

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring The Honorable Ashton
B. Carter, Secretary, U.S. Department of Defense**

February 2, 2016

. . . look at what the United States has brought to the Asia-Pacific region over the last 70 years – the most rapidly growing region, economically, in the world. It’s been the peace and stability there that we underwrote that’s allowed first Japan to rise, then South Korea, then Taiwan, then Southeast Asia, now China and India. That’s what we’ve stood for, and they’ve benefitted from that. So to disrupt the security environment where half of humanity lives and half of humanity's economic behavior is, is not a good idea on their [*China's*] part. But certainly for our part, we intend to continue our strong role there.

. . . Russia and China are our most stressing competitors. They have developed and are continuing to advance military systems that seek to threaten our advantages in specific areas. . . . While we do not desire conflict of any kind with either of these nations – and let me be clear: though they pose similar defense challenges, they’re otherwise very different nations and situations – we also cannot blind ourselves to the actions they appear to choose to pursue.

. . . the nuclear program of North Korea is a serious concern. Their ballistic missiles are a serious concern. The size of their force, positioned right there on the DMZ, and the size of their special forces which they work on quite hard. In every way, they’re serious business.

America is still, today, the world's foremost leader, partner, and underwriter of security in every region across the globe, as we have been since the end of World War II.

Today’s security environment is dramatically different from the one we’ve been engaged in for the past 25 years, and it requires new ways of thinking and new ways of acting. . . . Now we have to think and do a lot of different things about a lot of challenges at the same time. Sad to say, but true. Not just ISIL and other terrorist groups, but also competitors like Russia and China, and threats like North Korea and Iran. We don’t have the luxury of just one opponent or the choice between current fights and future fights. We have to do both. . . . Doing so requires some new thinking on our part, new posture in some regions, and also new and enhanced capabilities. For example, as we confront these . . . challenges, we’ll now have to deal with them across all domains – not just the usual air, land, and sea, but also particularly in the areas of cyber, space, and electronic warfare, where our reliance on technology has given us great strengths, but also led to vulnerabilities that adversaries are eager to exploit.

In this budget [*for fiscal year 2017*], we’re taking the long view. We have to, because even as we fight today’s fights, we must also be prepared for the fights that might come 10, 20, or 30 years down the road. Last fall’s budget deal set the size of our budget, allowing us to focus on the shape, making choices and tradeoffs to adjust to a new strategic era, and to seize opportunities for the future.

Key to our approach is being able to deter our most advanced competitors. We must have, and be seen to have, the ability to impose unacceptable costs on an advanced aggressor that will either dissuade them from taking provocative action or make them deeply regret it if they do. To be clear, the U.S. military will fight very differently in coming years than we have in Iraq and Afghanistan, or in the rest of the world’s recent memory. We will be prepared for a high-end enemy. That’s what we call full spectrum. In our budget, our plans, our capabilities and our

actions, we must demonstrate to potential foes that if they start a war, we have the capability to win, because a force that can deter conflict must show that it can dominate a conflict.

The *[defense]* budget *[for fiscal year 2017]* also makes important investments in new technologies. We have to do this to stay ahead of future threats in a changing world as other nations try to catch up with the advantages we've enjoyed for decades in areas like precision-guided munitions, stealth, cyber, and space.

SCO *[Strategic Capabilities Office]* is incredibly innovative, but it also has the rare virtue of rapid development, and the even rarer virtue of keeping current capabilities viable for as long as possible. In other words, it tries to build on what we have – smart. So it's good for the troops. It's good for the taxpayers, too. Thinking differently in this way, as is well-known in U.S. defense history, put us in space, our country on the moon, computers in pockets, information at the fingertips, all that – taking airplanes off of the decks of ships, nuclear submarines beneath the seas, satellite networks that take pictures of the world, all those things. This kind of bold and innovative thinking can't be lost to history. It's happening now, every day, not only in SCO but in other places throughout the Department of Defense, like our dozens of laboratories and engineering centers, located all over the country. . . . for the second year in a row, investing a total of \$71.4 billion in R&D in 2017, a number that no other institution in the United States or the world comes close to.