

Linking Resources to Strategy: A Discussion on the National Defense Strategy and FY23 Budget, May 6, 2022

Moderated Conversation:

Dr. Kathleen Hicks, Deputy Secretary of Defense

Roger Zakheim, Director of the Ronald Reagan Institute

Roger Zakheim:

Thank you, Dr. Hicks for those comments and again for being here today. We'll have about 25 minutes or so of discussion and then we'll open up to the audience here for their questions. Again, so appreciate you doing this. Writing a defense strategy, coordinating with the White House, you wanna make sure that follows a National Security Strategy and of course you probably think, all right, please let the world cooperate so our assumptions and that strategy don't change. How's that going for you?

Kathleen Hicks:

<laugh> It's going well.

Roger Zakheim:

Okay. Okay.

Kathleen Hicks:

Which part of it would you like to tackle first? So we, um...

Roger Zakheim:

Take any one you want.

Kathleen Hicks:

Let's take the Russia piece. Russia has not been shy about its intentions. We've seen from Chechnya, Georgia, Ukraine previously, Syria, and certainly even last spring with the exercises the Russians were undertaking on their border with Ukraine, a very clear set of aggressive activities that signaled well to us this way in which we've talked about it as an acute threat. You combine that with the election interference, other non-military approaches the Russians have undertaken, cyber activities, et cetera: pretty clear pattern. So the fact that this time they actually went across, which of course we had been signaling well before this most recent invasion that they were going to do, was not a surprise in our strategy development. And the United States has invested very well, since 2014 in particular, in the European Deterrence Initiative.

Kathleen Hicks:

We built a lot of capability. There's over a hundred thousand U.S. military forces today in and around the European theater. We're in a good position there. So that piece, I think, fit very well with how we were thinking about challenges of the future. Our NATO allies, I think the biggest surprises around Ukraine are the fact that our NATO allies have really embraced the moment. Partners have as well, both in the region and beyond, and of course, the Ukrainian people have really demonstrated that the will to fight for your country to protect democracy is probably the most powerful tool that any of us have in protecting the international order and our freedoms within it.

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Roger Zakheim:

We'll get to the White House piece, coordinating with the White House as well to get your NDS to follow the NSS. Of course the National Security Strategy has not come out. A pretty creative way you guys handled that: classified delivered to the Congress, a two page fact sheet so you can try to nest it with the resources. But it certainly hasn't been the rollout probably you anticipated. We'll get to that in the next-

Kathleen Hicks:

We'll get to it now. So the National Security Strategy is...

Roger Zakheim:

Okay, we'll go there now.

Kathleen Hicks:

You pick a time when the National Security Strategy has followed an easy course or pathway across any administration. I think it's right, and appropriate to take your time on that strategy to get it right. A strategy is not a document strategy. It is something that you live and execute, and it should be constantly reviewed and updated. That's true of our NDS. It's true of the National Security Strategy. And I do anticipate you'll see that in the coming months. The NDS by statute from the United States Congress is required to be delivered in classified form. And we have done that with an unclassified summary and we have done that. We would like to be above and beyond the rule of law, and in the spirit of how we try to operate in the Department provide that fuller unclassified description, but it's appropriate to wait to see how the NSS is built out. So we make sure it's best nested there.

Roger Zakheim:

Let's stick on that thread for a minute. Back when the Bush 43 Administration came into office, they rolled out their strategy. And of course, President George W. Bush ran on a campaign of not doing humanitarian intervention. 9/11 happens, the freedom agenda comes in. It was a major market shift in strategy. I don't think that's a controversial thing to say, they changed. Is this moment a similar moment? It would seem to be, based on your answer, that the NDS, there's continuity, and you anticipated, from what I heard you say, and the strategy anticipated that Russia might do something like this. On the other hand, one could interpret that the National Security Strategy not coming out and, you know, the reporting suggests there could be more than just personnel changes-- that there can be shifts in that strategy, perhaps suggest it's that what's happening in Europe and what's happening with Russia means that there's a shift in orientation from the White House as a result of the war in Ukraine. What's your take?

Kathleen Hicks:

My take is, I think there's a first of all focus of time and energy on Ukraine, as I just pointed out. Since February 24th, we've been just moving at light speed to support across diplomatic, economic. I mean, you know, toughest sanctions in history, the diplomatic effort is immense. The security assistance effort is immense, takes a lot of time and energy period full stop. I do think, you'll see, the themes essentially where the NSS will end up, I think, will be very consistent with where it was headed. It was not a finalized

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document that's held up, it was in process. So I think that process picks up, and I think the President, in his public remarks, has been very clear, as I repeated here today, about how much this really continues -- this latest crisis in Ukraine continues -- to cast the United States and its approach to democracy and the market in contrast to autocrats in the world, so I think that's a continued theme that you'll see play out.

Roger Zakheim:

I want to go back to your response to my initial question. And I agree with your response that the strategy, not just of this Administration but the previous Administration and where the Congress went with the European Defense Initiative, we were concerned that Russia may do this again. It wasn't the first time Putin invaded a country in Europe. Georgia obviously was the first during Putin's reign. At the same time, I think it's reasonable to say that deterrence didn't work, meaning: we anticipated this, we thought it was a problem, we tried to put the tools of deterrence into place, whether you want to call it integrated deterrence or some other deterrence, wouldn't you agree that we didn't deter him from what we sought out to deter him from doing?

Kathleen Hicks:

This is a war of Russia's choice. It's a war that can stop at any point that the Russians choose to. And the Russians chose to go -- by all accounts, Putin chose to go -- forward into Ukraine. And that's a fact. Our focus on integrated deterrence, as I said at the Department of Defense is fundamentally around combat credibility of U.S. forces. And we're confident that where we bring that to bear, that will be the cornerstone of how we think through integrated deterrence, which I think is the question. Ukraine is not a place where the United States had the security commitment it has around NATO or that it has made even, for example, with regard to Taiwan, with regard to the military assistance side. So that's my answer, which is what we focus on in the Department of Defense is bringing that combat credibility forward. You note that, the Russians have not attacked NATO territory, and we continue to stand by that deterrent as quite effective,

Roger Zakheim:

Very smart answer Dr. Hicks.

Kathleen Hicks:

Is this an oral exam? <laugh>

Roger Zakheim:

Well no, but if it was, you did very well <laugh>, but just to pull the thread on this to truly understand: Because you're right that from your perch and view of the Department of Defense, deterrence begins to make sure that, you know, we have the combat credibility that no one's going to challenge us...

Kathleen Hicks:

Mm-hmm.

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Roger Zakheim:

and on the next layers, challenge our alliance, which would be NATO, but wouldn't you agree that part of what we were seeking to achieve -- certainly the last defense strategy and this Administration -- was to deter the Russians from going into Ukraine. I mean, that certainly was part of the deterrence that, I think, we've all sought since the occupation and annexation of Crimea.

Kathleen Hicks:

There's no doubt that the United States has been clear that violating the sovereignty of another country is against the principles we stand for and that we would bring all of our thoughts to bear on how to do that. The economic sanctions that we have put into place around this particular invasion of Ukraine alongside, importantly, not just NATO, but other countries of the world, we have not yet seen the full effects of that, and most importantly, Russia has not yet seen the full effects of that. I think those are tremendously powerful. They clearly were not convincing to Russia in advance. It's not clear that anything would've been convincing to Russia in advance. I'm not going to try to get into the head of Vladimir Putin <laugh>, but what I can tell you is they will be devastating. They will be devastating as well as

Kathleen Hicks:

all of the diplomatic movement and the companies that have self-selected out of Russia -- international companies -- the talent drain, tens of thousands by all accounts of high end talent leaving Russia that I hope are coming to the United States and to the West, to help us to advance technology in line with appropriate democratic values. And I think that's the cost that he will bear. The fact that you have leaders who cannot understand rational deterrent frameworks is something we have always lived with. We have always had those who will violate international norms and challenge us to deter them. That is why we must have the credibility to stand behind the commitments we have made. And I think we have that.

Roger Zakheim:

So let's stick with Ukraine a little bit more, and then move to China. I was going to do this later in our conversation. Let it be noted that Zakheim didn't focus on budget for the first five minutes of our conversation. But we're learning about deterrence. We obviously want to, as a government, as a Department of Defense, to make sure that the sovereignty of a free nation isn't violated in the way we've seen and are witnessing it with every passing day. That's true for other countries in Europe. It's obviously true for Taiwan as well. That has got to be of prime importance. So kind of migrating from the European theater in Europe to the Indo-Pacific and dealing with China, in part with this strategy and in part of what you're doing every day in the Department, what more do we need to do to restore the deterrence, right? To make sure that even if it's not a NATO ally or another country in the Pacific that we have an alliance with (Taiwan's interesting-it's kind of more complicated as you know well), what else do we need to do to restore deterrence so that whether it's a Putin or a Xi, they don't come away from what's happening right now and think 'I can get away with this'?

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Kathleen Hicks:

So we are facing what I would call complex attack dynamics from both China and Russia. They span the spectrum of conflict from day-to-day activity through what often is called "greyzone" or "hybrid" (the Europeans prefer "hybrid") activity and all the way up through advancing their nuclear capability. The United States has traditionally been far less agile across that spectrum of conflict and that pulling together all the elements of the domains of conflict. We have talked about this, obviously, as you were referencing, in this strategy as integrated deterrence. Folks have talked about this as "cross domain deterrence," "comprehensive approaches." There have been lots of terms used. There's a strong thread of continuity, frankly, in that. But we chose integrated deterrence because we think it helps to communicate this idea that to deal with these complex attacks vectors, and to have this deterrent effect, you have to be equally agile.

Kathleen Hicks:

We in the United States need to overcome a lot of cultural barriers internally to how we work across that spectrum, first inside the military and then, from our perspective, and then into how we work with allies, partners, and others. I think that's the core, and executing that through our campaigning approach in a day-to-day way, exemplifying that we can gain advantage in a day-to-day way through campaigning as we build that enduring advantage over the long term: those three approaches really are our answer to your question about how we, if you will, ensure deterrence.

Roger Zakheim:

And we actually dealt with this a bit during the National Defense Strategy Commission work and reviewing the last Administration's National Defense Strategy, and, you know, it was kind of 'how do you deal with the steady state of competition.' It wasn't what we're witnessing in Ukraine, but it was all the other things that were happening, you know, from little green men to the cyber realm to space realm. But I wonder if we were not necessarily successful at that, but the fact that Putin decided to take the form of aggression that was so conventional -- tanks, missiles, and aircraft -- is our eye off the ball from deterring that type of conventional attack, both in Europe? Do we miss something in that deterrence framework: the traditional type of deterrence, which, you know, maybe just having the raw steel platforms that we had in the last century that we need today? And do you worry about that when it comes to Taiwan? I mean, you know, people talk about deterrence by denial, which is an approach that relies heavily on conventional capabilities. It doesn't necessarily to be in conflict with integrated deterrence, but it certainly makes it primary in terms of how you might deter a China vis a vis Taiwan.

Kathleen Hicks:

I think where I would differ a little bit is this: you should always think about an adversary as being pretty smart. If they're not smart, that's great. <laugh> But they are looking for your weaknesses. And the answer is to minimize your attack surface area and maximize your advantages, your relative advantages. In the case of Russia, they have taken a conventional approach. It's not worked well. So we could talk about why that didn't work well, but I would also say, back to what the U.S. has been doing since 2014, we have built substantial conventional capability alongside allies and partners -- this is not just the U.S. -- but to include the U.S. in Europe and inside the bounds of NATO

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territory, and that conventional deterrent -- and I will add, our nuclear deterrent -- seem to be holding very well right now. We will continue to always look to strengthen those. At the same time, if you relieve the deterrent elsewhere, a smart adversary is going to go to those spaces. That's what we have seen the Russians trying in different ways. Cyber is obviously one. Attacking democracy and information warfare is another. The corruption, if you will, is another. Chemical warfare in support of Assad in Syria is another. So it just requires the United States to be very thoughtful about how we ensure we can deter. That's my rushed answer.

Roger Zakheim:

Let's go to budget.

Kathleen Hicks:

Sure.

Roger Zakheim:

So the National Defense Strategy fact sheet and then in your March 28th gaggle of reporters about the release of the budget and the defense strategy, you talk about the continuity actually in the force planning construct of the strategy, which kind of using imprecise language is prevail in one and deter in second. That's what the Trump Administration's National Defense Strategy has, and based on your statement, that's what the Biden Administration force planning construct will be as well. I think that's great. To me, it's an area where there should be continuity and recognition that we can't become so regionally-focused that we take our eye off the ball elsewhere. Certainly events reflect the wisdom of that approach. Of course, to do that, you need a budget that could support that reach-- a budget that is truly trying to build a force that's global in nature. And many people who are concerned about that kind of force planning construct, look at the budget and say, 'you see, you're not resourcing the strategy seriously enough that can sustain that kind of force planning construct, that type of strategy, in which case, we just have to realize we're going do less with less and make some hard choices.' What's your answer to that critique?

Kathleen Hicks:

We have more than a quarter of a trillion dollars dedicated to defense. As I said, in my remarks, it's 8% above what we asked for last year. We matched it to the strategy. I'm sort of known as somebody who does my homework. I promise, if anyone opens the books, I've done the homework-- and we have matched those. Let's talk about inflation maybe as a separate answer because I want to come back to inflation. We have put together a program that I am very comfortable can execute that force planning construct and -- I just want to add -- also the nuclear deterrent and also the homeland piece, which is a little more aggressive on homeland, if you will, or more focused than in 2018. So that I'm very comfortable with. We have built out the capabilities that we need to do that.

Kathleen Hicks:

I think we get very focused in this town because it's simple on sort of just the dollars. The dollars matter. We have to have the dollars. But we also get very focused on numbers: number of, you know, this type of system versus somebody else's, that sort of missile gap kind of theory. We need to look at what the U.S. needs to execute the concept of

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operations and campaign that makes sense for us: maximizing our asymmetries, minimizing the attack surface vector that folks can come at us on. And I think we've done that with this program that we've put together in this budget.

Roger Zakheim:

So you're kind of anticipating the critique of divest to invest, and certainly the budget, as you know, has cuts: 24 ships, 150 aircraft. We have aircraft carriers that don't actually have enough aircraft to utilize the whole purpose of that platform. We just came out of a conversation -- so I'm arguing with you right now -- that the conventional capability is something that is essential. You have a force planning construct that says, we need to do this in two theaters, at least, near simultaneous. I haven't seen the classified piece, but I assume you're dealing with simultaneity. And then of course the strategy talks about Middle East and then other challenges and threats that are not necessarily regionally-focused. I just kind of come out of this moment where it seems that those platforms and numbers matter more. You say it's simple, but simplicity has an elegance all of its own because it's just right. We just are a smaller force with what doesn't seem to be a mission set and a strategy that's asking us to do less. So give me a little more about why I just don't have to worry about the numbers and the capabilities and the platforms.

Kathleen Hicks:

We absolutely have to worry about the capability and capability includes your ability to disperse in the quantity at which what you can deliver matters. I'm not saying there isn't an issue around overall capacity, but we do have to elevate this conversation. So capacity might mean, for instance, what is my fire power, not how many platforms does that fire power move from? What is my ability to shoot-and-scoot, (to use folks maybe more familiar now with the artillery battles going on in Ukraine with that basic concept)? But the maneuverability of our force versus, for instance as the Russians are seeing, lines of tanks, so quantity is not going to be the way to think about the capabilities that we need for the future while it still is an input to overall capability.

Kathleen Hicks:

So let's learn from the Russians in what their experience is right now that we're seeing: losing their lead cruiser because it doesn't have adequate air defense. How is that kind of approach that doesn't take into account survivability and capability of our forces? If we lose that out of the conversation, we are not using taxpayer dollars wisely. So I think you do have to go to the specifics of how do we have a combat credible force? How do we show that one year into this administration, how have we built effectively on what we inherited to develop out capacity and capability for the future? Where is the industrial base, something that you all care very much about appropriately and wonderfully here? You know, one of the biggest challenges we face, we can't magic capability overnight. We need workforce. We need to have manufacturing capability in this country. We need steady, clear investment strategies that demonstrate where that market is going, so companies can plan, and we need to bring in small business, which we've lost 40 some percent of our small business space out of the defense sector. That's where the innovation comes from. We can't just say, 'we're going to build all these new fill-in-the-blank ships, et cetera.' You have got to look at the industrial capacity. You got to build that out.

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Roger Zakheim:

I want to get to that in a second and then inflation, one more on this. This is a lot of fun for me. I'm enjoying this conversation. Thank you for being here. Your response to my pressing you on conventional capability -- I think conventional capability means more at this moment and our programs should reflect that -- your response is we have got to be smart. Look at how Russia has failed and is failing. They did not succeed in Kiev. We'll see what happens in terms of the rest of Ukraine, but one of the things that we saw when we on the commission together -- I'm curious what your experience since returning to the Department of Defense is -- the strategy wasn't actually operationalized. The concepts of how we want to fight weren't quite clear. The new systems that were going to realize this new fight that make it less reliant on a tank or a fifth generation fighter, the replacement wasn't identified, and we certainly were in procuring-- it wasn't in the program. And there was this concern about this gap, right? Sounds like you're confident that we're there, or we can get there pretty soon. Tell me more about the transitioning from perhaps 20th century warfare and combat to where you're going, which is the 21st century smart fight. I mean, is there there there?

Kathleen Hicks:

Yeah. So, now I'm having fun. So the way I talk about this often is three-

Roger Zakheim:

It took 25 minutes. Okay.

Kathleen Hicks:

Yeah. So, you know, I am out there proselytizing about a three fit up approach and you are hitting on the core challenge that every -- doesn't matter the administration -- every defense planner faces, which is what do I need now? And the now for us, you know, is 23 to 27. That's the future years defense program, that five year program that we're focused on right now. 2027 is obviously a notable year in China with regard to the capabilities that they have publicly put forward they want to have with regard to Taiwan. So what you're faced with in the immediate is what can I do, which is going to be less on new capital investment (that takes a long time to come to fruition) in order to have maximize that deterrent, that campaigning and deterrence capability today. There I would say, there are a number of focal areas.

Kathleen Hicks:

I won't do them justice, but to the extent that you are survivable, you're cyber and space resilient (those are significant investments that can come to fruition), your munitions, precision-guided munitions, your continued steady pace on nuclear modernization (which we were underinvested in for so long that we're now having to pay that price): That's that first fit up. Let me jump ahead. Third fit up, force design. The robots, you know, the you name it, all the future stuff that we all really want to make sure we can get to because that's the way to make those concepts be lived and actualized. The challenge everyone faces is the here to there and the trust and confidence of the United States Congress that any Department of Defense actually has a viable pathway through that, and the lack of that trust and confidence is what keeps sliding us back.

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Kathleen Hicks:

So that first fit up is just the reality we live with forever. That is the task that I think I face right now as the Deputy for this Department of Defense almost more than anything is how do we build out, given the great authorities that Ellen Lord developed alongside support from Congress in middle-tier acquisition, the concept work that's underway under the joint war fighting concept effort and what the individual services are doing (Marine Corps Force 2030, for example, for the Marines). That's really the challenge. How do we show that we have a viable pathway through that middle period to the force design? So we have a number of initiatives-- I don't know how much time you wanna get into on this-- a number of initiatives underway to do exactly that: pathway finders, making sure that digital backbone, our ADA [AI and Data Acceleration] initiative, our radar initiative, which is tying the concepts to actual capabilities that can be fielded. I think that's where we have to make a lot of progress. And again, I think that would be true in any period of time. That's a real challenge.

Roger Zakheim:

I'm not going to pursue that, although super interesting, because I want to get to questions from the audience, and I've got two more issues I want to hit on: inflation and then industrial capacity. Industrial capacity in some ways gets back to our discussion about investments and conventional type of platforms. First on inflation. I'll give you that it's 4% growth from enacted, but the inflator was just so incredibly low. And you acknowledged this in your March 28th briefing: 2.2% is just not accurate. You have the Chairman of the Joint Chiefs testified before the House Armed Services Committee saying it was 'obviously inaccurate.' And so the reality is because of inflation, you're not gonna have the buying power that you so need to realize this program you've just shared with us. You probably had to wrestle with OMB even to get to that 4%. I's admirable, but the world is what it is, you know.

Roger Zakheim:

The Fed increased rates yesterday, knowing that it's going to take a lot more to reduce inflation. We're going to be anywhere between 8 and 10 percent by the time we get to appropriations for next fiscal year. So that 4% is basically gonna be, you know, a net cut to the Department of Defense, feel free to disagree with that characterization. I'm interested in that. I'm more interested in what are you gonna do about it? And I'll highlight something you said on March 28th, if I can find in my notes here, but you said something to the effect of 'I'm gonna work with Congress through this summer on how to deal with this.' Assuming that I'm right about inflation at 8%, what do you think is going to happen with Congress this summer?

Kathleen Hicks:

Sure. So the first thing I would say is the best, and I have said this on the Hill, the best inflation buster we have is on-time appropriations. That 4% is 4% more than we would get if we stay on a CR [Continuing Resolution], and I think we all know we're going to be on a CR. So I think we need to put our money where our political mouths are, if you will, on Capitol Hill and get the on-time appropriations, regardless of whether it's the...

Roger Zakheim:

Is that what you meant by working through the summer, just to get...?

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Kathleen Hicks:

No, I'm going to come back to that. Also for 23, we don't know what that inflation number will be. The inflator we used last fall, which is how we -- the collective we -- do it every year, is always just a forecast. Where inflation will be in September, let alone this time next year, we don't know, but we want to work with Congress on the 23 budget to make sure that we have the purchasing power for this program. If at the end of the day, it's this program with an inflation factor that is again going to be a projection by the United States Congress that we all feel is closer to accurate-- and then we work on through supplementals next year anything where we're off if for some reason that's low-- I think that's a really good outcome for us. We want this program, bottom line. This summer: my point is we have trouble in 22, and Congress had just passed the omnibus, gave a little bit of support for fuel, but the actual inflation issue is a now inflation issue because I don't know what the inflator is going to be next year. So I have to deal with how we're thinking through this period.

Roger Zakheim:

So this summer is about 22.

Kathleen Hicks:

This is about 22.

Roger Zakheim:

Right, with that 25 billion whatever addition that the Congress gave it and to realize as much as you can of that. And then in 23, you're still optimistic that 2.2 will hold?

Kathleen Hicks:

No, that's not what I just said to you. I said as we kind of go into the end game for 23 appropriations, as we would do in any year, we want to be working with Congress on the collective best estimates. It's still going to be an estimate. It might be an estimate that's too high. It might be an estimate that's too low. If it's too low, we would assume the need to be able to come back for supplemental for 23 if we need it, but we're going to have to make-- you know, we have a former comptroller sitting right here [Gesturing to Dov Zakheim]. we're gonna have to make our best guess collectively. It's never gonna be quite right. The question is how close to right are we, how much can we absorb that inside the program? If we don't feel we can absorb it, rest assured this Secretary of Defense is going to go to the President and seek assistance to get further resources from Capitol Hill for the buying power for this program. What we don't want is added topline that's filled with new program that we can't support and afford in the out years and that doesn't cover inflation. That is my number one concern.

Roger Zakheim:

The Deputy Secretary just gave a message to the U.S. Congress right there in terms of what she does not want as Congress may, and probably will likely, try to add to the budget-- in part, to deal with inflation, and in part, because other priorities. This is where I want to end, and then we'll go to questions for the audience. It strikes me that Ukraine has revealed many things, but one thing in particular is the limitations of our industrial capacity. Whether you're talking about Javelin (you mentioned you were at the Lockheed

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Martin plant recently), MANPADS, other types of capabilities, it seems to me there's just insufficient production capacity there. In your press conference in the end of March, you focus on industrial base and the need for development, but in five key areas (which I don't think anybody disagrees with): microelectronics, casting and forging, batteries and energy storage, kinetic capabilities, strategic and critical minerals.

Roger Zakheim:

But wouldn't you say there's a sixth or seventh that's required? I'll give you an example. You know, conventional capability, even if you agree that we needed more submarines, you know, more surface ships, more fighter aircraft, like we thought that was the way we need to fight for the next decade before we did some of this future stuff, you couldn't do it because there aren't production lines to support it. We all know that undersea is critical, but you can only get two a year. Don't you think that should be added to the list as you talk about industrial base capacity and hasn't Ukraine and the conflict there reinforced that view?

Kathleen Hicks:

So I just want to clarify the five areas you just mentioned are specific supply chain challenges. You're raising a broader industrial base set of priorities, and they're not quite the same thing. On industrial base, we absolutely are concerned, for example, on ship building. I've visited a number of our facilities, and as I mentioned before, a strong theme coming back is workforce-- same on munitions, which is one of our supply chain issues-- work workforce training, workforce availability, making sure we can pay the wages (that companies can pay the wages needed to attract the workers). All these are really important to getting the workforce that we need, but facilitation is also an issue. When we put significant investment in on the shipbuilding side, on SIOP [Shipyard Infrastructure Optimization Program] for instance and other investments on the shipyards in particular, because I do think that that's a particular pain point area.

Kathleen Hicks:

We are behind both on the submarine side and on the surface ship side in the production that we already have projected. Industry is trying to play catch up. Part of that, of course, is also COVID effects going forward: workers who weren't able to come to work, suppliers in the chain falling out, et cetera. So we will have a lot of cleanup, I think, to do there. I will repeat what I said before. You can't have an industrial base without a market signal, and we need to continue to have a strong market signal. The Ukrainian crisis, I think, will boost some of that market signal, but that's for a subset of types of capabilities that allies and partners and the Ukrainians, for example, or that the U.S. may need as backfill. Your reference to the MANPADS is a good example. The United States for ourselves, we're focused on next generation. I mean, there are maybe Stinger desires, for example, elsewhere in the world, but we're looking ahead to what do we need next? And we need to be able to support both of them. We want an industrial base that both can support our highest priority needs for our Joint Force at the same time that it can support the arsenal of democracy if you will, for what others need. So that's a continuing priority.

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Roger Zakheim:

Alright. Questions from the distinguished audience here, we have a few minutes. Again, thank Dr. Hicks for being here. We're gonna go to Ellen Lord, the Former Under secretary for Acquisition and Sustainment.

Ellen Lord:

Thank you, Roger, and thank you so much for being here this morning, Secretary Hicks. I'm hoping that you can comment on how we as a nation are working with our close partners and allies, specifically with respect to implementing AUKUS, perhaps using some of the rather hollow authorities of the NTIB right now, and how we might leverage the demand signal in Australia to help with the lumpiness of the demand signal for industry here, and how releasability and exportability could be opened up a little bit to help that.

Kathleen Hicks:

Sure. So NTIB continues to be a key leverage point, I guess, an area where we can really lean in with the UK, Canada, Australia. And in the most recent package in the supplemental, we've actually tried to specify areas where we think we want to kind of move to an NTIB-based approach to some of the backfill requirements that we're trying to meet. Some folks more broadly refer to this as nearshoring or allied-shoring, and it's really important to how we think about the capabilities that-- the critical minerals is a good example. Lithium is a good example, where the Australians have capability there to bring to bear. On AUKUS, we are working through, of course, the submarine approach but also a series of other critical technology areas and learning from both the Brits and Australians where there may be relative advantages each can bring to bear. Without getting into any detail, I would just say there are areas where the Australians on the research and development side and even into the procurement side have some really good advances that we in the United States can lean on, and I think AUKUS has created a good opportunity to share that, same with the Brits, across three of us and potentially beyond to other partners.

Roger Zakheim:

A question over here.

Valerie Insinna:

Hi, Valerie Insinna with Breaking Defense. Earlier this week, the Pentagon sent a 1.5 billion reprogramming request over to Congress, asking to shift some funds around so that the Pentagon could ramp up stinger and Javelin production. Obviously there are some issues with both lines. The Javelin's in production. Lockheed says it needs funds to expand that. Stingers are in production for an international customer. It has obsolescence issues. So this money that you guys are asking to shift, what does that cover specifically? Does that help to cover some of those issues? Or how many stingers and javelins does this actually give you coming off the lines again?

Kathleen Hicks:

So the funds that were requested are a result of some of the supplemental funding we've already been provided, and it's at the end of the 30 day notification period for Congress.

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So that's why it's coming out this week. So it's sort of been in the plans. We've had the notification, we're now approved for the Army to start working on that. So I just want to clarify what that is. Now begins the process of getting into exactly what you're asking, which is with those funds working between the Army in contracting and the manufacturers trying to understand what is the smartest application of funds to get the best output. So there isn't a set answer to your question yet, but what I can tell you is basically the approach is how to apply the funds to ramp up the production? So for Javelin potentially going up, you know, not quite double but significantly, you know-- I'm terrible at math in public but you know-- one and a half times where they are now in monthly production, what would that take?

Roger Zakheim:

So we're working with them right now on that. On Stinger, a similar set of questions surround: obsolete parts and planning efforts, in addition to production. I'll mention the workforce piece of it: some of the funds might be going to the facilities; some of it might be going to workforce, and that's something that the Army is going to be working with the manufacturers on right now. I'll just say one more time. It's important to remember that those capabilities-- we want to be able to produce those capabilities for allies and partners, but we are looking ahead to where we want to go on our munitions. And that was on track, if you will, so now it's also about managing through both generating that capability for others, some amount of backfill potentially on the U.S. side, but really making sure we're staying on track for the capabilities we need for the Joint Force in the future.

Roger Zakheim:

We have a few minutes left, so I apologize. I'm not gonna get to everybody who's raised their hand. I saw Tom Karako from CSIS.

Tom Karako:

Dr. Hicks, Great to see you.

Kathleen Hicks:

Good to see you too, Tom.

Tom Karako:

So in your remarks, you talked about your aggressive and focused attention to the multi-domain threat to the homeland. We've seen hundreds and hundreds of cruise missiles being used by Russia in Ukraine, and over the past several years, joint staff documents have talked about the threat of non-nuclear cruise missile attack to the homeland to change our political calculus. Some of your PB23 documents talk about this as well, including in some UFRs [unfunded requirements]. So I wonder how do you think about that threat? What are some plans going forward? This is something that the NORTHCOM commander and other folks are pounding the table about of late. Thank you.

Kathleen Hicks:

I'm gonna broaden it a little. Tom, great to see you. I'm gonna broaden it a little to integrated air and missile defense, whether it's unmanned systems, low-slow flyers as we

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used to just call them, up through the cruise missile challenge, which we have long had that challenge from Russia to think through, all the way up through the more advanced threats we're seeing today. The way in which we have to think about missile defense, both regionally and here in the United States, really has to evolve substantially. So there is still a key component for defeat and kinetic defeat. But increasingly we have to be looking at opportunities that are non-kinetic: so cyber jamming and other capabilities, as well as detection-- and cruise missiles are in one of these spaces where the detection piece is so challenging.

Kathleen Hicks:

So there we've put quite a bit of money in the 23 request into our radars and our sensing systems. You, I know, are a big advocate of, and hopefully are pleased with what we've done, on the space architecture in terms of sensing for this very reason. But defeat is very challenged. I don't want to sugarcoat that, and we have long emphasized, and I will emphasize here today, our strategic deterrent and our conventional deterrent with regard to how seriously we view any kind of attack on the United States homeland-- whether that homeland is Guam, Hawaii, Alaska, or the continental United States. A cruise missile attack or any kind of attack like that on us here at home: we have to be able to rely on that full suite of capabilities and the time and place of choosing for the United States to respond.

Roger Zakheim:

Alright. We'll two more here, and then we'll wrap up. Michael Gordon and then we'll go to Lauren

Michael Gordon:

<inaudible> One of the strategic comparatives that you have identified in the Congressionally-mandated study on the NDS that you and Roger and other notables did was to prevent the fait accompli by China or by Russia. And that specific terminology is not in your two-page fact sheet, but it's just a fact sheet with the strategy to come. I have two related questions. Is it still

Michael Gordon:

the Pentagon's objective to develop the U.S military capability to deny China the capability to conduct an invasion of Taiwan or is the goal more general than that-- that is to deter China by imposing a range of military or other costs under your integrated deterrence concept (If you see the difference)?

Kathleen Hicks:

Yes to the first question on deny.

Michael Gordon:

Mm-hmm. And a second question is what do you see as the lessons of the Ukraine conflict for your ongoing efforts to deter action and on Taiwan? Are there lessons there and what are they?

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Kathleen Hicks:

Sure. There's certainly lessons. We're not done in Ukraine. And I think it's important for us to acknowledge that lessons will build. I think a major lesson is the importance, as I said before, of the demonstrated will to fight and capability to fight of anyone who's trying to defend their democracy. And I think Taiwan has that as a clear takeaway as well, as you've seen in the press, making sure that they are investing themselves in the self defense that they need to have, and of course, under the Taiwan Relations Act, we are here to support their self defense efforts. So working closely with them on those capabilities, but it's not just capabilities, there are also some institutional or, you know, there's some more reform efforts that they need to undertake that they are focused on now.

Kathleen Hicks:

And we're there to support them on that. More broadly, I think the big takeaways are that when you get one of the asymmetries, as I mentioned, that the United States has that China and Russia have lacked, is that substantial throw-weight of market economies, that when they choose to bring that to bear, it can have a devastating effect. As I said, I think that will build over time here and is a big lesson, not just for the Europeans to sort of see what they can bring to the table, that they can also bring their citizens along to increased investments in defense as well but also what the Chinese will take away from the costs of aggression.

Roger Zakheim:

Lauren quick, because we're already over with the Secretary's time.

Lauren Fish:

Thank you, Dr. Hicks, quick question. So upon your confirmation, there was a key investment memo that you had sent, there was press reporting about including things like looking at the fighter mix in the FY23 program, as well as unmanned maritime. How have your key investment areas changed if at all, since that memo about a year ago, especially given events in the world?

Kathleen Hicks:

So that was not a key investment memo. That was a memo on issues for the program review, and we'll do another one this year. So we always are shifting, if you will, the areas that we think are most important to investigate, just to clarify, which is a little different than -- most important -- to invest in. I would say coming out of the NDS analytic work, we have developed out some of those areas. We have a few others we want to investigate further this year. I'll just highlight a few very broad areas: contested logistics is one that we're very interested in exploring, and that was before watching the Russians be so challenged on their own border, but we certainly know logistics is a big challenge; that we wanna make sure we can protect cyber defense, for example, is a big piece of that, and I would also point to homeland defense, how we think more broadly about the way in which our homeland plays into those complex threat dynamics that come against the United States in any kind of major conflict. But there will be several more than that. That's just a few examples.

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Roger Zakheim:

Join me in thanking Dr. Hicks, Deputy Secretary of Defense for joining us today. Stick around. We'll have a distinguished panel coming up next.