working, doctrine and all of that, from a joint environment. I hope with Mark Milley going up to be the chairman and the secretary going up to be the secretary, that that will move in the future.

But anything that you could talk about, how doing what the Army's doing, but doing it in a multidomain operations sense from a joint perspective, and eventually from like a line perspective, because that's the way we're going to fight. Thank you.

MCCARTHY: Yes. AirLand Battle happened because those two chiefs sat down and they drove it. So, you know, it takes that senior-level leadership, to really sit down and hammer this out.

I'm very encouraged by the efforts -- Lieutenant General Eric Wesley, who really drives this for us in Army Futures Command, he's done a remarkable job, corralling the Navy and the Air Force, Marine Corps at about the three-star level. And they've been working on this and they've been socializing this throughout the department, over the last year. And if you kind of hearken back to what it took to bring AirLand Battle to bear, it took you several years of the back and forth.

I think we have the right leadership and they have the right sight picture. The Air Force is coming very close together with us, we're working hard to bring a lot of the maritime pieces together here. So there will be some leadership changes. Obviously, General Milley assumes on October 1st. But the -- you know, the Joint Chiefs will be set, and that's really where the work will be done in the tank. So, you know, it'll pick up, I think, a lot of momentum in the late fall.

BOWMAN: Great, other questions?

Yes, in the back, please.

WILSON: Yes. Peter Wilson, RAND Corporation. I'd be interested to know your comments about an issue that doesn't seem to be getting enough attention, in my opinion. And that is, the potential acute vulnerability of the Joint Force's logistics system at the tactical and operational level, to be subject to enormous attrition.

And we have a system that's built around a modus of operandi, which kind of assumes invulnerability or lack of threat.

What innovations will the Army make in the next five years to try to make that system at the operational tactical level more robust to support the maneuver forces et cetera?

MCCARTHY: So one of the places that I think that General Gus Perna has done a great job, our Army materiel commander. He's really pushing hard on additive the manufacturing, the production of parts at the tactical level so that we can really expand the supply chain, if you will, for our formations.

We're working -- we've tied in General Mike Murray's folks at Futures Command, so increasing the tensile strength on these parts so we can put them into our vehicles. And we're doing better predictive maintenance, so we're doing things to try to improve at the local level to be able to consolidate really a brigades -- brigade level to expand the lines of heavier formations within the next couple years.

BRITZKY: Hi. Haley Britzky, Task & Purpose. Good to see you, Sir.

You mentioned focus on personnel sexual assault, sexual harassment, suicide. I know that's also a focus for General McConville. How are you going to insure the importance you all are placing on that trickles down to platoons, companies, battalions?

MCCARTHY: Clearly in the way we communicate in our presence but one of the things is just -- is the training that we're utilizing effective? Are we communicating the right way to these -- these young men and women? The statistics are going the wrong way. So what General McConville and I and other folks have talked about a lot is just the focus on really the squad, the cohesion of men and women to your left and right.

Are we good teammates, are we communicating with each other, are we doing the simple things together. General McConville, General Martin, Jim McPherson, and other leaders within the headquarters DA; we eat together a lot. We go to the gym together.

We get to know each other. You got to know your teammates to try and exhibit those types of behaviors to insure that just within HQDA, are we being good teammates. You know sometimes technology drags you away and you're buried in your iPhone all the time.

Just go to a restaurant and you'll see a family of four and they're buried in their iPhones and there's the waiter and they don't even look up at them. We're doing that all over the force. And we're not engaging with our teammates.

So clearly we have to do something different because suicides and sexual assaults, the numbers are on the rise. And -- and that's the type of approach that we're going to take going forward because we've got to get better.

BOWMAN: Other questions. Yes?

BEINART: Hi, Sir. Matt Beinart from *Defense Daily*.

You mentioned the next 18 to 24 months as an important time for the modernization effort. I was just wondering what are some specific benchmarks across the six priorities that would -- you would look at as indicators of success over that time period.

MCCARTHY: So you know we're -- I guess I'll just walk across the -- the portfolios. For the long range precision fires, your -- you know the extended range cannon artillery, can we get an autoloader in the next 18 months that works to increase the rate of fire. Do we -- you know we've had some success there.

We can -- we fired a wrap around twice the distance out of -- out of a Paladin. So we're going from 39 to 70 -- north of 70 kilometers. So we're increasing the range but we got to increase the rate of fire. So if you don't have an autoloader we're really not going to get there on the ERCA precision strike missile.

When we -- when we do the test, I think it's next -- next year, are we going to hit 500, 550 kilometers. Can we beat -- can we get on pace to put a sensor payload on there in the fusing so it can hit a maritime target, as we test this over the next 24 to 36 months in the prism missile.

Hypersonics, are we going to take some test? We have test shots in fiscal 20. Can we take them? Can they hit something? So you know that's the long-range fires portfolio. We are approaching the -- what is it -- we're approaching responses on our ORP for the Optionally Manned Fighting Vehicle this fall.

Can we progress there? Well then they're going to get -- are we going to get folks to come in and compete and do -- you know build some prototypes. Future vertical lift, we have those RFPs on the street. We'll see where that goes.

I mean soldier lethality, the next-gen squad weapon, I went down there and checked it out at Fort Benning about a month and a half ago. They're going to down-select here soon.

If that -- if that -- I mean the prototype that we checked out -- I don't even want to talk about it, I'm not supposed to, because they're down selecting. Anyway, you get the point.

And the visual augmentation system is about -- they're -- they're going through their cape set two this fall. They'll go to cape set three next year. So we'll be -- we'll be closing in.

And those are wickets along the way in development that you see we're closing in on a capability that you can field. So every time these cape sets come forward or there's a test and you see improvement, you're continuing to march down that development continuum, and -- and over time you get through it.

But things are moving very quickly, and there will be potential for setbacks. And we're going to have to do our best to stay with them and adjust and by the time to continue to get through it.

BOWMAN: David Maxwell in the back.

MAXWELL: David Maxwell, FDD. Two questions.

One, on multi-domain operations, do you think we're giving short shrift to the human domain? I mean, we don't talk about it specifically other than the SFABs, which I think is an innovative concept.

You know, we got to focus on stabilization, operations, information-influence activities. And so are we neglecting the human domain in our multi-domain operations?

And second, to follow Dr. Lee and General Sharp in night court and in the ruthless prioritization of resources, is our rotational and ground combat brigade to Korea at any risk? And can you insure that that's high enough priority, because that's one of the key elements of deterrence, is having a significant ground force there. So.

MCCARTHY: I'm not aware of any change for that.

With respect to investment and information operations, I don't think we invest enough. We had this conversation on Monday so taken a very hard look at that.

But it's also how you conduct information operations. The Department of Defense has been challenged with this for a long time. I lived this about a decade ago so it's the challenge of conducting an info op that crosses multiple combatant commanders.

Who's in charge, who takes the shot, how you put effects on the target. We are -- we've improved from where we were. But we have to get better and we have to make more investment.

BOWMAN: Sir, would you like to make any closing comments or remarks before we wrap things up here? Anything you want to add?

MCCARTHY: No, it's been a great opportunity. I appreciate -- I see there are more questions. I think we're going to sit with the media here in a little bit.

BOWMAN: Yes, absolutely.

MCCARTHY: But thank you for the opportunity.

BOWMAN: Thank you so much for the opportunity. Thanks so to those who joined us here today and for those that tuned in online and on C-SPAN. To stay up to date on the work of FDDs Center on Military and Political Power, I encourage you to follow us at FDD\_CMPP or head to our website.

Thank you again. This concludes our event today. Have a great afternoon. Thank you.