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**House Armed Services Committee Hearing on
Quadrennial Defense Review**

FORBES: Thank you, Mr. Chairman. Madame Secretary, good to see you. And you had mentioned that we do not have unlimited resources, and the chairman mentioned something. Wisely said that this is about prudent tradeoffs in resources. I'm sure that all three of you would agree with that. Also, you'd agree that in part, you're here to help us make those prudent tradeoffs in terms of resources.

Well, some facts that we've had over some recent hearings are, you just heard from our shipbuilding plan, we're probably \$2 billion to \$ 4 billion shortfall annually. OMB says that currently based on the track we're probably looking at about 270 ships in the Navy. We know the Chinese now have 290 ships.

We know we've got a \$3 billion shortfall on the maintenance ships needs at our shipyards if we're to maintain our ships. If we can't maintain them, we can't get to the goals that we have. We know from testimony we had yesterday we've got an \$18 billion shortfall in our F-18 strike fighters. But assume that's too high. Let's take a third of that and just say \$6 billion.

The other thing we know that China's gone ahead of us now in the number of ships in their navy. They've increased their military spending again by 14.9 percent. They've 128 acts of cyber aggression per minute tied to Chinese Internet sites. They've destroyed a PRC weather satellite.

They're developing kinetic and directed energy weapons for ASAP (ph) purposes, and they account for 93 percent of the global supply of rare elements used in technologies, in particular, data systems for missiles.

And yet, the White House National Security Council, that worked with you in developing the QDR, downgraded China to a priority two level for intelligence, against the protests of our intelligence chiefs, because of an allocation of resources.

Now, the reason I asked you that is because yesterday Admiral Mullen also talked about moving a carrier to Mayport, Florida. And he based it on this strategic disbursal plan. And in the strategic disbursal plan it was based on three things.

First of all, the possibility of an accident. Well, for an accident like that to occur, we're talking about a one mile by 60 foot high debris pattern. Just isn't going to happen. Second thing was natural disasters. And if we can put up on the screen this plan. That is a site and a chart of hurricanes hitting Hampton Roads, which could be a natural disaster.

Now, if you'd put up chart two, that's a site of them hitting Mayport. And it's a huge difference between the two of them. So it's not a natural disaster.

So the third is a nuclear attack that could happen. But if that risk there is for a nuclear attack, I'm far more concerned about the 1.7 million people living in Hampton Roads than I am with the carrier. And maybe we should be allocating dollars and cents to beefing up our sensors in a preventive attack there.

So my question for you now, Madame Secretary, allocate for us if we have those limited resources, if I've got that shortfall that I'm looking at in shipbuilding, in maintenance needs, in our strike fighters, and I can't

do the intelligence needs that I need for China, and then I'm talking about as much as \$1 billion to Mayport.

Allocate for me the priority between those items, if we have limited dollars? Or do we just do as the chairman -- I'll tell you, he did yesterday, he just punted it. And basically, when you punt it means it's just raw political power, as opposed to an analysis of what we do. How would you allocate those priorities of spending needs in the items that I've just listed for you?

FLOURNOY: Sir, I would come at this by saying first and foremost that we have taken into account the military investments of a number of countries, including China. And in the QDR we have put a real emphasis on ensuring that we have the capabilities we will need in the future to operate effectively on the global commons in the entire access environments.

And so you will see very clear investments in long range strike capabilities, in subsurface warfare, in resiliency of our basing infrastructure, ...

FORBES: Madame Secretary, I don't want to interrupt you, but I only have 50 seconds.

FLOURNOY: ...(inaudible) private assets in electronic (inaudible).

FORBES: My point is that we have shortfalls in these areas.

FLOURNOY: I understand. **FORBES:** How would you allocate the resources in a priority, one, two, three, four, five, between the ones that I've just listed to you, which we all agree are shortfalls?

FLOURNOY: Sir, I think the prioritization relative across the capabilities is laid out in very detail -- in a great detail in this report.

FORBES: But Madame Secretary, that's why you're here. I'm asking you if you can lay it out for me in these priorities that I've given to you? Or, do we just simply say, we're going to leave it to raw power in how that happens? What are those priorities between the shortfalls that I've given to you, if we can up with an extra couple billion dollars?

FLOURNOY: Then I wouldn't do it by platform by platform, I'd do it by capability to deal with specific risks and challenges. And that's the analysis that we've done. Again, a lot of that gets into very cross-fight arenas. I would like to come back and brief you on exactly those tradeoffs and how we've made them. But it's best done with the scenarios and discussion of specific countries and challenges.

FORBES: Thank you, Mr. Chairman.

SKELTON: Thank you.

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