

# **Center for Strategic and International Studies (CSIS)**

**Press Briefing:  
Report on U.S. Force Posture in Asia-Pacific**

**Speakers:**  
**David J. Berteau,**  
**Senior Vice President and Director of International Security Program,**  
**CSIS;**  
**Michael J. Green,**  
**Senior Adviser and Japan Chair,**  
**CSIS**

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MODERATOR: OK, folks, welcome to CSIS. Let me quickly introduce the speakers, because I know we want to get right into talking about the report. To my left I have David Berteau, senior vice president at CSIS. He runs our International Security Program here at CSIS, which is the – is the umbrella organization that handles all of our defense work, as well as our acquisitions. Mike Green is senior adviser and Japan Chair. And for our purposes today, they are the two co-authors and co-directors of the force posture report.

So without further ado, I'll hand it over to David. I think roughly we'll let David sort of start off and cover the process of the report, and then Mike will talk some of the regional implications.

DAVID J. BERTEAU: Thank you, Ryan. Good morning. We have about a 2 ½-hour introductory remarks, and then we'll open the floor for questions. (Laughter.) We're here to talk about base closures and why they're necessary. No, I'm sorry – (laughter) – different report.

Many of you know that CSIS was selected by the Defense Department several months ago to undertake a study that was required by the fiscal year 2012 National Defense Authorization Act Section 346 for an independent assessment of force posture options in the Asia-Pacific region as part of the Pacific Command's area of responsibility.

Dr. Green and I were selected as the co-directors to undertake that study. We had a very short, compressed time frame. There was a statutory requirement that the report be delivered not later than 180 days after enactment of the law, which means when the president signed it, December 31st, 2011. We completed that study, delivered it to the Defense Department on June the 27th. The law also required that the Pentagon then provide comments from the secretary of defense on our report and submit both of those things – that is, our report itself and the secretary's comments – to the U.S. Congress. And that was done under signature and a cover letter from Secretary Panetta on the 24th of July.

Yesterday the report was entered – or the unclassified sections of the report were entered in their entirety into the record of a hearing at the House Armed Services Committee, at which Dr. Green and I testified, followed by witnesses from the Defense Department. Many of you were actually present at that hearing, so of course you know that.

And we've been in a bit of an odd situation for the last few weeks since completing our report. The report of course was the property, if you will, of the Defense Department. And typically when we undertake – you know, we're commissioned to do a study for the government, we give the government our results. We like to sort of respect their prerogative when the report is done, so we don't immediately release it publicly.

But in this situation there's a bit of an odd arrangement, if you will, because the report was then subsequently provided to the U.S. Congress. Typically – and this was certainly true in my time in the Pentagon – when the Defense Department or any government agency gives a report to the Congress, the report no longer belongs to the agency. It now belongs to the U.S. Congress. This is where Article II of the Constitution folds over into Article I. And so the Pentagon's view typically is that, well, we can't release it; only Congress can release it. So we

were caught in the middle, if you will, of being actually unable to either release or even comment publicly on our own report until such time as all the other events have occurred. That has now happened. That's why we're here this morning. So welcome.

I have a couple of comments that I would like to make. I will turn to Dr. Green for some additional comments. But we mostly want to spend our morning focusing on your questions. The report has been available electronically. Senator Carl Levin posted it on his website last Friday. Actually it was a member of the media that first alerted me to that, so I'm grateful. As always, we learn more from you than you learn from us, collectively at least. And we appreciate that.

We do expect to publish and have on our website the full report, including a correction of a couple of typographical errors, which we did not correct until after it was submitted to the Congress – one wrong date in particular; that was my fault. And we will provide additional commentary as this – these issues move forward, because of course the one thing we can all be certain of is that the questions that we looked at are not the kinds of questions and issues that you could say, OK, that's done; now let's go do something else. These are enduring issues, enduring questions that will be played out over the coming months and years, to the benefit of international security and global peace.

In our report – again, we had a short period of time, but we did a lot of work. We interviewed and met with nearly 300 current and former government officials, both U.S. and from many of our partners and allies. We traveled extensively across the region. You get a great sense of the magnitude of the Pacific, not when you just go from here to there and back, but actually travel around the region. Nothing is close to anything else. And it really gives you a sense of how difficult a challenge it is.

We developed some options, if you will. And we evaluated those options. And then we derived from that evaluation our recommendations. It's really important, as you read the report, to understand the difference between an option that we may have examined and a recommendation that ultimately we conclude, because just because we put an option on the table – for example, one of the options we looked at was the option of the U.S. stationing an aircraft carrier in Australia. We rejected that option; we concluded it was not a viable option, for a variety of reasons. But it is conceivable that someone looking only at one page of the report would think that we recommended putting a carrier in Australia. So you need to be careful about how you characterize what our report says.

The options, which are in section three, are looked at – we have four different sets of options, and they're looked at against four criteria. The four options are the status quo – what if you did nothing, moved no one? The second option is implementing the existing agreements. That would include the SCC agreement with the government of Japan for moving Marines from Okinawa to Guam, Australia and Hawaii. It would include implementation of the strategic alliance with the Republic of Korea for operational control transition in 2015. It would include a host of other agreements that are already in place but have not yet been fully executed.

The third option was an option of building up additional capability in the Pacific region. And the fourth option was an option that, in the event the budget comes down a lot – sequestration or beyond – how would that affect the region, and what would be some of the possible reductions?

We looked at those options. We didn't recommend those options. Instead, we put five recommendations together that flowed from the evaluation. We evaluated the options, though, against four sets of criteria. One is the geostrategic, political value – the value in the region, if you will, with respect to our partners and allies. The second is the operational value: From a military point of view, what additional capability did it add, or what consequences – negative consequences would it subtract, from our overall capability?

The third criteria was a set of affordability. Can we afford it? Is it within the budget? Do you have to have additional funds? How would you get those funds? And then the fourth criteria was whether you could actually execute it – the feasibility, if you will, of doing it. This would include things like the length of time it would take to do environmental impact statements, or would regulations need to change, or would, in fact, it need to have political approval by parliaments and legislatures across the region? All of those things could affect the feasibility. So those are the four criteria.

Ultimately you know our recommendations. I outlined them extensively yesterday before the House Armed Services Committee. They fundamentally fit into five central categories. Number one is a much stronger emphasis on integrating our engagement activities, U.S. engagement activities, through the Pacific Command – both across the Defense Department, on the whole-of-government on the U.S. side and with our allies and partners – a much stronger need for both more engagement and a better integration of that engagement.

Our second recommendation was to implement the agreement with the government of Japan with respect to Okinawa but to have some caution in terms of some possibilities of possible events that might get in the way of that. In particular we looked at pursuing the continued transition from Marine – of Marine Corps Air Station Futenma into the new facility – (inaudible) – built at Henoko. But we also recognize that that's going to take some time. And if something comes up along the way, the Marine Corps needs to have a plan B, if you will, of how they would continue to operate, because the military capability is necessary.

With respect to Korea, our third recommendation said implement the agreement for 2015 but with very careful checklists along the way to make sure that the capability for command and control and being able to execute the plans and defend the Korean Peninsula are sustained as part of that process.

Our fourth recommendation said there are some additional capabilities that add a lot of value. We'll be glad to go into those in detail with you. They range from adding one or more nuclear attack submarines located at Guam, where there is some capacity; transitioning a(n) amphibious ready group to provide more lift for the Marine Corps, to be consistent with the distributed lay-down plan that is part of the agreement in April; adding additional capability –

stockpiles of munitions, prepositioned stocks, missile defense, survivability options, if you will – dispersal across the region so you get more capability.

And then the fourth recommendation was we basically – when we looked at reductions that would come from sequestration or other budget cuts, we concluded that the current force posture is the minimum. And there's really not a lot of opportunity for additional reduction in the Pacific region for U.S. forces, even if in fact overall, globally, the Defense Department would be coming down.

We did, however, find a couple of places where we think is a strong value in examining some consolidations and some changes that would lead to some efficiencies, if you will, largely in Northeast Asia, in Japan and Korea. And – but we didn't actually recommend anything other than the Defense Department take a good, hard look at it. We didn't recommend closing any bases, consolidating any bases. We just proposed some options.

So those are our recommendations, and that's our process that we followed. Mike, would you like to add a few things?

MICHAEL J. GREEN: Thank you. Thank you for coming. I had two emails this morning from the region when I woke up about the report. I had a lot of emails, which was gratifying in a way. The first email was from a friend of mine who is a senior officer in the Japanese military who said, I read your report, and it needed more hard power to deal with the China problem. And then the second email was from an Australian defense intellectual who said, there's too much hard power in your report. (Laughter.) We're going to antagonize China. And that, in a way, is the essence of the challenge, frankly, that our friends in the Defense Department face trying to articulate and organize their strategy.

We have very hard, real, concrete security challenges, operational plans and alliance exercises to deal with them, like the problem with North Korea, which we go on at some length in our report. We have practice and experience dealing with disasters, like the tsunami and the earthquake that hit Japan or the 2004 tsunami that I worked on when I was in government, where we generally, with our partners, responded quite well. We're able to identify, name, blame and target terrorist organizations with partners, for example in the southern Philippines.

But the hardest one to articulate for the U.S. government, and the hardest one in some ways to find consensus on and to have a balanced strategy, is what we do about the really big, long-term question affecting order, stability and American access in Asia. And that is what role will China play with its growing power and influence?

And you know, you have a variety of signals coming out of – from the U.S. on this one. You – probably many of you saw this morning's Washington Post story about Air-Sea Battle. And if you're in Beijing and you read that, you think, U.S. policy and strategy towards China is to prepare to go deep and bomb Chinese cities. But you hear out of Admiral Greenert, the CNO, and General Schwartz, this is not about China, in their presentation at Brookings and elsewhere.

The Congress quite frankly was confused why they were spending so much money on military construction on Guam for a few Marines – not a few, a brigade of Marines. The rationale that they were given was so that we can do humanitarian relief and things like that better. And it wasn't clicking; that's part of the reason why legislation was passed asking us to do an independent assessment.

We – David and I and our teams – and our teams deserve a lot of credit. Nick Szechenyi and Greg Kiley, the deputy directors, are here. We also drew on the expertise of Stephanie Sanok on defense and the Asia team here – Victor Cha and Chris Johnson and Ernie Bower and others. So we came to this with some experience. And we looked hard inside the U.S. government, across the commands, with our allies, to figure out what the central kernel or the central theme in the strategy was. And frankly, we had to look a little bit harder for that than we thought we'd have to.

The commands we met with – U.S. Army Pacific, U.S. Marine Corps, PACOM, so forth – were really impressive and are thinking strategically. Secretary Clinton has championed this move to the Pacific that we once called the pivot – but we don't call it that anymore. There's a lot of focus on Asia. There're a lot of ideas, there's a lot of strategy and a lot of planning.

Our first recommendation really was: It needs to be better integrated and it needs to be pulled together. It really needs to be pulled together drawing on the considerable expertise of the commands in the region. But it can't just be a military thing. We're trying to build a strategy that crosses the line beyond what militaries do alone. A lot of our counterparts in Asia have civilian control of the military. And the civilian leadership – political leadership needs to understand what the strategy is; Congress needs to understand.

We didn't put this in the report, but as we thought about it afterwards, there's a precedent in 1992, '95 and '98 for the Pentagon actually publishing an East Asian strategic report. So I – that's one of our recommendations. And it's not that we didn't see some good strategic thinking on the military, diplomatic side, it just was not, in our view, integrated in a place where internally the U.S. government understood the strategy, where allies could completely comprehend it. And that's why separate themes, like Air-Sea Battle today in the Post and so forth, are sort of, I think, sending confusing signals.

The reality is we have to walk and chew at the same time – walk and chew gum at the same time with respect to this hardest-to-define strategy, which is China. And it's easier for me and David, out of government, to say many of these things. We have a definite advantage, and I think we might have contributed a bit. Even though we are not speaking for the U.S. government and our report does not necessarily represent all, or even most, of the administration's policy, we tried to articulate the rationale for forward presence. And I felt yesterday it resonated with the committee we testified before.

There are two ways to think about it. In peacetime we, and our allies and partners, want to create an environment or, as they say in the Pentagon, shape an environment where nobody – you can't completely control Abu Sayyaf group or Jemaah Islamiah or North Korea, but certainly not China or others in the region – nobody who has a stake in the region would even

contemplate confrontation. And you want to create that environment by demonstrating that the U.S. is committed to its allies; that we are prepared with the friends and partners to deal with instability or crises, whether it's disasters or terrorism; that we're not going to allow vacuums or chaos to undermine the order we've all enjoyed.

And that in this process of engaging with our friends and partners, we're also interested, all of us, in doing more with China and the PLA – whether it's disaster relief or exercises. That requires a forward presence. There's logic to dispersing the presence more the way the administration has by sending Marines to Darwin and Guam, so you have more and faster response time to regional situations.

The other half of it is you want to convince countries in the region that if they do start contemplating confrontation or changing the order, it just isn't worth it militarily. They can't win. The cost would be too high. And that's really deterrence. That's not the main purpose of our strategy, but if you're not credible on the deterrence side, then you're not going to be effective on the phase zero or the peace time shaping.

And for deterrence, we need to take note of what's called A2AD capabilities. China and others are developing the missiles and capabilities to make it very hard for the U.S. to operate carrier battle groups and so forth inside the second – the first island chain. On the other hand, the first island chain contains some of our most important allies, like Japan.

So we need to maintain our forward presence there to demonstrate that we are able to operate. We need to develop technologies. We need to develop the support infrastructure. And that's why some of the capabilities we focused on included missile defense, attack subs and amphibious-ready groups.

It's hard for people in government to articulate this, which is – which is – which is part of the reason we were asked to do it, perhaps. But at the end of the day, the purpose of U.S. strategy is to win the peace, is to have a cooperative relationship with China, with everyone in the region, to build patterns of cooperation. But you can't do that without forward presence. And you can't do it unless you have credibility on the deterrence side. And that's why both aspects are in the report.

So happy to entertain your questions.

MODERATOR: So logistically we have microphones around the table. If you have a question, please try and make your way to a microphone. For those in the back, we can repeat your question. This will be available by transcript and audio/visual later. So please do try and take the microphone. And we'll start here.

Q: Thank you. (Name inaudible) – from Asahi Shimbun. Two quick questions about defense spending. One is on page 20, in the last sentence. The press release says that U.S. defense spending cut could prompt hedging behavior by allies. I was just wondering could you tell us a specific example. What kind of behavior you are implying by saying the hedging? This is my first question.

And second question is about page 20 – page 90. One of the findings – finding three says the rebalancing Asia strategy require validation for affordability. So I just want to make sure that – is my understanding correct, that basically – are you saying that it is not clear right now whether the rebalancing strategy is feasible in terms of affordability? So could you elaborate this point?

MODERATOR: So, just to be clear, the first one was allies hedging on budget cuts.

Q: Yeah, yeah.

MODERATOR: OK.

MR. GREEN: We – I'll do the hedging question. We argued that forward presence is important to dissuade or deter adversaries from trying to confront our allies or partners or challenge our access. It's also useful and important because we can build networking and cooperation among allies and partners. All of that shows solidarity. All of that shows willpower to not allow a change or challenge to the prevailing open maritime order that we all enjoy.

But the reality also is that all of our allies in the region – all of them – have to calculate how credible U.S. commitment is. And I think that polling shows – and we have a lot of details in our country studies on the polling – that in Japan and Korea and the Philippines and Australia, the polls about the U.S. alliance relationship are very positive. But at some level, always allies have to wonder. And you can see some of the hedging or precautions allies will sometimes take.

We're now discussing with Korea whether or not Korea's ballistic missile ranges – surface-to-surface missile ranges should be extended. I think a lot of people look at that say it's a legitimate requirement for Korea. But others look at it and say there's a little bit of hedging here; Korea wants its own unilateral capability to strike. We have active discussions with Japan and Korea about our extended deterrent nuclear umbrella.

Why? Because there's a little bit of – not a lot – but just a little bit of doubt as North Korea develops nuclear weapons and China's ballistic missile inventory expands, whether we can do what we've always done in terms of the nuclear umbrella. It's not the first time. It happened in the Cold War. It's happened throughout history.

If we don't have forward presence – one strategy that's been put forward is because of the A2AD and North Korean ballistic missiles and all the rest, we ought to move everything back and then smack them – hit them hard if they threaten or attack us. Some – it's – some people call it global strike. The problem with that is if you don't have skin in the game, if you don't have forces forward deployed, if you're not ready to operate in that envelop – which I think we are; we conclude we are – then our allies will naturally, as we would, start questioning how much unilateral capability they need to have, just as a hedge.

And that's destabilizing. It shows weakness in our alliance to adversaries, makes it harder to control escalation; it makes it harder to develop the kind of interoperability that would

make us more effective in a crisis. Allies and partners need their own capabilities, no doubt about it. But we don't want it to be because of hedging that sends the wrong signal to everyone in the region.

MR. BERTEAU: In addition – and I'll make one comment – one addition to Dr. Green's comment before addressing the affordability issue. You know, the minute the U.S. takes any action that looks like we're pulling back, there's a tendency on the part of the Chinese to come sneaking around and say, you see? You really can't count on those guys to stay here. So the hedging actions often reflect that as well.

The affordability issue has two key dimensions. One is actually what's in the budget now and what's going to happen going forward. And the second is actually kind the political dynamic, if you will. Let me talk about the political dynamic first, because anytime that the U.S. – and I've been through two previous budget reductions. We've had four since the end of the World War II. This is going to be our fifth big defense drawdown. The tendency on the part of the U.S. Congress is to say, why are we spending all that money overseas? Why don't we bring it home and spend that money here?

And that's a natural tendency in a time of budget drawdown. Actually, that dynamic exists even when you're not having a drawdown, but it focuses a lot in that regard. There's actually a second study required by the National Defense Authorization Act to look at the cost of the global forces, if you will, not just Asia-Pacific but around the world, and how can you minimize the amount of money being spent on forward-deployed forces and bases overseas.

The operational reality, of course, is there's a huge return on forward deployed forces. It's much cheaper, actually, to have forces forward deployed than it is to actually send forces there when you need them, particularly if you now look at the use of those forces as more than just sitting around deterring a war, but actually actively engaged in a whole host of missions short of global conflict – ranging from humanitarian assistance and disaster relief to counterterrorism, counterpiracy, exercises, training, building capability and capacity, et cetera.

So the first is that political tendency has to be countered. And we think in fact that the executive branch is well on the way to being able to provide that counter. We think that our report adds some value to that with respect to the Pacific region. We obviously didn't address the rest of the world, although we did kind of look at the near environments, if you will. The larger question though is what's the money going to look like? If you reflect back the time that – that the law was passed that chartered our study was one week before the president announced the new strategic guidance at the Defense Department.

And that strategic guidance includes the rebalancing towards Asia, it includes a description of reducing the U.S. military's capacity to do stabilization and reconstruction operations – take over large countries and rebuild them, if you will. It focuses more on expeditionary operations, has a clear focus on the Middle East, a bit of a reduction with respect to Europe -- although it says Europe is still important, we're just not going to spend as much money there or have as many troops there.

And so you already had the beginnings, if you will, of a redistribution. The Defense Department and the administration noted that in fact the budget that they put forward in February for fiscal year '13 was consistent with and reflect that strategic guidance. They put out a very nice white paper on January 26<sup>th</sup> explaining those connections. As one guy said to me, I can't read this; it doesn't have any numbers in it. It was a nice white paper, but it didn't actually like to any particular budget line item.

And in fact, that is still a process that's evolving. And the secretary's own comments on our report says: You really won't see the budget reflect this rebalancing towards Asia until the fiscal year '14 budget, which will be delivered next February or, if a new president comes in, next April or May. However, there's another piece to that, because that budget is being built on an assumption of no further reductions in defense spending. And as you know if you watched yesterday morning's hearing with Ash Carter, the deputy secretary of defense, and Jeff Zients, the acting director of OMB, there is in fact a sword hanging over our head called sequestration for additional reductions beginning in FY '13 and on into '14.

So one of the real strengths of the defense department is its ability to build a fiscally disciplined long-term program, and then execute that program over time. The value of a rebalancing towards Asia depends upon that six year, future year defense program reflecting that rebalancing. Right now we don't have any visibility into because it's being developed. And we also know it's being developed against a baseline of dollars that may or may not be real. So there's two levels of uncertainty there – what's in it and what's coming out of it.

And I think that those are huge questions that we can't answer yet. We're worried about it. And when we stay it needs to be revalidated for affordability, it's exactly in that context – against the real dollars that are likely to be there, against the real plan that the Pentagon is still evolving today. And obviously, we couldn't evaluate anything against something that doesn't exist yet, and so we make certain that we said: You guys need to do that. As soon as you've got it in place, it needs to be part of your process.

Q: (Off mic.)

MODERATOR: Can you make your way to the mic right in front of you?

Q: (Off mic.) Deputy Secretary Carter said last week in Tokyo that abundant resources would be there for the pivot from shutting down Iraq and Afghanistan. What's your take on that?

MR. BEATEAU: At an arithmetic level, Secretary Carter is right. Abundant resources will be there – assuming they actually stay in the budget. There are two levels of those resources. One, of course, is the supplemental account, the overseas contingency operations account. That's slated to go down. We do not have a number for FY '14. There's a placeholder of 44 billion (dollars) in the Pentagon out year, but that's not what they're billing towards.

But there's a second piece of that. Much of what we proposed as part of this rebalancing is not all that expensive. In fact, you can do it with the forces you have in place today. The only really expensive pieces have to do with military construction, and we urge that, in fact, that be

done in a steady way, with early pieces being done now that are going to make sense no matter what the ultimate force posture is in Asia. And of course, there's some assistance from the Japanese government in making those expenditures.

I don't know what his definition of "abundant" is, Richard, but I would put – I would replace abundant with sufficient. And I think sufficient resources – my view is, no matter what happens to be the budget, if the priorities are distributed properly, the money will be there to sustain the force posture necessary for the Asia-Pacific region. But those priorities have to be exercised and in place. And in order to be exercised, they have to be articulated, not only articulated internally to the Pentagon but articulated to the U.S. Congress which has to go along with them, and that gets back to our recommendation that, in fact, that integrated strategic package has not yet been articulated in such a way that either the public or our allies and partners or the Congress can go along with it. It doesn't yet have a framework to set those priorities.

MODERATOR: Do you want to add anything to that?

MR. GREEN: I do. We're beyond the scope of the report now. We're not asked to look at defense – we're not asked to look at force structure overall for the U.S. military. We're not asked to look at budget or sequestration or anything like – we're asked to look at force posture strategy options for the Pacific – Asia-Pacific Region. So we're both speaking now in our personnel capacities, and this is not in the report. I think that whether or not there are abundant resources will depend on whether or not there is sequestration. And the difference between planned and announced defense cuts now and the defense cuts that could come over the next decade if sequestration happens, in terms of the ability to execute anything like the strategy we heard in the U.S. government or we described here, it's enormous. And you know, the current defense plan's roughly 50 billion (dollars) a year. That's the size of Japan's annual defense budget every year. If it's sequestration, you roughly double that. We did not run the numbers on this. I would be hard-pressed to see how we could maintain the same number of carrier battle groups, the Amphibious Ready Groups we think are necessary. So sequestration potentially – and you know, Secretary Panetta and others have pointed to this potentially debilitating – my hunch is – and I think David would agree – we'll probably avoid that doomsday scenario. But in the near term I do think, again, outside the scope of our report – but I do think we're paying an influence price. I think we're hurting ourselves. Part of the strategy the Defense Department and the administration's trying to implement is to reinforce credibility in American commitment, forward presence, stabilize the region. And the president, as commander in chief, in my view, has some responsibility to make sure that our signals to the region are the right signals, and I don't think the sequestration process has helped us. In a year or two it may not matter, but right now I don't think it's helping us.

MODERATOR: Yes, right here.

Q: Sandra Erwin with National Defense Magazine. I wanted to ask Michael Green your assessment of China as a peer competitor in a military sense, because you talked about A2D2 anti-access, which kind of makes it an asymmetric enemy. But what's your take on whether they can be a true peer competitor in the future?

MR. GREEN: I should note that our colleague Tony Cordesman has just finished a really excellent assessment of Chinese military power, and I'd refer you to that. It's out on the Web

right now, yeah. And we draw on his expertise and some of his research staff as we were preparing our report, in addition to Chris Johnson and others.

The – you know, the Chinese military modernization has been rapid, more rapid than I think most estimates expected five, 10 years ago. There is no doubt that the PLA is developing some important capabilities that are asymmetric in the A2AD area, their ability to threaten bases and carries with ballistic missiles, cyber, huge growth in the number of submarines surface and combatants and tactical aircraft, and the list kind of goes on. That makes it – that changes the operating environment that the U.S. military has to think about in the Western Pacific, not only inside the first island chain, which is Japan, you know, Taiwan, Philippines, that, but straight down through Guam, even. PLA surface combatants have been exercising in that area, too, you know, on the Pacific side of Japan and around the area that is the second island chain where Guam is. That complicates our planning.

On the other hand, I think that in military terms, China has some enormous challenges. There is corruption, endemic corruption in the PLA. They have enormous – they don't have anything like our experience in terms of joint and combined operations at a senior level. They don't really have any significant allies they can rely on. They have none, basically – I mean, Pakistan, North Korea – whereas the U.S. has a broad range of quite important and powerful allies. We have – we're not standing still. In missile defense and in other areas our technology is moving forward, too. We have certain asymmetrical advantages as well – undersea warfare. And China is still remarkably dependent on open sea lanes. Over 90 percent of China's hydrocarbons are imported from the Middle East over sea through the Gulf and the Indian Ocean. So China's not an autarchic actor in the system. It has lots of (dependence/dependents ?), and therefore lots of vulnerability. So there's no rational reason why we would ever fight.

On the other hand, in 1928, Thomas Lamont, the president of J.P. Morgan, said, under somewhat similar circumstances: There's no possibility the U.S. and Japan would ever fight. So there is a danger of miscalculation. There is the danger of wrong signals. And that's why we have to have both deterrence but we have to have an engagement strategy and build confidence in the region as well. But my own – my own view is while China's capabilities and professionalism is rapidly picking up, they have a ways to go before they would be a quote, unquote, "peer competitor."

MR. BEATEAU: Let me add one thing to that, Sandra. I mean, it's easy for us to go into the analytical approach of a comparative assessment, if you will, right, of China versus U.S. at a military level. That's the wrong framework in which to look at the issue. It's an important set of numbers to know. But I think as Dr. Green has pointed out, ultimately our objective is not just to sustain capacity and capability, to essentially have the Chinese wake every morning and say, can we win today, and the answer to that is always no, so that sort of keeps you from doing it; but in fact to change the nature of the competition and to change the way in which China thinks about its own future and its role in that future and to create and open up opportunities for positive outcomes rather than negative ones.

I tend to fall into sort of a Cold War-mentality of slipping back into an arms-race mentality here. That's clearly the wrong way to go. I only do that because I'm old and that's kind of the framework in which I grew up. But we cannot and we should not allow ourselves to fall back into that mentality with respect to China. It's much more complex than that. The

stakes are equally high, but the opportunities for success are substantially greater than they ever were in a peer-to-peer competition with the Soviet Union in the 1960s, '70s and '80s.

MODERATOR: Sir, right here.

Q: Good morning. My name is Paul Koring. I'm with Globe and Mail of Canada, and I'd like to follow on Sandra's question and tie it into you both were talking about in terms of articulation. Is it – is not the great difficulty here of sort of articulating the grand Pacific strategy, if you will, and selling it – articulating it to the American people, to Congress, to allies that if you can't define what China is – is it an adversary, is it a peer competitor, is it an enemy – I mean, I'm old enough, too, it was very easy in the Cold War because if you can – if the evil empire exists and you have a stance vis-à-vis the Soviet Union, it's not at all clear to me how all these pieces fit together without that kind of crucial crown piece, which is: What is China?

MR. GREEN: And that's in some ways an unanswerable question, and so that's why this is a complicated strategy to develop and to articulate. I thought President Obama put it quite well. I worked in the White House for five years. I was a bit envious of my successors because I thought they crafted the language quite well when Hu Jintao came in January of last year and the president said that China and the U.S. have an enormous stake in each other's success, which is completely different than the situation with the Soviet Union.

A weak China, a China that's not succeeding in developing its society and its economy, is not good for us. It's not good for us economically. And frankly, I think it prevents more security challenges than what we see today. And I think much of the region views it that way as well.

So I think basically since the 1990s, the mid 1990s, we've had a strategy in the U.S. – it's been bipartisan – that builds on our approach since the '70s, of engaging and working on expanding cooperation with China. But in the mid-1990s, there was more of a hedging element and more of an element of trying to reinforce the order in Asia so that it's welcoming to China but not tempting for Beijing to try to change that order. And that's why this is about – the military piece is important, both in terms of engagement and building patterns of cooperation and deterrence, but also we note in our report we have to have an effective trade policy. We have to have effective diplomacy. We have to build multilateral cooperation and institutions. It's not just about preparing to fight with China.

And if the strategy becomes all about preparing to fight with China, we will lose the peacetime objective we're trying to achieve. Countries will not sign up for that with us. So we have to be careful to calibrate this. And for the most part I think the U.S. has gotten it generally right. But it is hard to articulate.

MR. BEATEAU: Henry Kissinger has a great book about China which came out a few months ago, and its core theme is essentially two things: number one, advice to America, don't leave. Stay there, stay in the Pacific, stay engaged with China, stay engaged with all of the nations in the region. The second is from the point of view of all those nations, don't make us choose. Let us have relations with both. And in order for us to have relations – along – you say, stay engaged – we have a mutual stake in one another's success – the same is true for every other nation in the region, and that is part of what makes it so complicated.

You know, there's an old saying that war is God's way of teaching geography to Americans, because we tend not to pay attention to big parts of the world until we have to send troops there. We need to figure out a way to teach America the geography of the Asia-Pacific region without having a war, because ultimately that is exactly what this is about. It is the survival and expansion of the global economy and its dependence upon the Asia-Pacific region as part of that, and I think we need to make sure that that's why it's more than just a military exercise. We don't want to have to learn that geography, actually, through engagements or through conflict. We want to do it through engagements.

MODERATOR: Right here.

Q: I'm Yoso Furumoto, reporter with Mainichi newspaper. Thank you for doing this. In his opinion, Secretary Panetta expressed his concern over the number of Marines to Guam. But I didn't find anything drastic in this report myself. Do you have any idea why he reacted to this point?

MR. GREEN: No. (Laughter.) We did a preliminary report that was not published. The Defense Department asked us to look just at the distribution or the so-called distributed laydown of the Marines, four Marine air-ground task forces in Okinawa, Guam, Hawaii, and northern Australia. And then we built on that and incorporated our initial preliminary findings into this report you've seen.

In some ways the Guam – Marine move to Guam was the – that issue was really at the genesis of this report we were asked to do, because I think members of the Senate in particular could not understand or accept the explanation of why we were spending so much military construction for Marines. And the problem was that for reasons David said earlier, the Pentagon could not give them numbers, budget numbers, that could be tested by the Congressional Budget Office. They couldn't give them exact timelines. They could tell them how long it takes to construct things, but they – there are so many variables, environmental impact statements, how much would Japan pay, how much will Australia pay exactly for northern – what will our defense budget be?

So we were asked to look carefully at that as part of our study, and our conclusion was the plan to send just below 5,000 Marines to Guam has operational and strategic merit, which we can go into if you like. But we weren't able to validate that it could be implemented, given all the uncertainty.

On the other hand, we said it would be a big mistake to just stop everything and wait until the Pentagon could give those certain budget projections and certainty about impact – environmental impact statements and so forth, that we really had to have momentum. We had to show we were investing also in this – in this – in this process the way Japan committed to invest \$3.1 billion in April. And so that's why we focused on things we know we will want in Guam no matter what, and those are detailed in the report.

That doesn't mean that we rule out the implementation of the full MAGTF move to Guam. We just couldn't say to the Congress that we validate – it could be done. So I think probably the secretary, you know – (inaudible) – committed to Japan and Australia we'll do this and wants to say we're going to do it. And in our view, yeah, if you can, you should, but we

weren't able to say with certainty that it was doable based on the numbers and the knowledge and information available now.

MR. BERTEAU: Let me elaborate on my "no." (Laughter.) We don't know, obviously, what – why the secretary said what he said. He did not consult with us on his comments on our report. We were not, however, constrained to look only at what is in the budget today. Our examination of the option says by the time you finish implementing the transition of Marines from Okinawa to Guam, Australia and Hawaii, it may be 10 years from now because of the long timelines involved.

The Pentagon says we will have 182,100 Marines in the end strength forever, right? That's the new number. That number has been forever going forwards, but it's only been forever going backwards for six months. And so we looked at options in which the overall end strength of the Marines might be less. Maybe you go back to the 172,000 that you had before 9/11. Under that scenario, perhaps not as many would end up on Guam. That does not mean that they stay in Okinawa. It means they're somewhere else, or they're not around at all.

The secretary is not in a position to defend any budget other than the one he has. We were in a position to look at options above and beyond that. That's some of what you see going on here. But in no way did we imply that – or even evaluate an option in which the Marines did not leave Okinawa.

MODERATOR: Yes, sir, down in the corner. You might want to go to the other one. Yeah. (Chuckles.)

MR. : Yeah, that one's not – (laughter) – we can see the cords. You can't. (Laughter.)

Q: Thank you. My name is Carl Osgood. I write for Executive Intelligence Review. I've heard you talk about what U.S. policy towards China should be, but I haven't heard you talk about what U.S. military engagement with China should look like, because – I mean, Admiral Locklear was there recently. He had positive things to say about his discussions in China. On the other hand, China was excluded from RIMPAC, and when Secretary Panetta was in the region, he was traveling around the countries, the peripheral countries, seeking greater U.S. access, which seems to be sending mixed signals to the Chinese. So I wonder if you could comment on all that.

MR. BERTEAU: We have a long history of military-to-military engagements with folks who might not be our best friends. And there have been serious attempts over the years to increase and regularize military-to-military engagement with China. Obviously, visits by people like Admiral Locklear can begin to fall into that category.

It's also true – and we looked at this as part of our recommendation for not only a better integrated but a more robust engagement strategy across the region – that sometimes that interaction can best be done through a third party where we're not the lead person in, but we're behind somebody else. And that's part of the value of engaging with partners and allies across

the region as well. I think there's a strong emphasis on continuing to do that, but there's some questions as to – as to whether that's enough.

Mike, you might want to comment a little bit on the above mil-to-mil and political level, if you will.

MR. GREEN: So first of all, there's no way, given the realities of our respective situations, that the U.S. and China are going to make each other privy to all exercises, planning, tech capabilities. That's just not going to happen. The fact China didn't get invited to RIMPAC is not surprising. The fact that we weren't invited to some of China's exercises with the Russians or their unilateral exercises isn't expected (sic). That would probably be a bridge too far. We just don't have that level of trust and confidence, nor will we for some time.

But there is enormous value in developing relationships between senior military officers and junior officers so that people understand the limits of each side's intentions, so that they know who to call in a crisis, so that they can begin to look for opportunities where we might do more things together in disaster relief or anti-piracy and so forth, which all helps to, you know, build more confidence.

I think we want military-to-military cooperation more than the PLA does. That's OK. I don't think we should want it so much that we change our policies in order to preserve military-to-military cooperation. The Chinese side will periodically cut these things off when they're unhappy with us for arms sales to Taiwan and other things. To my mind, the military-to-military is valuable; it's not so valuable that we should defend it at the expense of other interests. But we should keep slogging forward and doing what we can.

The other point is that part of the problem – and the Japanese defense white paper was delightfully candid about this – (chuckles) – last week – I mean, part of the problem we have is that there are real questions about how – about oversight of the PLA within the Chinese system. The Central Military Commission, chaired by Hu Jintao, vice-chaired by Xi Jinping, has oversight of the PLA, but that's it. You got two civilians. There's no – the foreign ministry doesn't know what the PLA's doing, there's no civilian department of defense, there are no committees or think tanks overseeing, and there are more forces than just the PLA. There are maritime services that are expanding their capabilities.

So part of our strategy really has to be how do we engage in a broader dialogue? It'll have to be at the president's level, the secretary of state and defense, where we're kind of leaning on our civilian counterparts in China to be more accountable for what the military's doing. If we just have military-to-military, we almost reinforce the kind of separateness of the PLA within the Chinese system, which is probably not where we want to go.

MR. BERTEAU: And the opposite was true historically, for instance in the military-to-military exchanges with the Soviet Union that began in the 1980s. What we were able to do there is actually let the Soviet military learn enough about our military capability that when it came time to implement glasnost and perestroika, they interposed none of the objections that they might have done otherwise, because they could see what they were up against. That same

dynamic will not occur in China, and so the ultimate value of the exchange is at a fundamentally different level.

MODERATOR: Yeah, Geoff.

Q: Geoff Dyer from the Financial Times. You talked in the report about, you know, the idea of dispersing military bases and forces around the region, and you mentioned already Darwin and Guam. Could you say a little bit more about other places you think should or could be very important for the U.S., possible greater ties with the Philippines, with Vietnam?

MR. GREEN: So dispersal, which mostly means airfields, is an important dimension of U.S. forward deployment, forward engagement strategy today, for a couple reasons. One is our bases are concentrated because of history in Japan, Korea, you know, big industrial countries with the capacity to provide host nation support and logistical support and train together. We haven't had bases in Southeast Asia for, you know, over two decades. So we're not going to have bases in Southeast Asia, very likely. I was struck that Secretary Panetta went to Cam Ranh Bay. I personally don't think we're going to have a base in Cam Ranh Bay in the foreseeable future.

But we are going to want access. We are going to want the opportunity to fly C-130s in. We're going to need to respond to humanitarian crises all around that arc. We know that; we know that, and so some prepositioning, some training, some access to airfields, not just for us but for Australia, Korea, Japan, EU, China, anybody who wants to contribute in an emergency relief supplies and so forth – so there's that dimension as well.

Dispersal is also important because when your bases can be more easily targeted by ballistic missiles, you want some redundancy. And that's important so that you have a place to go in case somebody's shooting up your base. But it's also important because it complicates the other guys' planning. They have to start looking at an array of possible targets. And the more that there's a broad regional approach to this, the more it would dissuade a country from thinking it's worth trying to fight, because you will have a network of airfields, of facilities that are used for a variety of things that kind of, over time, belong to everyone. And so it's an – it's an added level of security and engagement. It's not new bases; it's places.

MR. BERTEAU: One of the things we looked at was ask ourselves the question, if you were starting from a blank map and you had forward-deployed forces that you wanted across the Pacific, where would you put those forces? And this is an area that's ripe for additional study, because it turns out not a lot of people ask that kind of question. It is kind of irrelevant, in a sense. But we concluded you'd probably be many of the places you are. You'd want to be on the Korean Peninsula because of the dynamics there; you'd want to be on Japan because of the strength of the alliance; you'd want to be on Okinawa to some extent because of its strategic location.

So the Northeast Asia side, we're not too bad. Southeast Asia is where we no longer are. We used to be. But we're not building new bases. We're not going to go back to unilateral American base structure across the region. It's much more now a question of shared bases, of

access, of rotationally deploying ships and forces and aircraft, both combat aircraft and support aircraft. And we urge in our report increasing the use of shared basing, not only in the regions with partners who aren't strong alliances and who – there'd never be a NATO; there's not going to be a NATO in Southeast Asia or across Asia; in fact, it's not our desire to have it be that way – but increasing in shared basing as well with the Koreans and the Japanese and the Australians at the high end, if you will.

So it's not a question of huge investments, and it really is a question of, in fact, taking that partnership and that engagement to a higher level at the basing structure as well.

MR. GREEN: Add one brief coda: For many of the countries in the region, especially Southeast Asia, it is reassuring to have Royal Australian Air Force C-17s landing. It's reassuring for Korean or Japanese forces to occasionally stop in, for the U.S. to regularly do it. All of that presence, not just the U.S. but across the region, especially in Southeast Asia and, given the South China Sea, for countries like the Philippines, it's a nice reassuring signal that we all have a stake in open access in this region. So it's not just good for the U.S.; I think it's – it has attraction, short of bases, for a lot of countries in the region.

MODERATOR: Yes, sir.

Q: My name is Hiroshito (ph) with Asahi Shimbun. Thank you for doing this. Let me ask you about Futenma issue. You had – (inaudible) – Iejima and Naha as a possible alternative, but what do you think of the feasibility of the – both of the alternatives? To my knowledge, U.S. and Japan government have already considered on Iejima issue, but I think they've already give it up because of the feasibility. So what do you think of that?

MR. GREEN: So there's a part in the report that goes into detailed analysis of the various options that might be considered for Futenma replacement using the criteria that David generated, the strategic operational feasibility cost. And when we looked at all the options and considered these different factors, none of them, none of them were as – scored as highly as the Henoko plan, as the current FRF plan. And we looked pretty hard. We spent a good amount of time in Okinawa, and we looked at – spent a lot of time poring over maps and so forth. None of them scored as high.

That said, as you know well, the Henoko plan has political obstacles. It doesn't have operational – significant operational obstacles, but it has political obstacles. So we thought it's the right plan; we're on the right track. But again – and of course the U.S. government has to say – (chuckles) – that's the plan. They can't entertain variations. But we're not in the government, so we could say it would not be a bad idea to keep an eye on feasibility, continue evaluating feasibility of other options while moving forward with the Henoko plan, because we may want more access; we, the U.S., Japan, especially the Self-Defense Forces may want more access to Iejima or Shimoji-jima, of course Naha.

And that's not just in case Futenma cannot be realized; it's back to the earlier question about dispersal. I mean, in the current environment, you want a lot of runways. Whether it's a massive humanitarian crisis or a more serious military crisis, you want a lot of runways. So we

didn't say it's all or nothing. We said it's the right track; keep an eye on these other ones. We did make the point – I'll end with this – that if you say, as Prime Minister Hatoyama did, you know, we're going to not do Henoko, if you abandon that without having something else, you put the whole base situation in Okinawa in a much worse place. And right now in all those options we looked at – Naha, Shimojima, Iejima – there's local political opposition. So to say, well, there's opposition to Henoko, so we're going to drop that plan into another one would be very dumb – (chuckles) – because we would be nowhere, and in fact, we'd be really setting back our credibility.

MODERATOR: Yes, sir.

Q: Mike Mosettig with the PBS Online NewsHour. Following up on Jeff's (sp) question and what you also commented on the Japanese white paper, a lot of that is flowing from the heat that's being generated at the moment in the South China Sea. I haven't had a chance to read your whole report yet. In what – in what sense does your report fit into that, and also the question of what's your estimate on what's pushing Chinese behavior here? Is it the – wanting to strut their stuff? Is it getting possession of the mineral rights? Because if as you point out that they have the most vested interest in free passage, a conflict in that area would seem to go against that.

MR. GREEN: We do go into this a bit in our report, and Ernie Bower, who has a really excellent report and presentation on the South China Sea, helped us. In terms of what's driving China's assertive push for not only staking its territorial claims but swarming that region with ships, not just fishing ships but various maritime services, including PLA navy frigates and destroyers, what's driving that – well, it's partly nationalism and pressure on the government at home; it's partly, you know, others – claimants making moves. It is partly natural resources.

But there is, in our view, a definite military component to it. We say – describe in the report what we think is a strategy by Beijing to achieve counterintervention capabilities, which means the ability to prevent the U.S. or allies from intervening militarily in a crisis in Taiwan, the East China Sea, South China Sea or even the Korean Peninsula if it's not in China's interests. Part of that is so-called A2AD; part of it is other forms of coercion or attraction or soft power to try to prevent countries or – from cooperating or to assert China's either veto or control over access. So that's definitely part of this.

The Philippines for decades have been focused on internal counterinsurgency problems. They have no navy and no air force. We've given them two Hamilton-class Coast Guard cutters. My father-in-law was an ensign on one of them. He's in his late 60s. So they've got old ships. They got two of them. Other countries are looking at providing some basic patrol capabilities. That, in the first island chain, creates a real vacuum. And when you get through the Philippine Sea, the undersea topography just drops off, and then you're out in between the first and second island chains. So it has real military significance for everybody involved. We don't want, from U.S. interests, the Philippines and China to confront each other, but it is important for us to help, with other partners, the Philippines develop some basic maritime domain awareness and to demonstrate we have an interest in this area remaining open.

I mentioned that we judge that Beijing is pursuing, and PLA in particular, this counterintervention strategy. But China also has what you might call a countercontainment strategy. Beijing does not want countries to align against it. And so one important dynamic here is to demonstrate that to the extent Beijing pursues counterintervention and these kinds of coercive capabilities, they're going to undermine their other strategy, which is to prevent countries from trying to contain them.

And we judge in the report that the leadership in China is still, you know, wedded to Deng Xiaoping's maxim that China's focus is on development and not confrontation. And we think that still holds, so that there's utility in terms of dissuading China and shaping the environment to demonstrating that we and other allies and partners are going to help the Philippines not fight, but develop kind of basic level of maritime domain awareness. And that is one of the drivers. I think the other ones you mention are certainly there, but this is one of them, the military dimension.

MR. BERTEAU: Let me add two things. One, of course, for those of you taking notes, A2AD is anti-access/area denial. It means don't let us come in and, if we get there, don't let us stay, or anybody else, for that matter. But the reality is that the Chinese behavior has in fact created opportunities for additional engagement and, in fact, created a desire on the part of many of the countries in the region for additional American engagement. Ultimately, as Mike pointed out, that runs against China's basic strategy of preventing an alliance being formed in array against them.

And so what we need to do – what the U.S. needs to do is to recognize that opportunity, take advantage of that opportunity, not in a militaristic way, not in an aggressive or invasive kind of way, but in a clear signal-setting way that both creates more engagement as a result of that opportunity and also shows that we're there for the long haul. In essence, they have overplayed their hand, and that's an opening for us. We can't neglect that opening and let it lie fallow. We have to take advantage of it. We can't spend three years on an environmental impact statement of whether we ought to go engage.

MODERATOR: Yes, sir.

Q: Thank you. I am Ho-Jin Lee – this me?

MODERATOR: Yeah.

Q: (Chuckles.) Oh, thank you – at the Korea chair, CSIS. Thank you very much, both of you, for excellent briefing. I have one simple question. It's about the next steps. Once Congress comes up with the final report – and I can imagine that those recommendations could be translated into perhaps some new policy lines of the – of the government. If I'm not mistaken, in the course of your studying and recommending some elements, you might have been – you might have taken some prior consultations or some meetings with the scholars and the former defense officials in the region, of the allies. And so do you imagine that the official consultation will take place after the Congress adopt a final report? Thank you.

MR. BERTEAU: We actually intend to have a conference here at CSIS in September on that very question. So we're not completely prepared to the answer. I mean, there's a lot already under way, already going on. And I think that what our report does is it helps reinforce those ongoing activities and probably create a better framework for them to be viewed by both the U.S. and by our partners and our allies. But we also point out a number of ways where more can be done, how fast that is undertaken. And I think the commentary – I did not stay yesterday for the second panel, the Defense Department witnesses at the hearing. But it's my understanding from the record that their reaction was that we had given them a lot to think about and that they would start thinking about it.

MODERATOR: Yes, sir.

Q: Thank you. Dong Quoyu (ph) with China Review News Agency of Hong Kong. And I have a question – follow-up question on South China Sea. And a scholar in AEI suggest that the United States should suspend the S&ED or even the military-to-military exchange between the two countries to push China to be more responsible in the South China Sea. Do you think it's a good suggestion? What would be the good approach to deal with this matter, to push China to be more responsible? Thank you.

MR. GREEN: Well, I don't agree with the proposal. It was in The Wall Street Journal – it's that article you're –

MR. BERTEAU: Yeah.

MR. GREEN: Yeah, I thought the analysis was generally quite good. I didn't agree with that particular proposal. The S&ED, for those of you who don't follow these things, is the Strategic and Economic Dialogue that Secretary of State Clinton and Secretary of Treasury Geithner run with Chinese counterparts. It's a mega-confab, with about half of each country's cabinet gathering. And I'm not sure that's the best mechanism – (chuckles) – for working with China on these issues. It's almost too high-level and too grandiose. But the idea that we would stop meeting with China to talk about the value of the renminbi and what to do about Iran and what to do about North Korea because we're unhappy with the PLA activities in South China Sea strikes me as a bit self-defeating. I think the better approach is to demonstrate, as I think Secretary Clinton has, our commitment to freedom of navigation and to peaceful resolution of these issues.

MODERATOR: Yes, sir.

Q: (Name and affiliation inaudible) – newspaper. I want to follow up hearing yesterday. After you left hearing room – I want to ask about the – (laughter) – PACOM-OSD disconnect issue. After you left, two senior defense officials insisted that they had a great relationship with PACOM; there's no problem at all. So I'm kind of lost. Could you elaborate what the problems are?

MR. BERTEAU: We saw no sign of anything other than a great relationship. (Laughter.) Our commentary had nothing to do with the relationship, either in a monogamous or

in a polygamous way, but entirely to do with the development of and the articulation of the strategic framework in which the strategic rebalancing would occur and also the connection of that strategic framework to resource allocation decisions.

Ultimately, my background leads me to conclude that strategy without resources is only so many words. You actually have to look at where is the Pentagon spending its money, where is it planning to spend that money and what does it expect to get to it. The Pacific Command and all of the combatant commands are not central to the resource allocation process. The resource allocation process is driven by the military departments and the Office of the Secretary of Defense. That connectivity has always been a problem. It continues to be a problem. I actually created, 25 years ago, the first mechanism for the combatant commands to have input into that process. It still exists today. But it's inadequate. It's insufficient.

I think that when – during normal peacetime operations, that's not so bad because you have enough time that you can always catch these things. But the pace at which change is occurring in the Asia-Pacific region and the speed with which resources need to be reallocated quickly requires a different basis for that relationship than is there today. That is not the job of OSD policy, who was represented at yesterday's hearing. They're not in charge of resources either. So it's a bigger picture than the relationship between OSD policy and the Pacific Command. What we did see is a lot of effort under way at every level to move in that direction, and we attempted to reinforce that effort by providing both a description of what we think is needed and encouragement for continued action in that regard.

There's also the piece of this needs to be articulated outside of the Defense Department. It's got to be available for the rest of the government, State Department, National Security Council staff, Treasury and other agencies involved. It's got to be available to the U.S. Congress so that they can go along with it. It has to be available to our allies and our partners in the region so they'll understand what we're trying to do. And it has to be something that's available to the American public because ultimately, they have to buy into this as well, and you know, that's going to be a – that's a long-term, ongoing set of projects.

MODERATOR: Yes, sir.

Q: If I could follow up with another question on the sort of interface, if you will, between the visibility or the selling a strategy and the actual military requirements, the greatest value to a carrier battle group is that it's a movable asset, that it can be anywhere you want it to be. And yet the big debate about their visibility is always about basing. In this sort of new view, does it matter as much anymore whether there's forward basing of carrier battle groups in the Pacific, and if so, why? What's the politics, as opposed to the military aspect of that?

MR. GREEN: Well, let me take a first cut at that. It does matter because of the steaming time from San Diego – Hawaii to the western Pacific. And it matters secondly because we are able to forward-base a carrier battle group in Japan in part thanks to the largesse of the Japanese taxpayers, who provide considerable host nation support. And the third reason is the steaming time from, say, San Diego to the Western Pacific is considerable, but the steaming time from San Diego to the Indian Ocean is even more significant, so it gives you the swing possibility there.

We did, as we mentioned, look at whether we needed a second carrier battle group. And we scanned the ocean: Where do we put it? And the most likely candidate was Perth HMAS Stirling. So we looked at it and we – it – certainly, the capability would be nice to have. But when we scored it using our various criteria, we came out basically against it because the cost and the capacity Australia would have to provide was really quite considerable. And so we didn't recommend that. We did think, as David said, we needed additional amphibious ready groups, Marine-carrying large top ships and attack subs and stuff.

There is not real pressure to bring the carrier battle group home from Japan. I think – David has a long experience of base closure, but I think that is – I think the American public and the Congress recognize how invaluable that deployment, that basing is.

MR. BERTEAU: And while I said we don't want to build a lot of new bases in the Pacific, we don't want it to have zero, either. There is a political value in a permanent presence – not everywhere, not all the time, not ubiquitous, but in fact, the right answer is not zero.

The question of time and how long it takes to get is just enormous, you know. Our ability to respond quickly to the 2004 tsunami in Aceh was in part dumb luck. We just happened to have a carrier strike group heading through at the time and were able to redirect it. You know, until we have perfect prediction, we can't count on that sort of thing happening again.

MODERATOR: Yes, sir.

Q: (Off mic.)

I'm Yashua Mokayamo (ph) with the CSIS Japan Chair.

I'm wondering if you think there is any key precondition for actually taking your recommendation on the report. For example, Middle East doesn't go any more unstable or no further economic downturn in the United States or stability in the politics of key region allies come up to my mind.

MR. GREEN: Well, those are all – (chuckles) – those are all pretty important variables. We did at one point in the report acknowledged that there were these other – these other variable. You actually mentioned most of them.

The other one is Korean Peninsula. You know, our force posture requirements would change quite a bit if the Korean Peninsula unified. So we didn't go into a lot of detail about what U.S. forces would look like on the Korean Peninsula post-unification. We hinted at it, but that – so there are variables that, you know, if we wanted to make this a 500-page report, we could have gone into, but Korean Peninsula unification is one that would probably, as we suggest, require fewer permanently deployed ground forces in the – on the Korean Peninsula – probably. It depends on the circumstances of unification and how cooperative it was among the big powers.

We did – you know, we – in the country studies, we tried diplomatically to assess some of those questions about political stability commitment to U.S. relations, alliance, so on and so forth. And that’s in Section 2 of the report. Those are all very important variables. And then, as we mentioned, although we didn’t go into great detail about it, you know, the defense budget’s really critical. But we, I think – our assumption was, based on current planned cuts, this is an implementable strategy.

MR. BERTEAU: Even the magnitude of the cuts from the – round two of the Budget Control Act, sequestration in fiscal year ’13, additional cuts in ’14 through ’21, it’s not so much the total magnitude of those cuts over 10, nine years that’s the problem; it’s the arbitrariness and the distribution of those cuts chronologically – you know, the – what Secretary Panetta calls the “goofy meat ax” approach to sequestration, which is exactly the same percentage taken off of every line item in the budget. That’s a level of impact that’s impossible to manage effectively, if you will.

I think we all believe that if two things occur – one is a continued focus on the priority of the Asia-Pacific region, as important for America’s interests, and we certainly think it is; and second is a manageable and judicious approach to allocating cuts over a decade that it’s easily affordable under any set of reasonable budget cut scenarios – I don’t include automatic cuts of sequestration the way OMB intends to implement as falling into the category of reasonable.

MODERATOR: Yes, sir.

Q: I’m Kasean Ose (ph) from TV Asahi, Japan – TV Asahi.

So my question – (inaudible) – 2012 Osprey deployment issue, so – (inaudible) – question. So why Osprey needed now in Okinawa? And what is the future role of the Osprey in the – in Pacific region military – (inaudible) – military? That’s the two questions.

MR. GREEN: Well, the Osprey, remember, it can fly much further than the rotary aircraft it’s replacing, which means that Marines or others who catch a ride can respond to a variety of scenarios or crises in a much wider arc around Okinawa, very quickly without even having to – (inaudible) – ships or anything like that. So that’s a huge capability for Japan and the U.S. together that covers hot spots, including the East China Sea. And so that’s a huge advantage that TV Asahi rarely mentions, and I hope you will now. (Laughter.)

The other – the other – the other thing we looked at – and I spent more time on this perhaps than some others in the report, but I – we looked at the safety records for the Osprey and the operating profile. And we mentioned – touched on this briefly in the report, but the operational tempo of the MV-22, the Osprey when it gets to Okinawa is going to be well below the rotary aircraft it replaces. Why? Because it’s a newer plane, so there is more use of simulators and technology. And the safety record was good.

The problem, politically, of course, is there have been a couple of high-profile incidents that are not statistically significant but are in the news. And after – in my view, after the U.S. and Japan in the April 2+2 reached a new kind of approach on Funtenma replacement, it’s – it

took that issue out of the news a bit. It moved it aside. And so I think a lot of people who are unhappy about the whole Futenma situation were looking for something. I'm not TV Asahi was, but I think a lot of people were looking for something that they could make the new crisis, and they chose the V-22.

Could the U.S. government have done a better job explaining the advantage for U.S. and Japanese security from that kind of aircraft? Yeah, we – the U.S. government probably could have done a better job. But in the – to the extent we looked at it in our study, it made a lot of sense.

MODERATOR: I think we got time for one more, and let's let someone who hasn't –

Q: Lee Ping (ph) from China Radio International.

First, I'd like to hear your comments on reactions from Congress and Defense Department on your options and recommendations. Second, Michael said – (inaudible) – that some people say there is too much (fire ?) in your report, and others say your solutions are not strong enough. What is your estimate of China's response to your report? Thank you.

MR. BERTEAU: With respect to the – both the Defense Department and the Congress and the reception of our report, I want to reiterate something Dr. Green said yesterday in testimony. We had stellar cooperation across the board from the beginning in our efforts to undertake the study and in our efforts to complete the study.

Secretary's Panetta's comments, while he raises a few objections to some of our positions – particularly, as noted, the hint that we might tolerate fewer than 4,700 Marines in transitioning to Guam; our concerns that, in fact, we ought to put some caveats into the implementation of OPCON transition in Korea; and our fundamental belief that, in fact, there is more work to be done on the strategic framework and on its connection to resources, those are objections he raised – by and large, I think the secretary and the Department of Defense in general found that our report reinforced much of what they need to do and gives them a better framework for undertaking that. That's been the reaction we've had off the record as well from the various entities, commands and other agencies with whom we met over the course of that process.

With respect to the Congress, there's been a very avid interest in the details. We not only had the hearing yesterday; we've had a number of meetings with staff and with members, not only after the report was delivered but as part of the process because they were stakeholders along the way as well. We expect that interest to continue. We expect to have an ongoing discussion and dialogue going forward with the legislative branch.

And I think that part of what the value of our report is, is it reminds the government that, in fact, there are more than – there is more than one branch involved in this. The executive branch has its role to play, but the legislative branch also has a role to play, and that the two of them need to be in some synchronization with one another going forward. And I think our report serves well to remind both of them of that and of how to play that role and what some of the substance ought to be.

As to the Chinese reaction, I'll leave that entirely up to my colleague.

MR. GREEN: There has been a lot more reaction from Chinese scholars and commentators on the Air-Sea Battle concept being put forward by the Center for Strategic and Budgetary Assessments, which is not a government entity; it's a think tank like us. They were doing work on this, and they put forward a military concept, a military concept. And there has been a lot of reaction to it because it has maps of targets in China and so forth.

I think it'd be much, much better to have a dialogue about – with no disrespect to CSBA; they do excellent work on military strategy – but I think it's – it'll be healthy, in my view, to have a dialogue about some of the ideas in this report because it's – looking at all the dimensions of how, strategically, the U.S. would manage its interests and its alliances and, at the same time, you know, build a more cooperative relationship with China.

And when I was in the Bush administration, the catchphrase we used for U.S.-China relations from the beginning was, we seek a cooperative, a comprehensive and a candid relationship with Beijing, and I think over those eight years we had a pretty good relationship with China, but we were candid.

And I, for my part, would – I think it would be very healthy to have a dialogue, both in government and among scholars about what really is U.S. strategy comprehensively. Don't focus just on this one military concept that's still being debated and developed, AirSea Battle. What's the comprehensive set of U.S. interests and strategy? What's China's comprehensive set of interests and strategy? At CSIS we've had a lot of those dialogues. I'm leaving tomorrow to go to Aspen, Colorado, for a dialogue with Chinese counterparts on U.S.-China relations, and I'm certain I'll hear something about this.

But to me, a – that kind of candid dialogue is better than one part of the U.S. government saying it's not about China, and then another part saying, you know, we're going to go to the wall and fight the big one. (Chuckles.) It's a comprehensive, complicated relationship, and it's useful to have a dialogue and debate about what our strategies are, what our – what our thinking is. I've advertised – one, I have a chapter in a book with Wu Xinbo of Fudan University where we do this back-and-forth dialogue about what is China's strategy, what is U.S. strategy. I think that's necessary.

MODERATOR: Folks, I thank you all for coming. I would remind you, through the course of the briefing, they talked about a number of other reports and scholars' work on South China Sea, China military buildup. All of that can be found on our website. Please follow up with myself or my colleague, Colin Quinn (sp), in the back of the room. If you need help, direct it to that. On our home page now is the written testimony that David and Mike gave yesterday to the HASC Readiness committee, so be sure to check that out as well. And please thank – help me thank these guys for their briefing. (Applause.)

(END)