



Defending Forward: Securing America by Projecting Military Power Abroad

Featuring Leon Panetta and LTG (Ret) H.R. McMaster

Moderated by Bradley Bowman

Introductory remarks by Clifford D. May

MAY: On behalf of the Foundation for Defense of Democracies, thank you for joining us today. As many viewers know, FDD is a non-partisan research institute exclusively focused on national security and foreign policy. We accept no funds from foreign governments – we never have, we never will. I’m Cliff May, FDD’s Founder and President. The United States and our allies confront one of the most daunting and complex international security environments in the nation’s history. Yet, citing the mantra of “ending endless wars,” some influential voices are pushing to withdraw U.S. forces from abroad. We are seeing an increasingly intense debate between those who want to retain U.S. power and those who want to, as they say, restrain U.S. power. Now more than ever, we need a serious, bipartisan, and substantive examination of America’s objectives and what global military posture is required to achieve them. Toward that end, I am pleased that FDD’s Center on Military and Political Power has released a major new report entitled “*Defending Forward: Securing America by Projecting Military Power Abroad.*” To discuss the issues within FDD’s new report, we welcome to our virtual stage two of our nation’s most distinguished national security luminaries.

I’m first pleased to introduce Secretary Leon Panetta. His public service began in 1964 as a Lieutenant in the United States Army and spans sixteen years in Congress. He served as Director of the Office of Management and Budget during the Clinton administration and as Chief of Staff to President Clinton. During the Obama administration, he served as Director of the CIA and Secretary of Defense. He serves on the Board of Advisors for FDD’s Center on Military and Political Power, and is Chairman of the Panetta Institute for Public Policy, a non-profit organization headquartered in California.

We also are pleased to welcome General H.R. McMaster. He served as a U.S. Army officer for thirty-four years and retired as a lieutenant general in 2018. He was the twenty-sixth assistant to the president for national security affairs. He taught history at West Point and holds a PhD in history from the University of North Carolina at Chapel Hill. He is currently a fellow at the Hoover Institution at Stanford University. He serves as the Chairman of the Board of Advisors for FDD’s Center on Military and Political Power. We thank you both for joining us today and for your contributions to our report.

Bradley Bowman will moderate the discussion. He serves as senior director of CMPP and he edited the report. Brad previously worked in the U.S. Senate for almost 9 years, including as a national security advisor to members of the Senate Armed Services and Foreign Relations committees. He also served as an active duty U.S. Army officer, “Black Hawk” pilot, and assistant professor at West Point. This event is hosted by FDD’s Center on Military and Political Power, which seeks to promote understanding of the defense strategies, policies, and capabilities necessary to deter and defeat threats to the freedom, security, and prosperity of Americans and America’s allies. CMPP features FDD’s Long War Journal and offers professional development and research opportunities for active duty military personnel as part of FDD’s National Security Alumni Network and Visiting Military Officer Program.

Today’s event is one of many we host throughout the year. For more information on all of our work and our areas of focus, we encourage you to visit our website, it’s just FDD.org. We also encourage you to follow us on Twitter @FDD. I am now pleased to turn the floor over to my colleague Brad Bowman to moderate today’s discussion.

BOWMAN: Thank you, Cliff. My name is Bradley Bowman, Senior Director of FDD’s Center on Military and Political Power. I want to thank everyone for tuning in. Most of all, I want to welcome Secretary of Defense Leon Panetta, and Lieutenant General, retired, H.R. McMaster. Gentlemen, it is a tremendous privilege and an honor to host both of you. As Cliff said, we are excited to be releasing a major new report entitled *Defending Forward: Securing America by Projecting Military Power Abroad.* The report consists of five sections and 22 chapters or individual essays. I thought

we could organize our discussion today based on the five sections of the report. So, section one covers what we call the big picture or looming challenges, and then sections two through four focus on three important combatant command areas of responsibility, including Central Command, European Command, and Indo-Pacific Command, respectively. And then the report concludes with a section five which includes essays on the path forward. So, with that framing in mind, let's get started.

Secretary Panetta, perhaps I can ask you, if I may, the first question. It seems to me that Americans find themselves at an inflection point right now. There's a robust debate going on, as you know better than me, about the role we want to play in the world and what overseas military posture the U.S. needs. Serious problems at home, pull attention and resources inward, yet grave international threats loom. Persuaded by calls to "end endless wars" some Americans support withdrawing U.S. forces from abroad as almost a universal good and yet others warn of dangers involved in such an approach. You've served our country for decades including in Congress, as Secretary of Defense, Director of the CIA. In the forward for the report, you describe some of the lessons you've learned over these many years regarding the need for U.S. global leadership, the importance of allies, and the need for scrutinizing both deployments and withdrawals. I wonder if you might be able to discuss some of those broad principles that you believe should inform U.S. defense policy and overseas military posture.

PANETTA: Well, first of all, Brad, thank you for the opportunity to be able to meet with a friend, H.R. McMaster, and be able to discuss some of these critical issues. My sense is that for too long our country really has not developed what I would call a comprehensive national security strategy. We've been operating on a hit and miss basis based on the crisis of the moment. What we really need to do is to stand back and to look at just exactly what are our national security interests, what are the threats that are out there to those interests, and how can we best respond to those interests. To be able to put it into a comprehensive approach so that the American people have some sense of what should guide both our defense policy, our military policy, our national security policy.

I think what's important is that in line with that kind of comprehensive approach, we need to then define what is our mission? In other words, what is our mission with regards to the threats that are out there and what should be our approach in terms of deployment of forces with regards to that mission? How much of a force do we need? Where do we need to deploy it? Should it be special forces, should it be more conventional forces? To be able to define how do we respond then to each of these areas. And in doing that, I think it's important to build this around alliances for the future because my view is that, in dealing with the national security threats that are out there, as we move forward, it's going to be critical for the United States to strengthen and build new alliances so that we can work with our friends to be able to provide for the security of the world.

And I guess, lastly, I just think we need to be more truthful with the American people about just exactly what is our responsibility. And I believe the United States needs to be a world leader, I believe we do need to work with our allies, I believe we do need to respond to what are potential national security threats, but I also think we need to be truthful with the American people about just exactly what those threats are and why is it necessary for the United States to have to respond in a way that will protect them for the future.

BOWMAN: Thank you, Mr. Secretary. General McMaster, I'd welcome you to respond to that any way you'd like. And also, if you're willing, in your new book and also in your *Foreign Affairs* article that is part of our monograph, you write about the ending endless war narratives, and I'm wondering what you see as the primary problems with this narrative regarding U.S. military posture and withdrawals.

MCMASTER: Well, Brad, hey, first of all, what a privilege it is to be with you and I really appreciate the great work that the Foundation for Defense of Democracies and the Center on Military and Political Power has been doing that I think gets at what Secretary Panetta, who is one of the wisest people I know and one of the people for whom I have the greatest respect, has just pointed out. I think that the American people really need to know two fundamental things about the challenges we face. So, what is at stake, right? Why do Americans care about this challenge? And then secondly, what is a strategy that will deliver a favorable outcome, an outcome consistent with U.S. vital interests, at an acceptable cost? And I would say that leaders now across multiple administrations have not done an adequate job of that.

And then related to this, I have really nothing to add to Secretary Panetta's comments except that I think that there is a temporal dimension to this as well. We need a sustained and consistent approach to foreign policy and national security over time. And this is an area where Secretary Panetta has been a great leader at forging bipartisan, non-partisan support for policies that really shouldn't be partisan in nature, right? I mean, if you're a Democrat or Republican, does that mean you want North Korea to have a nuclear weapon that threatens the United States? I think we all ought to remember that when Al-Qaeda committed the mass murder attacks of 9/11, the most devastating terrorist attack in history, they didn't target Republicans or Democrats, they targeted Americans.

So, I'm hopeful Brad because of the great work that you're doing, and because of this report, that maybe this is the group of challenges and issues related to foreign policy and national security that we can help maybe begin to reverse the polarization we've seen among Americans as we emerge from these quadruple crises, right, of a pandemic, a recession associated with a pandemic, the social divisions that we've seen laid bare by George Floyd's murder and the aftermath, and of course related concerns of inequality of opportunity or unequal treatment under the law, and then finally, I would call it a trauma of this partisan political season that we're still in. So, the tendency is going to be for Americans to want to be introspective.

But, I would say Brad, what we should learn from COVID again, the old lesson of 9/11 is that problems and challenges, threats to us that develop overseas, can only be dealt with at an exorbitant cost once they reach our shores. And it's that kind of an argument, why should Americans care? What is the strategy that will deliver peace and security and prosperity for future generations? Those are the questions that leaders will have to answer.

BOWMAN: Well, thank you. There's so much in what you both said that I'm eager to follow up on and I'll maybe save some of it toward the end. But just the idea that, as you said General McMaster, that potentially what we learned in Pearl Harbor, with 9/11, and now with COVID, the problems over there don't stay over there, and we have to go abroad to protect ourselves at home and when we go abroad, we see that the threats are so significant on such a scale that we can't do it alone and we have to have our allies and foreign position military assets alongside them. That's excellent. If I may, I'd like to transition to section two in our report, and the topic of CENTCOM, so the Central Command area of responsibility.

In our report, I'm proud to say, we have a chapter on Islamist terrorist threat, on the MFO mission in the Sinai, Syria, Iraq, Persian Gulf, and Afghanistan. We don't have time to cover all that, but Secretary Panetta, I'd be interested in your broad overview, what do you see? There's a lot of talk about pulling out of the Middle East, just generally speaking, Secretary Panetta, what do you see as the primary U.S. interest today in the wider Middle East and the leading threats to those interests?

PANETTA: Well, it frankly comes down to one word, which is stability. The worst thing that we can confront in the Middle East is continuing conflict, continuing threats from terrorism, ISIS, as well as continuing threats from Al-Qaeda and others, and obviously the continuing threat from Iran. All of that continues to strike at stability in that region. And as we know, because of the number of failed states in the Middle East, in many ways those failed states have become breeding grounds for terrorism and for instability. And I really think that one thing we haven't done very effectively is to build a strong alliance of countries, both Israel as well as moderate Arab countries, to work with us to confront what I think are mutual enemies, which are Iran and terrorists.

And, we need to have the benefit of these moderate Arab countries to really look at the failed states that have occurred since the Arab Spring. I think we missed the boat in terms of developing a response to what was happening with the Arab Spring. We looked at Libya in one category, and Egypt in another category, Syria in another category, when the reality is that in order to advance stability, we should have had the guidance of other countries as to how we can approach many of these tribal nations who clearly did not have a history of Jeffersonian democracy. But at the same time, what would have been a better strategy for them to govern with stability so that we could move forward in the 21st century. And instead, these countries fell apart, Libya, Syria, creating tremendous problems with refugees, creating tremendous instability in the Middle East, tremendous areas of competition that developed as a result of that. And the United States really didn't have a clear response to dealing with that, we did a lot of hit and miss reactions to situations in different areas.

Again, I think the key is how do we develop a comprehensive approach here that looks at the problems of that area, looks at the best way to approach it, how do we support obviously our ally in that part of the world, Israel, but how do we also support the other moderate Arab countries that are there in working together as a team to address these common issues? That's a hell of a challenge, I understand it. Like H.R., I dealt with the different leaderships in that part of the world. But I'm also convinced that if the United States, as we saw happen frankly with the UAE and with the other moderate countries that moved forward to recognize Israel, we can be an important force to be able to bring these countries together, to be able to work together to deal with these common problems.

Look, this is not any more a question of obviously the critical nature of oil supply, we know we've developed independence with regards to oil. But oil supply still is an important ingredient in terms of stability in the world and we can't just walk away from that. But we can't just walk away from it when Syria falls apart and there are tremendous implications for refugees, but also implications for Turkey, implications for other bordering countries as to their stability. We can't ignore that because ultimately, I'll tell you something, if we ignore it, it'll come back to bite us because instability in the Middle East, whether we like it or not, can be the opportunity for terrorists and for countries that don't have our interests at heart, they can be opportunities to create even greater instability. And so, for that reason, I just think that CENTCOM area is one that we need to be there, we need to work with our allies, and we need to back it up with a kind of force structure that says to our enemies in that area, we're there to stay and we're there to protect our national security interests.

BOWMAN: General McMaster, Secretary Panetta mentioned the Islamic Republic of Iran as a leading threat in the region, I'm wondering if you could share your assessment of that threat and whether you think the Abraham Accords, the peace that he also mentioned between Israel and UAE and Bahrain provides an opportunity to begin to build that more unified coalition to push back on the malign behavior of Iran?

MCMASTER: Well, Brad, let me begin by just agreeing with Secretary Panetta that we have to view the Middle East as more than just a mess to be avoided because the Middle East doesn't adhere to Las Vegas rules, what happens there doesn't stay there. And we've seen that obviously with the serial episodes of mass homicide in the Syrian Civil War for example, and how there's been this accelerating cycle of sectarian violence in the region. A cycle that actually empowers jihadist terrorists because it allows those organizations to say to beleaguered Sunni Arab communities and Sunni Turkmen communities, "hey, we can be your patrons and protectors." And then it also empowers these Iranian backed militias and then empowers Iran across the region, allows Iran to apply this Hezbollah model broadly to the region where they have weak governments in power that are dependent on Iran for support while Iran grows militias outside of that government's control that could be turned against that government if it acts against Iranian interests. This is the case in Lebanon, it's the case in Syria, it's the case in Iraq, and it's what Iran is trying to do in Yemen.

So, breaking that cycle of violence, working with partners in the region, as Secretary Panetta mentioned, is immensely important. But we can only do that if our partners in the region believe that we have some staying power. We keep announcing our withdrawal from the Middle East and so when people look over their back, hey, who's got my back? The answer is like, well, maybe nobody, so let us hedge. And that hedging behavior is what empowers our adversaries in the region. It was the unenforced red line in Syria that led to Russian intervention in the Syrian Civil War, and then Russia's ability then to empower Iran across Syria and to place a proxy army on the border of Israel. And then that intensified sectarian violence that we're seeing in the region is a grave danger.

So, I think it's important for us to not have a massive commitment but, as Secretary Panetta suggested, a sustained commitment. What I saw in the region is when I engaged our friends and I would say, "Hey, we're going to stay now in Eastern Syria with a small force, and we're going to have a sustained commitment." They didn't believe it. So, they bought into what I would call Putin's Potemkin peace plan, where Vladimir Putin said to them, "Hey, help me keep Assad in power and resolve the Syrian Civil War in Assad's favor, and in exchange I'll work quietly over time to reduce Iranian influence. Well, that's a lie, but it's a lie people were willing to believe because they were afraid of our disengagement.

And I do think, Brad, the Abraham Accords, as Secretary Panetta said, this is a big opportunity because what this shows is these conflicts in the region are not conflicts of religion, right, these jihadist terrorists want to cloak themselves in the false legitimacy of religion when in fact these are, I would say, criminal organizations, murderous organizations, who use a perverted interpretation of Islam to justify their political and criminal agendas. And the Abraham Accords are a big step in showing that the interests of these Arab monarchies in this case, in particular, UAE, Bahrain, now Sudan joining as well, are aligned with Israel because they're against the sustained proxy war that Iran has been waging against us, and they're against jihadist terrorists who are the enemies of all humanity.

PANETTA: Brad, if I might, I think H.R. has mentioned something that I mentioned as well, that I just think cannot be emphasized enough which is that if the United States is going to be able to work with these countries and with our allies there, that our word has to be good. The worst thing I think that has happened in the last few years is the sense that our allies don't trust us. They don't know whether we're really going to stick by our word, they don't know whether we're going to stick with them. Their reaction is that we will probably bail out at some point, and that just undermines our ability, frankly, to deal with those countries because they don't trust our word.

And so, key to everything we just talked about is the United States has got to stand by its word, that it's going to be there to work with these countries to help them develop their security needs, but that we are going to be a friend that can be relied on to be able to respond if necessary in order to be able to secure peace and prosperity in that region.

BOWMAN: Mr. Secretary, how do you apply that important principle that you just laid out specifically, if you're willing, in the Afghanistan and Iraq context right now? As you know, the Trump administration has announced withdrawals, how would you apply that very important thing you just said to those specific countries right now as we're undertaking withdrawals as we speak?

PANETTA: I worry about this kind of attitude that we're just going to simply pull out and say "to hell with it," kind of approach after all of the lives we put on the line, the ones that we've sacrificed. Look, I realize that these have been long-term commitments, we probably can spend a lot of time criticizing whether we used the right approach in dealing with all of these challenges. But I can tell you this, that the worst thing we could do is simply withdraw and not ensure that these countries are prepared to deal with their own security. Because if we do that, mark my words, just as what happened with Iraq and the enablement of ISIS to come together and go into Iraq and attack and creating their own territorial gains in that part of the world, the United States had to go back in and respond.

We shouldn't kid ourselves that if we just withdraw from Afghanistan without any preconditions related to how security is going to be advanced, how we're going to make sure that the Taliban is not going to come back and try to take over again, and that we really have some sense that Afghanistan is going to be able to govern itself and secure itself, if we don't do that as part of this process, and whether it's Afghanistan, whether it's Iraq, whether it's other areas, I just think we're asking for trouble. We're just asking for greater trouble in terms of the future.

Look, I understand the frustration, I understand the concern about how long these wars have gone on, but we owe it to those who sacrificed their lives to make sure that before we leave we have some sense of confidence that these countries can respond to the threat that we're worried about, which is terrorism, and their ability to deal with terrorists. Because as we learned in 9/11, these people have a goal of ultimately attacking the United States. We learned that lesson in bitter terms on 9/11, and we have spent a hell of a lot of time trying to make sure that that never happens again. And I just think it would be a terrible mistake to just simply pick up and leave without making sure that we have dealt with that potential threat to our security.

BOWMAN: General McMaster, you've spent a lot of your life in those two countries, Afghanistan and Iraq, I would welcome a comment from you if you're willing.

MCMASTER: Just to amplify the Secretary's comments in two areas. First of all, we should learn the lessons of December 2011 when we thought that we were announcing our complete withdrawal from Iraq, and instead that withdrawal that was really disengagement diplomatically as well as militarily, that it set conditions for the rise of ISIS and then ISIS took control of territory the size of Britain by 2014 and ISIS really then – having been now acknowledged as the most murderous terrorist organization in history. What I'm concerned in Afghanistan is that not only are we maybe leaving as an end in of itself, much like we did in Iraq in 2011, but we're empowering the Taliban on the way out. In fact, we coerced the Afghan government to release 5,000 of some of the most heinous people on earth who are going to lay the backbone for a resurgent Taliban and other jihadist terrorist organizations.

The way that we cut the deal with all these concessions on the way out has really put the Afghan government in a position of disadvantage. And so, you have the Taliban sitting across the table from Afghan negotiators saying what are we even talking to you for? We defeated the world's greatest superpower. Of course, we actually defeated ourselves if we do in fact, implement a complete withdrawal. So, I'm not super hopeful that a Biden administration will reverse the

policy because the Trump administration's flaws were, in some ways, really doubling down on the flaws of the Obama administration's policy toward Afghanistan and South Asia broadly, including the dynamic across the border in Pakistan.

But I do hope that the Biden administration reassesses it and recognizes it's in our interest, this certainly has huge humanitarian ramifications. But it is our interest, as Secretary Panetta suggested, to maintain what is really an insurance policy in that part of the world, a part of the world in which already over 20 U.S. designated jihadist terrorist organizations exist in this sort of ecosystem in which they share people and resources and it's an extremely dangerous place. So, I think that we don't want to have to go back at a much higher cost like we did in 2014 in Iraq, and I hope we learn lessons from our most recent history and apply them to South Asia

BOWMAN: It occurs to me that under the current withdrawal plans by inauguration day, January 20th, we're going to have less than 6,000 total troops in Iraq, Afghanistan, and Syria combined. So, it seems to me, and every one of those is a service member who's away from their family and in harm's way, but 6,000 troops in those three countries helping to prevent the return of the ISIS caliphate, helping to prevent another 9/11 style attack coming from Afghanistan, seems like a reasonable investment for our country to make in both those two countries.

If I may, let me transition to section three in our report which is on European Command. And in our report, we have a great chapter on the Eastern Med by Ambassador Eric Edelman, that he coauthored with Aykan at FDD, we have a chapter on Germany with Lieutenant General Hodges, and another chapter that he wrote on the Black Sea region, but General McMaster, coming back to you if I may. I'd be interested in your thoughts on the nature and character of the threat from Moscow. As you know, the National Defense Strategy said Great Power Competition is the principal priority for the Department. What do you see as the nature and character of the threat currently for Moscow?

MCMMASTER: Well, Vladimir Putin is driven, I think, by a combination of fear and ambition. A fear of losing his personal grip on power inside of Russia and an ambition to restore Russia to national greatness. Now, he knows he doesn't have the resources to compete with us head to head, the Russian economy is the size of Texas's economy. And so, his theory of victory is to drag everybody else down such that he'll be the last man standing and he's doing this with a sustained campaign of political subversion, with cyber enabled information warfare that is designed to diminish our confidence in who we are in the transatlantic community, not just in the United States, but the U.S. and the European relationship, and relationships within Europe, and within European countries to polarize us, pit us against each other, and reduce our confidence in our democratic principles and institutions and processes.

In terms of foreign policy, what he can do is create a lot of problems. He doesn't have the power to implement solutions or to help make the world a better place, but what he can do is create problems for us. So, what I've seen is this really – it'd be amusing if it wasn't so destructive – dynamic in which the Kremlin will act against the United States even if those actions cut against Russian interests. We see this with they're providing arms to the Taliban, how could that be in Russia's interest for example? I think it's time to impose more costs on Russia, costs that are higher than those that the Kremlin factors in at the outset of its efforts. Enabling continuous mass murder in Syria, often using the most heinous weapons on earth, chemical weapons and nerve agents, the effect that Russia has had in perpetuating and intensifying this long destructive civil war in Libya.

So, I think that it's important for us to view Russia as a threat not because of what it can achieve but the damage that it can do, to defend ourselves against this Russian new generation warfare and this campaign of disruption, disinformation, and denial of even their most egregious actions, but then also to recognize that Russia is not that

strong and we should be able to impose significant costs and restore some confidence in the transatlantic relationship, in our common principles, that cuts across our countries, and to be a stronger bulwark against Russia's sustained campaign of subversion.

BOWMAN: Secretary Panetta, again, as you know, our NATO allies in Europe are both vital security partners and economic competitors. In recent years, we've heard a bit more about the latter than the former from the White House. I'm interested, what would you say to an average American who's saying, "why does the U.S. military need to have forces right now in Europe, can't our European partners and allies do that themselves?" How would you respond to that?

PANETTA: I think for all the reasons that H.R. mentioned, Russia is an adversary. Russia's primary goal is to undermine the United States. I saw that as Director of the CIA and I saw it as Secretary of Defense. We shouldn't kid ourselves, that's what they're about and that's what they're trying to do. What they've seen, frankly, over the last few years is weakness on the part of the United States. So, Putin has sensed that the United States is not going to stand up to Russia, and so Russia has taken advantage of that. Not only in the Ukraine and Crimea, that's why they went into Syria, that's why they're threatening to put a base in Somalia, that's why they've engaged in election interference, 2016, 2018, 2020. As H.R. mentioned, they're engaged in hybrid war. Their primary focus is instability. I talked about instability in the Middle East, that's the primary goal of Russia, is to create instability in this country.

How do we respond to that? We respond by making very clear to Russia that there are lines they cannot cross. Those lines are obviously not to again have the opportunity to invade a country that was part of the former Soviet Union, that we will stand against that kind of effort, that we will stand against them simply being able to go into the Middle East and establish bases wherever they want, and make clear that the United States is going to work with our allies in NATO to make sure that Russia understands that it's not just the United States, it is the United States working with our allies in a bond that has been important to our security since the end of World War II. That's why it's important for the United States to make clear that we're not only going to support NATO, but we're going to support them with our forces there, as needed.

The importance of our forces being there is that it is a message to our allies and it's a message to Russia, that this isn't just talk, that the United States is serious about our commitment to making sure that peace is preserved in that part of the world and that we are going to do everything necessary to make clear that Russia cannot undermine that security relationship. I think when we just arbitrarily pull troops out of Germany, it sends another signal to Putin that the United States is cutting out and that Russia doesn't have to worry about it because if the United States isn't there he'll assume that NATO won't be able to respond as strongly as they otherwise would. So, for the security of the United States, for the security of Europe, and in many ways for the security of the world, we have to be players in that part of the world in terms of being able to protect our national security.

BOWMAN: Thank you, Mr. Secretary. Let me transition, if I may, to section four of our report, which is on the Indo-Pacific Command area of responsibility, we have chapters on the PLA, U.S. defense policy in a broader region, Taiwan, Japan, and the Korean peninsula. General McMaster, what do you see for U.S. national security interests right now in the Indo-Pacific?

MCMASTER: Well, Brad, it's really all about China and what China is trying to achieve. The Chinese Communist Party is driven really by this obsession with control, the fear of losing its exclusive grip on power internally, but then also this grand ambition to realize national rejuvenation in Xi Jinping's words, "to take center stage in the world." The

way that China is doing that is with a very sophisticated campaign of co-opt, coercion, and concealment. Co-opt countries and international companies with the lure of profiting from investments in China or with Chinese loans and infrastructure development deals what entrap countries and companies, and then make them susceptible to the coercive power of the Party, and then the Party gets you to sign up, gets these countries to sign up for their agenda, which is essentially to establish exclusionary areas of primacy across the Indo-Pacific and to challenge the United States globally.

If China succeeds, the world would be less free, less prosperous, and less safe. So, it's extremely important for us to counter the People's Liberation Army's aggression as well as this pernicious form of subversion and advancing their interests internationally. The People's Liberation Army has engaged in what I think is the largest peace time military buildup in history, their defense spending has gone up 800% since the mid-1990s for example, and you see what they've done in trying to effect what would be the largest land grab, so to speak, in history in the South China Sea, they're bludgeoning Indian soldiers to death on the Himalayan frontier, and they're increasingly aggressive vis-a-vis Taiwan with direct threats against Taiwan in connection with forced annexation. I think Xi Jinping thinks he's winning, he thinks he's going to emerge from the pandemic and a position that's even stronger, and also, he wants to realize this vision of making China whole again and then taking center stage in the world prior to the 9th, the 2022 Communist Party Congress.

So, we are entering a period of tremendous danger, look at what China is doing to Australia right now in the area of economic coercion. I think it's time for all of us to come together. Secretary Panetta said, we need to strengthen our alliances and partnerships not just so that we have a better atmosphere at cocktail parties or that we have better mood music in our alliances, but for a purpose. In this case, it's really getting other countries to recognize, hey, this isn't a choice between Washington and Beijing, this is a choice between your sovereignty. I think we need to get the world's biggest economies in particular to sign up for the economic competition in emerging critical arenas. But obviously the defense component this is very important as well.

BOWMAN: Secretary Panetta, it seems to me, with full deference to you, that we're in for a multi-generational struggle here, potentially, with China and if we're going to be successful, we need to have a strategy that can last more than four to eight years. Based on my time on the Hill, that means we have to have bipartisan buy-in and consensus, something that can extend beyond whoever happens to be currently serving in the White House. Do you believe there is a bipartisan consensus right now on China and what we need to do? Are we moving toward that? Do you think it's possible? What would be the key elements of a bipartisan national security strategy toward China?

PANETTA: I really do believe that it is essential, absolutely essential, that when it comes to foreign policy, when it comes to national security, that we have to work to make sure that there's bipartisan support for these goals. Look, the thing that I've always been pleased by, that in the middle of this polarization, in the middle of the party divisions that have taken place over these last few years, somehow they're able to get a Defense Authorization Bill through on a bipartisan basis, and they work in a bipartisan manner in the Armed Services Committee, both in the House and the Senate, and they pulled together, and they pass it on a bipartisan basis. We have to make sure that continues in the future and that presidents – and I think President Biden kind of responds to this because that's where he comes from, is basically the ability to work with both sides in trying to reinforce that kind of approach.

The reason it's critical and it's always been of concern that I've begun to see partisanship sneak in to some of these foreign policy arenas. When that happens, it undermines our ability to send a singular message that the United States is unified in terms of dealing with these challenges. That's certainly true when it comes to Russia, which we talked about, and certainly true when it comes to China. They're our primary large adversaries. The intelligence estimates on this have

been very clear that we're dealing with two adversarial threats for the future to the United States, the major threats and China is one of those, and, by the way, for the same reasons that I mentioned with regards to Russia. China reads weakness on the part of the United States. The result is whether it was getting rid of the trade agreement with the Asian nations, whether it was not responding to some of their aggressive approaches in that region, they feel that because the United States was withdrawing from a leadership role in the world that they can take advantage of it.

H.R. is right, let me tell you, it is a multifaceted approach with Chinese abuse. They're sending their diplomats across the world into countries to continue to work with those countries to build new ports, to provide new monies, to assist those countries in any way they can, to engage in trade. We abandon the trade agreement and what the hell happens? China jumps in and takes that same group and puts it together into a trade agreement for goodness sakes. So, they are constantly looking how to probe for their advantages. They're doing it diplomatically, they're doing it economically, and they're doing it militarily. Certainly, in terms of the South China Sea and what's going on with the militarization of the South China Sea.

So, what's happened? We've seen what's happened in Hong Kong, we've seen the threat to Taiwan, we've seen what's happened in the South China Sea. That's going to continue and if the United States right now is the kind of bulwark against trying to moving more aggressively in that region, that is the one thing. The Navy still has a strong presence, they go through the South China Sea just to make clear that we do have freedom of the seas, and that's a point that has to constantly be reasserted. I think we need to maintain our forces in South Korea, in Japan, in Australia, and in that region to make clear that the United States is a Pacific power. I can remember talking to President Xi once and his criticism was that we were talking about repositioning more of our Navy into the Pacific, and he was criticizing that. I said, "Look, we're a Pacific power, just like you're a Pacific power."

We have a right to – very frankly, we should be working on common problems in the Pacific, whether it's dealing with North Korea, whether it's dealing with trade issues, whether it's dealing with a disaster, one kind or another, we can work together on this. He didn't, he didn't deny that. I think there's an opportunity here. If we're strong, if we have a strong presence in the Pacific, I think it is the basis on which you can then conduct a dialogue with these guys. But you've got to do it from a position of strength.

I think we can develop a strong bipartisan position that says, if we're going to deal with China, whether it's trade, whether it's economics, whether it's military, whether it's in space, which is by the way another whole arena of threat that the Chinese are involved with, that Republicans and Democrats, Democratic administration and Republicans in the Congress have to be unified in saying to China that we are not simply going to stand back and allow you to exert greater control over countries in Latin America and South America and Africa, which is where they are right now and they're continuing that effort, that we are going to be in real competition with you to make sure that democratic forces like the United States and our allies are going to advance principles that you're against because we think that's where the world needs to go, not under the communist mold, but under the mold of democracy.

BOWMAN: Thank you, Mr. Secretary, for that. There's so much I'd like to follow up on, but we'll transition here to the last section, I'm sure China will come into it. I just would quickly add your point is so well taken on what's happening in that region. I would just note that the report that Congress required from the Indo-Pacific Commander that was submitted earlier this year specifically said that the military balance of power in the region continues to – grow more "unfavorable." I think that might surprise a lot of Americans because there have been some tactical gains and tactical readiness, but yet the overall military balance of power, including the Taiwan Strait and the South China Sea continues to

grow more unfavorable. In my view that really emphasized the importance of this modernization effort the Department of Defense is currently undertaking, arguably a belated modernization effort, that's perhaps the most important we've seen in decades.

Mr. Secretary, a quick follow-up if I may, what defense – There's a lot of concern frankly that defense topline is going to freeze out or drop in the next few years and that might not provide the resources needed to fund current operation, maintain readiness, and modernize the force. Do you have a general sense for what defense topline is necessary to do what you're describing?

PANETTA: Well, we're looking at a budget in excess of \$700 billion right now so, if you look at funds for the wars, et cetera, it's probably close to \$750 billion. That's probably an area that I think we should continue to target as we move forward in order to make sure that we maintain our investments in a strong defense for the future. Now, look, once upon a time I was chairman of the House Budget Committee and head of OMB, and in those days, we had to make some very tough decisions to ultimately reach a balanced budget, which we did, which has gone to hell as we all know. My sense is that these last few years, neither the Democrats or Republicans have been very interested in any kind of fiscal discipline.

So, they've been willing to borrow whatever the hell they needed to borrow in order to deal with challenges. That's obviously true right now, as we try to deal with this whole COVID crisis. So, I understand that, but we're also looking at almost a \$3.7, \$3.8 trillion deficit and we're looking at a national debt of probably somewhere around \$25 trillion. We're now at a point where the debt is going to exceed our GDP, that hasn't happened since World War II. So, at some point, but we're going to have to think about how do we begin to approach some path towards fiscal discipline, I don't see that happening very soon. So, I suspect that just as we will borrow for COVID assistance, just as we'll borrow for economic aid, in the context of doing that, I suspect that we'll continue to borrow for other parts of the federal budget as well.

Which is not to say that the Defense Department shouldn't start thinking about how do we implement a budget that reflects some sense of discipline as well as investments? Look, I think we have to invest in new technology, we've got to invest in artificial intelligence, we have to invest in robotics, we have to invest in unmanned systems, we have to invest, obviously, in the kind of weapons systems that we're going to need for the future. I think those are investments that have to continue and obviously we have to invest in a force structure. But at the same time, I also think we ought to be smart about procurement. How do we save money in the procurement process? We make damn sure that these costs don't keep doubling and tripling and quadrupling every time we have a system, there's a better way to do that on the procurement side, there's a better way to [avoid] duplication of efforts. We now have joint services, it's the smartest thing we've done in the military is build these joint services. But as a result of that, I think we can eliminate more duplication.

I think look, there are bases frankly we don't need. Yes, we're going to need to go into a whole approach in terms of BRAC to try to reduce some of that unnecessary base structure that we have. So, we can be smart about this, we can implement reforms and at the same time invest in what we need for the future. I'm confident we can do that. It's going to take discipline, it's going to take people who are creative and innovative about how we do these things. But I think it's going to be important that we continue to do this on a bipartisan basis. That bipartisan effort on the defense authorization thing is the best investment we can make in terms of our defense posture for the future.

BOWMAN: Yes, sir. General McMaster, Secretary Panetta mentioned again there the National Defense Authorization Act which we've passed, as he said, for give or take 60 years, on a bipartisan basis. I remember my sixth

year supporting Senator Ayotte, it passed every year [in committee], either unanimously or [often] with just one or two no votes. In this year's conference report that was just recently released, it would establish a Pacific Deterrence Initiative, which is an effort to increase some of our capabilities in Indo-Pacific to deter China, General McMaster, are there any specific areas where you particularly think we should be focusing in terms of making sure our service members have the capabilities they need to deter aggression from China in that region?

MCMASTER: Yeah, I think what we're facing now with both Russia and China are with militaries that have studied us and determined what they saw as our competitive advantages and developed countermeasures to take apart those competitive advantages. So, they didn't try to match us on stealth, what they did is they improved their tiered or layered air defense capabilities, they didn't try to replicate our full range of space capabilities they developed offensive space capabilities, they emphasized electronic warfare, long range precision strike missile capabilities, and swarm technologies, and unmanned aerial systems and subsurface systems. So now we're at the stage, which you've already mentioned Brad, we have a bow wave of deferred modernization to address and we need to develop counters to those countermeasures.

So, there's a modernization aspect of it, but there's also a defense strategy aspect of it. I think this Pacific Deterrence Initiative is important because it is forward positioned capable joint forces operating alongside partners, that is the best deterrent. We write a lot, we think a lot about anti-access area denial. This is what both China and Russia are trying to do, these exclusionary bubbles that they want to create that limit our freedom of movement and action. But guess what, if you have forward positioned forces like Secretary Panetta emphasized on the Korean peninsula and Japan, you automatically transform what was meant to be denied space into contested space. The historical analogy that is worth looking at is, look at what Japan did after they struck Pearl Harbor, they conducted the Centrifugal Offensive to gain access to that inner island chain and make it too costly for us to penetrate through that.

Well, hey, if you're already there, can't do that from a China perspective, and you can orient toward the mainland from those partner nations and with your naval and air capabilities and land-based capabilities, it creates a real dilemma for China and hopefully deter the People's Liberation Army and deter the Chinese Communist Party from further aggression. So, I think it's a good initiative, Brad. I think it's important though to explain to Americans. We're not talking again about massive numbers of troops, the numbers of troops that we have overseas are at historic lows and the cost of positioning our forces overseas is often because of burden sharing, cost sharing much, much cheaper than having them on American soil.

So, I think we all take it for granted sometimes, Secretary Panetta, and I, and you and others who have been engaged in foreign policy and the defense strategy and security strategy, that Americans get it. Well, a lot of Americans need to understand better what are they getting out of this, why is this in their interest. This is the conversation we started right at the outset. I think it's really important to explain that in connection with our forces across the world but in particular those that are oriented on deterring an increasingly aggressive China and Russia.

BOWMAN: That's great. By forward positioning, we have deterrence by denial and deterrence by retribution and we remind our adversaries that there'll be a cost if they attack us, and we help our allies be more capable, ultimately reducing the burden on ourselves. We're about out of time, so I'm tempted if I may, if you'll indulge me to combine two of my last questions I'm greedy here I want to get them in and feel free to take either one which interests you. This will go to both of you gentlemen, if you're willing. The first question is, to state the obvious, I think the United States seems to be in a particularly troubled time when it comes to domestic polarization, maybe we can debate how severe it is. Do you see any national security implications if that polarization grows worse? That's the first question and the second is,

what do you see as the top national security challenge for the Biden administration and what would you suggest they do about it? So, gentlemen, I toss it out to both of you feel free to take either one that interests you. Thank you.

PANETTA: Well, there is no question that polarization within our society is a concern, it's a serious concern. Look, the good thing is excess of 115 million people went to the polls and voted, which tells me that in the end, they do trust in our Constitution and in the ability of the American people to express themselves. But it also was a reflection of just how polarized we are as a society. I really do think it's important because, I'm not sure that regardless of how strong we are militarily, if we are divided as a country I think that undermines the strength of the United States and it undermines the strength, frankly, of whatever foreign policy we try to exert abroad. So, I do think it is critical for the next president of the United States to work to unify this country as best as he can. It's not going to be easy, I understand the problems.

But, I also believe that deep down the American people know that ultimately, regardless of our political differences and our different ideologies, that deep down we share the same concerns about this country, about security for our families, and security for our country as well. So, I think ultimately, we do have to move in that direction. I think in many ways that may be the biggest challenge that the next president faces, which is how to bring this country together because while I think Joe Biden wants to reassert the United States world leadership, I think he wants to strengthen our alliances and build new ones and tell the world that we're back, I don't think that we can truly reflect strong world leadership if we have a divided country. So that is going to be one of his biggest challenges, is to try to make sure that ultimately, we really do come together.

We can have our differences, we've had our differences for over 200 years, but in the end, there are principles that we all believe in: Constitution, our system of checks and balances, the fact that we do need to work together in order to solve problems and somehow, we've got to do that. Look, I've often said I've seen Washington at its best and Washington at its worst. The fact is I have seen Washington work, I've seen Republicans and Democrats work together. I know it can happen and somehow, we've got to get back to that.

BOWMAN: Thank you, sir for that. General McMaster, any closing comments?

MCMASTER: Yeah, I would just say that it is going to be important for President-elect Biden to strengthen our confidence, strengthen our confidence in who we are as a people and in our democratic institutions and principles and processes. I'm pretty optimistic though, Secretary Panetta said hey, record numbers of Americans voted right? And hey, if we weren't divided on political issues, we'd look something like a one-party system, and that looks like China to me, we don't want that. And then I think it's clear that the president, especially with these conspiracy theories and these charges that we've seen in recent weeks and months raising doubts early about the sanctity of the election, that's put our institutions through a pretty tough task, right, and I think we're standing up to that test pretty darn well.

I think that the vast majority of Americans are not as polarized as we see in our media and as we see among political elites. What I think we ought to do, and I think Secretary Panetta would agree on this, is the American people have to demand of their leaders that they not compromise our principles to score partisan political points. I think we've seen both parties do that and it just has to stop. I think one way to do that is to read what FDD writes in this report because, I think a path maybe to coming back together is to understand, hey, while we're at each other's throats, these challenges aren't going away, and by the way, we need to work together on these. I think that if we started our conversations with trying to understand better the nature of these challenges, and then first, just inventory what we can agree on, we can get a heck of a lot done.

So, I'm confident about it, I think that there's been a lot of gloom and doom messaging out there. I don't buy into it, although I don't want to be Pollyannish either, we have work to do. George Floyd's murder, the social unrest that followed, the concerns about inequality of opportunity in particular, there's a lot to do at home. But I think that we have to also recognize that while we have a lot of work to do at home, we also have to remain engaged with these challenges so we can build a better future for generations to come.

Hey, Secretary Panetta, Brad, we all have seen countries where people don't have the say in how they're governed, people don't live under a rule of law, don't enjoy due process of law, people don't have freedom of speech and freedom of religion, there is no tolerance based on race, religion, sexual orientation, and whatever else. You know what? I think that we should feel pride in what we have. We should instill a sense of confidence in our young people and get a little bit away from this curriculum of self-loathing that I think oftentimes dominates the sense of our history and what we're taught about America. Of course, also understanding our flaws and being critical. Our founders knew, they knew that our republic would require constant nurturing, but our record has been to get better, and it has been to eliminate the blights on our history like slavery or inequality of opportunity based on sex and gender. So, hey, we can do it and I think that a way to do it is through a better understanding of the challenges we're facing, how we need to work together to overcome those challenges and build a better future.

BOWMAN: Well, I can't think of a better way to launch our new report than sincerely talking with you two. I want to thank you both for your decades of service to our country. It's just such an honor for me to talk with two individuals like yourselves. Thank you for your leadership on FDD's board for our Center on Military and Political Power. Thank you very much for the time that you've spent talking with me.

PANETTA: Great, thank you.

BOWMAN: Thank you.

BOWMAN: For our audience, this concludes our discussion, thanks for watching. For more on FDD's Center on Military and Political Power and our China Program, please visit us at fdd.org. Thank you.