

**Representative Adam Smith (D)
Chairman, House Armed Services Committee**

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Moderator: Good morning, everyone, and welcome to the Defense Writers Group breakfast with Representative Adam Smith, Chairman of the House Armed Services Committee. Sir, we're honored to have you. As I mentioned, there's such great interest in these topics.

As always, our discussion is on the record, but there's no rebroadcast of audio or video. I'll ask the first question and then of course we'll go to the room. Almost a dozen of you emailed me in advance. If we get through this list, we will of course get to others.

Mr. Chairman, the timing of our meeting is especially important right now. Ukraine's on the top of everyone's mind. The SecDef just returned from Asia. He's in Brussels soon for talks about Ukraine. All of these highlight a range of important national security concerns.

As you're looking at the budget proposal, what risks are being assigned the highest priority and does the budget do it well in your mind? And sort of the other half of that, Mr. Chairman, is where might the President's budget request fall short and fail to properly address threats that you see as significant?

Mr. Smith: I think it's a reasonable balance. And the problem always is, it's a very slippery slope to a premise that says -- well, I think of a Member who shall remain nameless asking Secretary Gates, and Gates said, you know, he went through the whole our budget manages risk, here's the risk we're managing, you know. The basic analysis that you sort of just went through. And the Member said, now Secretary Gates, I don't think that's your job. You need to give us a budget that has no risk. I literally snorted in laughter at the question, and they went back and forth with that for a while and Secretary Gates finally said, I'm sorry, Congressman, we don't live in that world. Okay? We're managing risk. I think that's where you can sort of run headlong into a lot of paranoia about what can

Rep. Adam Smith - 6/16/22

happen and what you really need to be prepared for.

I think the President's budget properly balances the risks that we face. It is a complex set of risks. We always want to ask the question what is the single greatest threat that we face? I suppose you could figure that out, but it's more a matter of the broader threats that we face from China, Russia, Iran, North Korea and transnational terrorist groups. And I'll try this out, actually. I've been saying this for a while and asked my staff, I said we've got to come up with an acronym for that. I say it all the time. Actually one of my staff members came up with CRINGE -- China, Russia, Iran, North Korea and Global Extremism. Global Extremism kind of cheats a little bit on the back side there, but the point is that really is the threat environment that we're facing. And what we need to do is, the big threat is to a rules-based international order and how do we maintain that rules-based international order?

Deterrence is certainly part of it and I think the President's budget reflects that. It is modernizing our nuclear force to deal with the growth of China's nuclear force, the growth of Russia's. You see what the Marine Corps is doing. And it's not just the Marine Corps. The Army, went through their Night Court thing four or five years ago when Esper was Secretary of the Army, set up the Army Futures Command. But really focusing on what is the fight now in an era where information and survivability have become so different, how do you modernize the force knowing that massing power in one place might not necessarily be as useful as it used to be? And you see the Marine Corps is moving away from tanks, moving away from heavy armor, moving to more mobility, focusing on more unmanned systems as are others.

I think the President's budget properly balances that risk.

Now would we like to be in a situation where we are just so all-powerful that nobody in the world even dares think about doing anything that we don't want them to? There's a downside to that too. But that world doesn't exist. That's not the world we're going to get to.

I think what the President has put together in this budget is a modernized force that if we handle the diplomacy and the partnerships and the alliances properly puts us in a position to deter those adversaries and move us more towards a world that

Rep. Adam Smith - 6/16/22

has a rules-based international order, and that moves more towards economic and political freedom. So I think it captures that.

We, the HASC and SASC and the appropriators, will fight about those details hopefully in the next four or five months instead of the next eight or nine months, and work them out.

Moderator: If you haven't copyrighted it yet, may I market CRINGE T-shirts as DWG fundraising tool?

Mr. Smith: I've got to give credit to [Baron Winston], the staffer who came up with it. I don't want to be accused of plagiarism.

Moderator: The first question from the floor, Tony Capaccio, Bloomberg.

DWG: Ukraine. You're getting more briefings than the press is getting in terms of the situation over there. What's your assessment of weapons needs? Should the US and the allies be giving greater quantities than what we've already laid out publicly? Or is it time to ratchet up with more sophisticated systems like the real MLRS or armed drones? And if it arrives in two or three weeks, will these kind of [weapons] make a difference given what you're hearing and seeing?

Mr. Smith: I think quantity is the bigger issue, which I'll come back to in a second.

But I also think we need to be giving more sophisticated systems and particularly when it comes to drones and long range artillery. I don't think we have been fast enough to get the Ukrainians the drones that we have available. I know there's a big debate going on over the Gray Eagle. I think we ought to get them that equipment more quickly.

Two things, one is we can only get them what we have, but in the case of the drones, that's not the issue. The issue is a conscious decision that we're worried about technology transfer, and then there's this complicated discussion about well how quickly can we train them on it? I don't know, but let's get them over and let's get started.

So I think when it comes to drones and when it comes to long

Rep. Adam Smith - 6/16/22

range artillery, we've been too cautious. And I don't agree with the President's take that we can't give the Ukrainians anything capable of striking Russia. I mean Ukraine borders Russia. If you give them a mortar shell that can go a mile, theoretically it could strike Russia.

The issue is if the Russians are able to see better and shoot further than you're at a disadvantage. So I think we should give them more of that.

But quantity is really a huge part of the issue right now and then there's the overall battle plan. Where does Ukraine put their resources in order to be most effective?

I don't know on the quantity side that there's any sort of failure there. It's just that you only have so much and you can only get it there so quickly. I'm in favor of getting as much to the Ukrainians as quickly as possible. I think our supplemental reflects that and I think we should be moving the more sophisticated weapons, the longer range artillery and the more capable drones.

DWG: Are you communicating that to the White House?

Mr. Smith: Near constantly, yeah. I've got a meeting today and a meeting tomorrow. Meeting with Jake Sullivan today and Colin Call tomorrow and continuing to communicate that.

DWG: Can I ask a quick hardware question and a system, they're not going to get the F-35.

Mr. Smith: Right.

DWG: Last year you made some news when you said the Pentagon shouldn't be pouring money down a rat hole and -- you may not have used the rat hole word.

Mr. Smith: I used the rat hole. I didn't say we should stop funding it.

DWG: Fast forward to today. The Pentagon exposed yesterday that the full rate production decision that's been delayed for [four] years might not happen until March of 2024. What's your take on the program today as production lurches forward, but these test decisions are delayed?

Mr. Smith: I think it's three big takes.

Number one, what we want is we want the Block 4 F-35. And frankly, until they're able to produce the Block 4 F-35, we shouldn't buy more. Now the argument from the manufacturer is buy the Block 3's, we'll turn them into a Block 4 at some point. I don't think it's that simple or that cost free, so I think we need to continue to put the pressure on them to get to the Block 4.

Second is the engine issue. There's a long complicated explanation of how we wound up in the place we are with the engine, but the bottom line is we want to make, again, an investment in a newer, better engine, to get us to a better place.

The third issue is, as I was talking about the future of warfare, the world has changed a lot even in the last 10 years in terms of survivability. What is the mission of the F-35? Originally it was contemplated it would be a fighter that could go anywhere and do anything, and it's not that. Missile technology and targeting technology has simply gotten so much better in the last decade that it has limited the mission range of the F-35 to some extent.

So what does that mean? What are we going to do to use that mission? I don't know for sure, but I think it probably means we don't need to buy as many as we had contemplated buying and how does that feed into the NGAD? What's the NGAD's role going to be? So those are questions that need to be answered.

But we really want the Block 4. If they can get the Block 4, then we can start talking about how many of them we want to buy. Before then, if we're buying a whole bunch of Block 3's, then does that mean that we're going to have to just scrap them? That's not true. They would say they could upgrade them, but how much is it going to cost to upgrade?

Those are the things we're trying to balance this year.

Moderator: Tony Bertuca, Inside Defense.

DWG: Mr. Chairman, thank you for being with us.

Rep. Adam Smith - 6/16/22

As you are aware, you've got some Republicans on your committee, and going into markup they've said they have pledged, they've vowed they are going to increase the defense budget by three to five percent over inflation. That's going to come up.

I'm wondering how you see this playing out and where you are in terms of the contours of compromise that maybe you might see.

Mr. Smith: It had been my hope that the appropriators could potentially get an overall agreement. The discretionary budget is all intertwined. You can't really talk about what the ultimate defense number is going to be without also talking about what the VA number is going to be and what the non-defense number's going to be. If they can resolve that and then we could get a balance, the Democratic and Republican balance that is required always to pass the defense authorizing bill or the appropriations bill could be struck. That's not going to happen, and I could whine a great deal as to how it's not happening, why it's not happening, and why it should be happening, but it is what it is at this point.

And at this point I think SASC is probably going to have a different number than we have, and HACD has and eventually that's going to have to be worked out in the wash.

In the short term, we're just going to try to pass the bill. And I'm certain that there will be an amendment offered to increase the defense budget. We'll see by how much, but it's not going to be an insignificant amount. And I will continue to try to focus on okay, but where are we spending that money?

You mentioned the F-35. There's all kinds of concerns about inflation, so we come in and say we've got to plus up the defense budget to buy another I don't know, 16-20 F-35s. Well what's that got to do with inflation? That's just buying stuff.

So we're going to sort that out. I would be real surprised if we didn't wind up with an increased number -- no, we are going to wind up with an increased number. And we'll go from there.

DWG: What do you make of the inflation argument that Republicans make, that this budget, if you passed it as it is, it's really a cut for the Defense Department because inflation's so bad. Do you agree with that?

Rep. Adam Smith - 6/16/22

Mr. Smith: It sort of focuses on certain sort of semantic arguments. I don't see the Republicans similarly concerned about the rest of the budget, and inflation impacts the Department of Agriculture, it impacts Health and Human -- all of that. They're arguing to cut that.

And inflation depends. Inflation does not hit everything equally. You have to be careful about how you apply it.

Is inflation going to make it more expensive to operate the Defense Department? Absolutely. But as we have discussed many times, there are also ways to find efficiencies within the defense budget, not spend money on things that aren't working. A whole bunch of things you can do in order to save money in a crisis other than just say give me more. So I think we need to balance those two things.

But yeah, I'm not going to deny that inflation's having an impact on defense and it's something we need to think about and contemplate how to put in.

Moderator: Shawn Carberry of National Defense Magazine?

DWG: Thank you.

Specifically in the science and technology aspect of the budget, certainly the markup hearing that was, concern again expressed that the President's budget is significantly underfunding and looking at needs for innovation, future of warfare, that that's an area that needs plusing up, especially given how small, for example, the investment in basic research is as a piece of the overall budget, about \$2.1 billion.

So what's the sense of the science and technology budget? What needs to be done there? And how to ensure that going forward there isn't this constant underfunding in Congress, plusing up substantially --

Mr. Smith: Patterns get set. I think to some degree when the President's budget comes out you can see that they're putting money over here because they know the Congress is going to plus up over there. I don't know that we can change that any time soon. And we will plus that up because innovation is a key part of what we're doing.

Rep. Adam Smith - 6/16/22

But the other big piece again on innovation is to get the Pentagon better at buying stuff, which by the way, has kind of started to happen. A lot of the acquisition reform that Mack Thornberry was such a leader on as Chairman, has led to some significant improvements in the way we purchase things so we can get more innovation. The F-35 is a pretty bad example from previous years of inefficient program. B-21 is actually working quite well. A lot of the lessons we learned from that, moving to a digital manufacturing model, away from an analog manufacturing -- there's all kinds of things that are happening out there that are improving our ability to upgrade and buy innovative technologies going forward.

Some of it's money. Some of it is just using the systems better. We really want to focus on empowering the purchase of commercial off-the-shelf technology in a quicker way without a program of record and all that. And we've done that. But yes, I'm sure we will plus up science and engineering and the innovation aspect of the budget as well.

DWG: One of the concerns is facilities and the difficulty of getting construction investments in facilities. Some of that, there are some congressional rules about how that can be funded. What's being done there to try to get more to improve labs and testing facilities?

Mr. Smith: I don't know specifically. I know it's something we're focused on, but I don't have any specific answers on that. I know it's something we've looked at and tried to improve but I don't know the specifics at this moment.

Moderator: Felicia Schwartz of the Financial Times.

DWG: Thank you so much.

Just going back to what makes sense for Ukraine. [Inaudible] drones, talking about the MQ-1 drones specifically or [inaudible]?

Mr. Smith: I'm talking about the Gray Eagle specifically, but them more broadly.

Look, the way the fight is playing out right now, certainly the Russians have more artillery and it's an artillery fight going on. And we're not going to be able to fix that.

The other big problem is the first part of what I've said. If they can see you before you see them and the Russians right now have better ISR. They have better drones going out and seeing Ukrainian artillery positions whereas the Ukrainians don't have that same visibility into the Russians. So they need more ISR capability and that's drone capability, and they also need more counter drone capability. The ability to jam and disrupt the drones who are trying to look at them.

So that is a volume issue and I think we have the volume, we just haven't placed sufficient emphasis on that in terms of what we've been trying to deliver to them.

DWG: We heard a lot from the Ukrainians that they're not getting there fast enough. That [inaudible] in the beginning or a few weeks ago talking about how things were moving in 48 hours or something [inaudible]. Is that keeping up or have some things slowed down?

Mr. Smith: I think it's keeping up. It's never going to be there as fast as you want it. It's not like ordering a book on Amazon. Order it, oh, tomorrow morning there it is. That's the way we'd like it.

My sense, and I don't know because I'm not in there day in and day out looking at the logistics. I'm not at every point along the chain going okay. But my sense is they're doing about as well as anyone can reasonably expect on the logistics of once they've decided, it gets there.

How it's a battlefield. Chaotic would be an understatement. So it's got to get to Ukraine, and once it gets into Ukraine you've got to get it to the right place and there are disagreements within the Ukrainian military forces and defense leadership where should it go. Should it go here, should it go there?

Again, my sense is we are tackling that logistical challenge as well as anyone could right now.

DWG: So it's more the decision-making and --

Mr. Smith: Well, no, it's more just the reality of we decide we're going to send a whole bunch of Howitzers over there from wherever they're made. It's going to take time to get them from

Rep. Adam Smith - 6/16/22

wherever they're made to Poland or Slovakia or wherever and then in through Ukraine. There's no magic button to push to make them arrive instantaneously. I think within the challenges of the logistical train, my sense is that we're doing about as well as could be done.

Moderator: Matt Beinart of Defense Daily.

DWG: Thank you. Two quick questions.

One, my colleague that's focusing on the nuclear side of things wanted me to ask do you believe that NDAA should authorize unconditionally the NNSA's request for plutonium pits for FY23?

And on the topic of the potential capabilities provided to Ukraine that can strike into Russia, your view on it. Is that sort of the broad consensus among the committee or are you --

Mr. Smith: I can't speak to the broad consensus amongst the committee. Well, that's not true. I can. I can't 100 percent nail it. But let me just say my sense is that the consensus amongst the committee is that we need to be more aggressive about what would get into Russia. That I will say with great confidence in a bipartisan way. A sense that we could be doing more in terms of the type of weapons that we're sending to them.

At this point on the pit production issue, I hate to say the unconditionally thing. It's not unconditionally. But I believe they have made the case for their pit production plan. Now there is still the tiny little problem that we have a requirement that will not be met and that is the requirement for 80 pits a year by 2030, which under no scenario is that going to happen. So having that requirement in there is still a little problematic.

But we need two sites to make pits. Los Angeles is not going to be able to make enough. They can probably make more than 30 if we do really well. And whatever you think of nuclear modernization, you need pits. That's sort of the cornerstone of it.

So yes, we, I believe we're going to move forward with what NNSA is saying about their pit production plan. But it will never be unconditionally. I have major trust issues when it comes to the NNSA and how they spend money and we are going to exercise

Rep. Adam Smith - 6/16/22

rigorous oversight of that process.

Moderator: Suzanne Smalley of CyberScoop.

DWG: Thank you for being here.

I'm wondering how well prepared you think we are and where the investment needs to be made in terms of fighting cyber war [inaudible]. In Russia we've seen a lot of disinformation operations. They've been highly focused on taking out [telecom] and to getting Ukrainian [inaudible] Ukrainian cities onto Russian networks presumably so they can filter news overseas as well as surveil people.

So I'm hoping you can talk about that and the future of cyber warfare.

Secondly, I know you've had strong opinions on [dual hat]. I covered [NSCM] 13 fairly extensively and I'm wondering where you come down on the need for CYBERCOM to have sort of an unfettered ability to conduct operations in the fast moving world of cyber warfare.

Mr. Smith: Nobody's going to have unfettered capability. We have a chain of command for a reason. I don't want to let loose a bunch of hackers and say go have fun and let us know how it turns out. There's going to be oversight and there needs to be oversight. I think having NSA and Cyber together gives you an appreciation for the threats and the possibilities. I think that system works fine.

There's a more fundamental question here before we get to how we should use that stuff and that is the vulnerability of our systems. This comes back a little bit to the innovation technology question.

We need to make a significant investment in upgrading our communication systems and our software so that they can be better protected. And when we're talking about software systems that operate our missiles and our ships and everything, they are not as protected as they should be. I realize that's on the defensive side and not the offensive side, but to me that is our number one biggest vulnerability in the cyber world is we have systems that are too vulnerable to attack right now because they're old and we haven't updated those systems.

Again, rather than buying another how many ever F-35s where we're not even getting the F-35 that we want, rather than continuing to pour money into things like cruisers and LCSes that have major maintenance problems and major capability limitations, I'd rather pour that money into developing the JADC2 vision of a secure communication system that we can protect.

And then yes, we need to be ready to be on the offense on cyber, but I don't think the dual hat situation inhibits that. And again, I would just come back to my point, when it comes to cyber, protecting our systems I think is our greatest problem right now. Even more so than our ability to exploit other people's systems, though we certainly need to develop that capability as well.

DWG: On the hybrid warfare question, I'm actually writing a story about it and I interviewed [inaudible] yesterday. He makes the point that it's been devastating, they've been close coordinating, even making concurrent cyber and kinetic attacks, that it's created a lot of chaos and panic. Can you just talk about your take on that?

Mr. Smith: That's a very important capability. You can't really argue necessarily that we don't have that capability. It's just that we haven't invaded anyone lately so we haven't needed to use it.

Yeah, the Russians have been very good at that. My sense is we're better at it than people give us credit for, it's just that we haven't been utilizing it at the moment but it is a central piece of warfare and that's sort of the modernization argument that we're talking about writ large in terms of what we need to do within the military, to see how it has changed. How basically, again, massing a lot of firepower isn't what it used to be. You need to have those hybrid capabilities. That's the way the fights have played out in Ukraine, Azerbaijan and Armenia and Crimea back in the day, and Syria. We can see the way it's playing out and we can see the capabilities that we need, and those capabilities are going to be much more focused on hybrid than sending a bunch of tanks across the battlefield.

That's what we're trying to do in terms of the authorities we're giving to the Pentagon and what we're trying to fund.

Moderator: John Ismay, New York Times.

DWG: I was thinking throughout your term in office you've had generations of military officers and senior [inaudible] leaders come and testify about what they need and about programs that they're developing that they're wanting to fund.

I'm also thinking, just taking the Navy for example, there's a [inaudible] program which is many tens of billions of dollars over budget. It has [inaudible] systems that couldn't work. The Navy is planning to put an untested hypersonic system into it, sort of hoping that it works. You have the LCS program being completely scrapped. And each of those leaders has come before Congress and said to you and your colleagues, this is what we need, we think it can work. And yet there seems to be no accountability for these people for being wrong. None. It doesn't hurt their careers, it doesn't hurt their --

Mr. Smith: Why do you say that? I hear people say that all the time. There's no accountability.

DWG: -- dollars being wasted.

Mr. Smith: Understood. What, we didn't take anyone out and execute them? There's a whole lot of people who have gone through the military whose careers have not gone as well as they have because they've made a mistake. So the key point here is on the modernization and what's gone wrong in the last 20 years and how to fix it. Okay, no doubt about it. But to presume it's just because we've just let these people go around and waste money I don't think accurately reflects what's happening in terms of who's accountable or not.

And then also, the degree of difficulty is not properly calculated here.

DWG: Does Congress have a role in ensuring that that is not [inaudible] properly? Proper oversight?

Mr. Smith: Yes. Obviously we do. And I think in the last four or five years in particular we've had a lot of success in that regard. When you look at the B-21. The Zumwalt program was started a long time ago. When you look at what's happened with the attack submarines, how we've gotten to the point where we've

Rep. Adam Smith - 6/16/22

been cranking out two a year in a very, very successful program. The DDG-1000 --

DWG: Isn't there just a systematic failure of good judgment in these leaders in deciding, when they come to you and say we need this thing, it will work. And then it doesn't work. And then tens of billions of dollars have been wasted. What then?

Mr. Smith: I think you have to look at it from the total perspective of what's going on. And what's going on is from about 2000 to 2015, we had a terrible run in terms of the systems that were put in place. And I think part of it is the rapid pace of technology and F-35's a good example. You want to build this system, you want to make sure it's up to date, but you're two or three years into it and all of a sudden something new's come along and you're in the middle of the system.

How do you adapt to that? How do you quickly change when the pace of technology and the pace of software is moving so quickly and the battle space is changing? And you're not going to build a destroyer or a submarine or a fighter plane in two years. You're just not. It's too technologically complicated to do that. So how do you build into that system an ability to upgrade and move it forward?

What I would say is during the period that you're talking about, the Comanche helicopter, the Expeditionary Fighting Vehicle, the future combat systems. There's a lot more systems than the ones you just mentioned that didn't work out. And the problem was we were trying to build it as change was happening and we were still stuck in an old model where that wasn't going to happen. I think the accountability is that we've changed that. And particularly in the programs that were started in the last four or five years on the submarines, on the DDG-1000, on the B-21, on the GBSD. You are not seeing those kinds of problems

But look, what you just said I've said like four times this week to a variety of different contractors who have come in and said to me here's what we're able to do. And I said okay, I've heard that before. We're not going to just trust you on that. And we build more competition into it.

I think this presumption that there's this group of clowns working around in Congress and the Pentagon just throwing money around because they're too stupid to know anything is bullshit.

Rep. Adam Smith - 6/16/22

That's not what's happening, A. And it's not helpful in terms of trying to figure out how to fix it.

What's actually happening is a lot of very smart, dedicated people are dealing with an incredibly complicated situation and making mistakes. Not correctly anticipating what is going to be possible and what's not going to be possible.

I can go back to the C-17. The C-17 for five, six years was an epic disaster. There were all kinds of jokes written about how it can't land in the, and whatever. And eventually it became an incredibly effective and important program. We're not making fucking widgets here, okay? This is a really complicated process and we need to hold people accountable intelligently, not just I'm pissed because this didn't work out so I'm going to slap you around so the public feels better. But actually fix it so it doesn't happen next time.

I really do feel that Mack Thornberry and I and a lot of other people have been more effective in that in the last four or five years. Sorry. The collective group of people who have been working on this in the last four or five years, not just the two of us, have been pretty effective about making those changes and recognizing those flaws and doing our best to fix them.

Moderator: Thank you for a very passionate answer. I heard a few more T-shirt mottos in there too.

Mr. Smith: Sorry about that. I keep telling myself I'm going to go a week without swearing and it never seems to work out. [Laughter].

Moderator: My wife's always reminding me, dear, you said that out loud. You are aware of that right?

Mr. Smith: Fortunately I don't have any recording devices in front of me so --

Moderator: There's not one.

DWG: Thanks for doing this.

So getting back to the idea of inflation and specifically the pay raise. Obviously we saw in last week's personnel markup you went with 4.6. But even at that markup Congresswoman Speier

Rep. Adam Smith - 6/16/22

said that may not be enough to help troops cope with inflation. So are you amenable to going above 4.6? Or do you have other ideas to help troops deal with rising prices?

Mr. Smith: Here's the problem, and I should have looked this up. I've been thinking about it. But there's a whole lot of federal employees. It's in the millions. And there's a lot of people on the non-defense side, people who work for a whole lot of other departments and do a lot of other work that is important as well. And the general rules that we've tried to stick to is to give federal employees the same pay raise, even within the military. Civilian and non-civilian. So are the Republicans going to want to go above 4.6 for others? How do we meet that?

Now the one thing that we are looking at doing for service members who have specific needs, we're looking to, and I'm going to forget a couple of statistics here. The basic housing allowance. We're looking at other ways to increase -- a variety of allowances outside of the pay raise that help pay for food and housing. We are going to make increases in those areas, and forgive me, I looked at this yesterday but I looked at a lot of things yesterday and I forget. There's like four or five categories that are other than the pay raise that will get money directly into the hands of service members and their families to deal with the rising costs of a variety of different issues.

DWG: Obviously I understand as you mentioned before, budget things are all interconnected. But in terms of the argument about raising other federal employees' pay, your jurisdiction is the military. So again I'll ask, are you amenable specifically to raising troops' pay?

Mr. Smith: Again, the reason it's going to be difficult to do that is because they have to balance that out which is why I said at the very beginning that you can't separate the defense budget from the other budgets. The non-defense and defense are inextricably linked in what the ultimately agreement is going to be.

Moderator: Kimberly Underwood, Signal.

DWG: Good morning, sir.

I wanted to ask you about your position on [inaudible] and if

Rep. Adam Smith - 6/16/22

your chairman's mark kind of aligns with some of the subcommittee recommendations on the House [Budget] Committee on Cyber, Innovative [inaudible] systems. I know they put forth several PNT-related provisions including the use of domestic [inaudible] for PNT.

Mr. Smith: I'm sorry. You said this up front. PNT is what?

DWG: Position, navigation and timing. Like GPS.

Are you aligned with those priorities? They also have a provision for the National Guard to do a study. I guess the National Guard Bureau is like a domestic alternative to PNT and would be able to [inaudible] on that.

How are your thoughts on that, and is that a priority?

Mr. Smith: I support the subcommittee. I'm a huge believer in empowering the subcommittees. They have a lot of expertise. Particularly in this case, Mr. Langevin has been doing a ton of work on that. And yes, I'm very supportive of what they're doing and will back it up.

DWG: And [inaudible] familiar with one other provision --

Mr. Smith: Odds are heavily against it, but go ahead.

DWG: Okay. [Inaudible] independent review of the DoD CIO related to if they have enough workforce or enough people to handle kind of PNT Issues.

Mr. Smith: I'm not familiar with that specific provision. I will say that within that space, personnel space issue, whether you're talking cyber, whatever you're talking about. How do we get the technologically proficient employees I place to make those smart decisions? These are really complicated, difficult issues, and you need talented people. I think that ultimately is what it comes down to.

Acquisition reform is helpful and it empowers people to make decisions but you need the people. And [inaudible], something we've looked at, and spoiler alert, there is no solution that I've found to this. It takes for fucking ever to hire anybody. And a lot of people give up. A lot of people can't get through the background check and everything else. Whether they can get

Rep. Adam Smith - 6/16/22

through it or not, it's like it's a year. They're like I've got to go do something else.

So we, and this is the AI Commission that Eric Schmidt and Bob Work worked on, their number one biggest recommendation was make it easier to hire people. And we need to try and implement that. We need the people. People would be willing to do it because, well, smart people love solving problems. And when you go into DoD there are a lot of really cool problems to try and solve and that will attract them. But not if they can't get hired. Not if they've got to go through an endless process.

So how do we fix that? We're taking a variety of different looks at it to try and get there.

Moderator: John Harper, Scoop News Group.

DWG: Thanks for being here, Mr. Chairman.

You mentioned the NGAD program. Secretary Kendall has said that the main platform for that will cost multiples hundreds of millions of dollars. Do you see that as affordable? And do you think that there will be long term support in your committee and Congress writ large to fully fund that program?

Mr. Smith: I think this is one of the central questions that we have going forward and why it's so difficult. Because look, warfare has become much, much more complicated and the hope, like I said, the plan was you develop stealth technologies, more survivable to get in there, but then the missiles and the targeting got better. Can we jam the missiles and the targeting? Okay, how long is the plane going to go because it's got to be refueled and it's great if the plane is stealthy and can't be seen, but can the refueling plane, is it stealthy and can't be seen? Well, no. Then you're kind of screwed.

And how do you build that whole mix? Again, this is three-dimensional chess, not checkers. What is the capability that you're bringing into the fight? And we all wish that it was as simple as it was in the new Top Gun movie.

DWG: Have you seen it?

Mr. Smith: I have. I'm that age. I have to see it. It's demographically required.

Rep. Adam Smith - 6/16/22

But what does the mix look like? What do you want to bring to that fight and bring to that [inaudible] capable? And right now it seems to me that the investments we should be making are in more survivable drone systems, satellites, communications, missiles.

When you look at the fights that are really going on, the fighter planes haven't been that big a part of it. It's been the drones, it's been the cyber that you described or someone described. And can we really afford to make that big of an investment in a plane that may or may not be -- that's the decision you've got to make. You could say we've got to do this because you're not sending an F-18 up there because an F-18 can't survive. I'm not even sending the F-35.

The thing is, you don't know for sure what that technology is going to be. How many things have we invented as humans, forget as Americans, that you're like I don't think -- well hell, that works. Who's have thought it? How can we use it? So it is a constant iterative process. But for me, I'm always like reluctant to put a whole lot of chips in the middle of the table when you don't know for sure. And the NGAD seems like a whole lot of chips going into the middle of the table.

Maybe you've got to do it. Maybe it's a technology that if somebody else gets there first and you haven't gotten there then you're in a really bad place. You've got to make the investment and you've got to try and make it work even if the odds are long.

But I prefer a solution that puts you in the position to meet your defense needs without having to make such a large investment on sort of betting on the com technology.

Again, you don't know for sure. There's no way to know for sure. Well you just hope that would work out. Well, okay, but if you can see the future please don't keep it to yourself. We're trying to calculate and make the best risk assessment.

What I do believe is that we've got to really take a hard look at this, and the idea of just going third generation, fourth generation, fifth generation, sixth generation. Of course you've got to have a sixth generation. Let's take a look at what is that capability? How survivable is it? In what

situation? That's what we need to figure out going forward.

DWG: And just in terms of the way the program is being structured, -- obviously the F-35, there were lots of problems with concurrency. In terms of the way the Air Force has set up the NGAD, do you think they're taking the right approach --

Mr. Smith: I do. I've seen it. I've looked at what they're doing. It's only recently that I understood what digital manufacturing meant. But it's really kind of important. It makes things work a hell of a lot better, and you are able to go through that iterative process more quickly. But then, like quantum computing. If quantum computing can in fact work which really, really smart people tell me for sure that it's going to, but then again, Elon Musk is a really, really smart person who is of the opinion that no one should have had to drive me to the meeting this morning, that I should have been in a self-operating car by now, and he was wrong about that. So you never know how long that technology is going to take to work out.

You're trying to figure all that out going forward. If quantum computing works and you can do all these calculations, and I'm going to get the numbers here wrong, but I read something that said if quantum computing works you will be able to calculate things in seconds that right now even with the best super computers in the world takes months. Try to wrap your mind around how that changes the ability to develop pretty much everything, but certainly a sixth generation fighter or a drone that could do the same thing.

We're going to have to be nimble as these new technologies come in and figure out how to use them.

DWG: Can you see autonomous drones as maybe an appropriate substitute for the NGAD, [inaudible] platform is unaffordable?

Mr. Smith: Possibly, yes. I think that's likely where things are headed and we need to develop those technologies.

Now just having it be a drone, not being a manned system saves some money, but at the end of the day if it's an aircraft that looks exactly the same except for the fact that there's nobody flying it, is it any more survivable? Obviously it's better than not having somebody get killed, but it still has some limitations there. So it doesn't necessarily change the

Rep. Adam Smith - 6/16/22

equation. The thing about drones right now and a whole swarm of drones is they're really small. You can't see them as easily. You see them sometimes but they're harder to see, they're harder to target. So all of those things need to be calculated as we build those systems.

And you have to start doing something. You can't say well, I'm not sure so we're just going to sit around and wait until we are sure. There's no sure here. You're playing a percentage game. But I want those questions more thoroughly examined than just of course we have to build a sixth generation fighter. Why? What's it going to bring us? I think we need to ask those questions before we make massive, massive investments in that program.

Moderator: We're approaching the 15 minute mark. The next few on the list are all in a row starting there then coming around the table.

DWG: Thank you very much for doing this.

Two questions. One on the war on Ukraine. The Russians have been boasting, as they often do, that they've been able to target and eliminate shipments of weapons to Ukraine. Is that what you're hearing from the Pentagon, from other officials at the White House? How much of a concern has that been? And to what degree has Russian targeting if at all slowed down the ability of the US and other countries to get Ukraine the weapons that it needs?

Mr. Smith: I don't know specifically the answer to the second part of that question. It's been a big concern from the very start. But we are still capable of getting a lot of weapons into Ukraine, and we're seeing them being used in the battlefield so obviously they're not shutting it down. It will be a constant cat and mouse game to figure out how to get them in and around Russian defenses. I can't speak to the precise level of Russian success to date. I can say that we are still able to get substantial amounts of weapons into the Ukrainians who have been able to use them.

DWG: A second question. China obviously is watching and learning from this conflict. You spoke earlier about how you and others would like to see the White House be more aggressive in terms of giving Ukraine weapons that are capable of targeting

inside Russia.

Do you worry that the Chinese are looking at this and seeing the US reluctance to do that and the US reluctance to engage Russia directly, and applying that to their thinking on Taiwan? Where if they decide to take Taiwan by force they're going to calculate that the US will not be willing to target China directly?

Mr. Smith: Yeah. I think that's a pretty good summation, my CRINGE comment notwithstanding. I think that the biggest concern is the breakdown of a rules-based international system and what that breakdown looks like is China and Russia sort of bullying their way through the world. Taking over sovereign territory. Russia starting in Ukraine. Who knows where they go from there? China starting in Taiwan. You know, and by the way, China has claims on at least like ten different other countries' territory at the moment if they're feeling big, bold and strong enough. They have not shown any particular inclination to follow any set of rules as they've moved through the world. And yeah, I think they're looking to see if Putin's going to be successful or not, and that will be part of their calculation as to whether or not they can attack Taiwan.

Our ultimate goal here is to -- China's going to be just fine. They don't need Taiwan. They're a big, powerful country. They do not need to subjugate all the people of Taiwan just because of their fragile egos. The disruption that would cause. Then where do they go from there?

Deterrence has to be part of it, and the more it appears that Putin is unable to be successful in Ukraine the more it will give China pause. But there are actually a lot larger issues on that and building alliances, convincing the rest of the world that our way actually is better for them. And we've got a lot of work to do in that regard. I worry a great deal about what that message is to the world.

America first and America exceptionalism isn't going to cut it. The rest of the world doesn't think that we're better than they are. We have to present ourselves as a leader in a partnership towards a more stable world so I think that matters in that calculation too. If you've watched -- the best thing about the Shangri-La Dialogues is consistently the Chinese Defense Minister getting up there and talking about how terrible America

Rep. Adam Smith - 6/16/22

is and basically just boldly threatening us in incredibly colorful language.

But part of his message is, the US is the bully, not China. What are you talking about? I find it interesting that he said that. And he said furthermore, if Taiwan doesn't do what we tell them to, we're going to militarily attack them. But we're not bullies. I don't know how that goes over.

But we have to work better at building alliances across the world. And I think Ukraine also gives us that opportunity and we've done that I think effectively. I don't think President Biden has gotten nearly the credit he deserves for the way he's helped pull together a coalition on this issue. So all of that factors into that large fundamental question of are we going to be able to maintain a rules-based international order in a balanced way?

DWG: Would sending Ukraine weapons that could hit inside Russia, would that make it easier to send that better message?

Mr. Smith: Again, the premise of your question is wrong. It's got nothing to do with whether or not the weapon can hit inside Russia. Every single weapon that we've given Ukraine to date could "hit" inside Russia. They could stand on the border and fire an AK-47 across the border for that matter.

The point of giving them the weapons is not to be able to strike into Russia. The point of giving them the weapons is to be able to hit the Russians who are in Ukraine from a longer, safer distance.

DWG: Thanks so much for doing this.

Going back to the efficiency threat from earlier. What efficiencies would you like to see when it comes to the way the Defense Department spends money? What tools is the committee considering in terms of enforcing or pushing forward those efficiencies? What can we expect to see in that regard with respect to the Chairman's remarks?

Mr. Smith: By and large we've already done what needs to be done in this regard. That is to free them up to make quicker decisions and not have to go through as many programs of record, as many requirements.

Rep. Adam Smith - 6/16/22

We're trying to get creative about how we can further incentivize that because the stream that sort of gets us in trouble here is you start with the requirements and you build forward from there. And there's an insufficient amount of flexibility along that chain. So we've built in already a lot of flexibility.

The Army Futures Command was meant to do that. The Night Court Process was meant to do that. A whole bunch of different things that we've freed up, other transactional authority. Commercial partnerships in space. Space is the biggest area on that regard as well. And I have a quick comment about the USICA Competes on NASA reauthorization thing in a second.

But instead of it all having to be done in the Pentagon according to a whole series of requirements, if we can buy commercial technology or if we can rent commercial space for operating satellites or launching them. So basically opening up that aperture so it's not so much a requirements in-house based process. We've given them that flexibility and now there's a wide variety of things. A lot of them are in Mr. Langevin's mark more so than nine, to say okay, we've given it to you. Now go do it.

I have joked where requirements are concerned that I would like to do a [Fanos] thing and snap my fingers and make half of the requirements go away, and I don't care which half. Just start. Because that's the type of innovation that we want to encourage, and the best way I can describe that innovation is from, I've been to the Hoover Institute in Stanford and they do a thing called Hacking for Defense where they've got a bunch of undergrads and their class assignment is here is a real world Department of Defense problem. Go solve it. And I met with some of the students who have worked on those projects and I was struck by the fact that almost all of them said the starting point, the first thing we did is we realized that they were asking the wrong question. This is really what they wanted.

That type of flexibility. Within the Pentagon if you ask the wrong question here, it's nine years later when you go oh, shit, maybe we should have -- no, let's get back up here. Let's not just keep going down this same process. Let's build flexibility into the process and encourage the type of people who see that and move in a more flexible direction. That's what we're trying

to do.

You can't necessarily legislate all of that. We had a very in-depth discussion about this. And the sense was the authorities were there. And we'll tweak some of the edges. So there's no big sort of show-stopping thing this year that's moving that. I think it's been happening. We want to encourage it to continue happening.

DWG: Ashley Roque with Janes.

Two sort of follow-ups. One on efficiencies and [inaudible] programs. You talked a bit about F-35 and some other programs. Are there some others on your radar that you have concerns about right now? Potentially the Army's IVAS program that they're about to embark on, \$22 billion for ten years. Or some other programs that you're keeping an eye on?

Mr. Smith: Actually I had some concerns about IVAS. I'm taking a deep look into it. IVAS is a great example of sort of better using the private sector technology. Microsoft basically, they developed it. They covered the cost. It wasn't this complex set of [inaudible] idea of what you want us to do. And that technology has massive potential to be helpful in training as well as in -- so I think it is an example of how we can better use technology.

I guess in that same area I'm concerned about what we're doing with the cloud. Everyone's suing everyone and we're moving slowly and we're not innovating as quickly. And that also is part of the problem, part of what's slowed some of these things down. The tankers. Talk about a program that -- but all the protests all along the way, and all the back and forth that's sort of slowed that process down. So I worry about that.

In terms of the programs right now, like I said, we talked a lot about the NGAD. That's one that definitely worries me about, and again, I'm not saying we're not going to do it. Don't come out and say Adam Smith says the NGAD's a waste of money. No. That's not what I'm saying. I'm just saying that we need to understand it before we make that over the cliff investment that we can't turn back from.

So overall, as I look at the way we've shifted in the last five or six years in our programs, I think the development model is a

Rep. Adam Smith - 6/16/22

thousand times better than it was at the turn of the 21st century when we were stumbling into all of these programs that wound up not paying off.

So I think we have made those changes. Now this is not something that happens in a year. Five years from now we'll know whether or not my confidence was well placed or not. But I think we're making those adjustments and beginning to see programs in the right direction.

It's a complicated mix. Everyone's got their favorite system. Everyone's got their favorite program, favorite idea, and somehow you've got to sort of balance all of that to make the best decisions going forward. But I think we're getting a little bit better at it.

Oh, sorry, the USICA Competes thing. We need to the NASA reauthorization because so much of what goes into space comes out of NASA. That's probably the smartest thing I've said this morning. And the innovation and the private companies, they need to be able to work well with the government, certainly with DoD on space but also with NASA on space, and there's so much that needs to be changed and that reauthorization has been going nowhere for a long time, and USICA Competes gives us the opportunity to do that, to help us with those space issues.

Moderator: I apologize to all of the others who raised their pencils. There's time for just one more. The last question goes to Dmitry Kirsanov of TASS.

DWG: Thank you very much, Mr. Chairman.

On NATO expansion, if I may, and the debate between [inaudible] Finland and Sweden. The general assumption I believe is that in the end Turkey will be placated somehow. Its concerns will be met one way or another, and the expansion will take place.

The Turks are demanding, among other things, being admitted back to the F-35 program and a number of other things from the United States. [Inaudible]. Is that how it's going to end?

Mr. Smith: I think --

DWG: -- the United States giving some sort of tradeoff between the United States and Turkey?

Mr. Smith: Probably but not definitely would be my answer to that. And I think, and it's about a lot more than the F-35 program. Turkey's not coming back into the F-35 program. The S400, that was just a fundamental dealbreaker. It's not about punishing Turkey for buying Russian weapon systems. It's about not having the S400 in the same place as the F-35 and the potential loss of critical information there to the Russians on that.

But as a result of some of Turkey's actions, not so much with the S400 but when Turkey went into Syria. Not just the US but all of NATO sanctioned Turkey in a variety of ways. The primary way is they stopped selling them a lot of weapon systems.

I think the way it ends is basically they get some sort of weapons deal. It probably won't be the F-35, the F-16 and I don't know what Europe does or does not sell to Turkey. You would see an increased economic defense integration between Turkey and NATO countries to get back in.

I say that's probably the way it ends because, and this is a hard point to make. The rest of the world still has trust issues with us. Okay? And there's a lot of Members of Congress who are steeped in the idea that America is perfect. They don't seem to grasp that. Turkey, India, a whole bunch of countries in the world are hedging their bets. We say you have to be with us and Russia and China -- they're still kind of like playing off all of that. They're not all in on the idea, even with what's happened in Ukraine, as horrific as it is, they're not buying into the notion that they can push away Russia and China and even to some degree Iran and go all in with the US. We're going to have to sort of work with them, show a greater level of flexibility, acknowledgement of our own limitations and past mistakes in order to build that coalition.

And it is not inconceivable that Erdogan looks at the whole thing and says yeah, I'm not going there. You haven't offered me enough. This is the one lever I've got. We're not voting with Sweden and Finland. It's not inconceivable that he thinks that's his best play. And it is our job and Sweden and Finland's job, to negotiate so that's not what comes out. And that's what we're going to have to try to negotiate.

I think we are in a better place if we have Sweden and Finland

Rep. Adam Smith - 6/16/22

in NATO and if we start building a better relationship with Turkey.

The world's not a perfect place and your allies and friends are not going to be exactly the way you want them to be, and I think we need to acknowledge that we're not exactly the way our friends and allies would like us to be either. So how can we get along and build a partnership here?

Given the threat, forgive me, but I believe Russia and China pose to the global order.

Moderator: Mr. Chairman, thank you for an incredibly thought provoking and important session.

Do you have any final comments you wish to share?

Mr. Smith: I don't think so. Thank you. It's always good to see you all and it's great to be back in person. It's much better this way than doing it on Zoom. So I appreciate you meeting here and thanks for the opportunity.

Moderator: We're honored for your time.

Mr. Smith: Thank you.

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