

Honorable Ashton B. Carter
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Thank you John [Hamre] and CSIS for having me. I've learned so much from John Hamre, and every day I look around the Department of Defense and there's one of his managerial accomplishments, one of his managerial creations in front of me. John was one of the best, most skilled stewards and Chief Operating Officers the Department's ever had. I see Jacques Gansler, a predecessor of mine, who added "L" to AT&L, among many other things... And I'd like to recognize Dave Berteau, also a great leader in the acquisition, technology, and logistics field.

I'm very grateful to have the opportunity to come here. It is a pleasure and a welcome relief to talk about something other than the tanker competition, or the Joint Strike Fighter, or any of the other acquisition programs, and it's particularly welcome to me because what I want to talk about today is something that is very dear to my heart, which is the role of acquisition, technology, and logistics in supporting the current wars, the current fights that we're in. So when John gave me the opportunity to speak about that subject, I leapt at it.

Last January 5th it was, that Secretary Gates offered me this job, and one of the things he said to me at that time, which he has said publicly many times, was, "Ash, the troops are at war, but the Pentagon is not, and especially AT&L." And I took that on board, and I've tried to make it a priority of AT&L to support the wars. And I'd like to share with you the ways in which we are trying to do that. First, with rapid and responsive acquisition support to the warfighter; secondly, with management of contractors on the battlefield, contingency contracting; third, the special case of countering improvised explosive devices (IEDs); and then fourth, and for most of what I have to say, the topic of this day's conference, which is logistics.

Rapid and Responsive Acquisition

But let me say something about rapid acquisition and contingency contracting and counter-IED first. I'll start with a question that Secretary Gates posed in his *Foreign Affairs* article about a year and a half ago, that Jacques Gansler had posed before that at a very important Defense Science Board study on the same subject, which is, "Why is it necessary to bypass existing institutions and procedures to get the capabilities needed to protect U.S. troops and fight ongoing wars?" Why is it necessary to bypass the existing institutions? I experience this every day, and we are, to get back to Dave and his alligators, busy fighting the alligators but also trying to drain the swamp at the same time, and fix this problem in a more structural way.

But let me describe to you the Catch-22s that one comes to as a Department in trying to respond rapidly to urgent needs from the theater. The first is a Catch-22 to get over: how do you know what the requirement is? How many UAV Combat Air Patrols do we need? How much persistent surveillance do we need? How many MRAPs do we need? In many cases, for an ongoing and evolving conflict and a piece of equipment that we're just beginning to learn how to use, that's an unanswerable question, when one embarks upon the acquisition. We don't know. We know we need some, we don't know exactly how many. And yet we have a system that won't get started until it knows what the final answer is. And I'll give you an example in a

moment of getting everything over that, but if you don't know the requirement, how can you begin to acquire?

In some cases, it's just unreasonable for us to know what the requirement is. We just know we need to get started. And every day you spend trying to decide ultimately how many you need is another day you're waiting to get started, another day that piece of equipment isn't in the warfighter's hands.

A second Catch-22 is, wouldn't it be worth waiting for something better? And of course, in time you can have something better, but right now I'm focused on the next weeks and months in Afghanistan. So something that's better, that delivers next year or the year after, I'm not interested in right now. So the 80% solution, as Secretary Gates says, is something one has to learn to manage to, in the case of support to rapid acquisition.

The third Catch-22 is, we could get this, but is this something we want in the long run? Is it something that fits into the long-range vision of the Army's Table of Equipment, the long-range vision of the Marine Corps Table of Equipment? Maybe not. Maybe it's just for this fight, which, if we win, it will be worth having something that doesn't quite fit into the long-range future.

And the last Catch-22, of course, is, how do we get money quickly? Congress provides the money, Congress appropriately keeps a close eye, doesn't give us an open-ended ability, open funds, and so forth. And so there's a constant interaction with the Congress to explain what we're doing, explain the urgency of what we're doing. And when we're able to do that, we usually get their support, because nobody wants to hold up the delivery of something to the warfighter.

I'd like to give you an example of getting over these four Catch-22s, which, again -- every day this is blocking and tackling. I guess Thomas Edison said of his job, "99% perspiration, 1% inspiration." That's what working these problems feels like. I'll give you the example of the MRAP-ATV, which is the all-terrain vehicle MRAP that we are fielding right now in Afghanistan. And just to show you how fast the system can go when we really light a fire under it, we completed the source selection for the MRAP ATV in July, last summer. The first M-ATVs arrived in Afghanistan in September. And we've already accepted more than 5,000 M-ATVs, and almost 1,000 of them have actually been fielded -- that is, they are in the hands of soldiers by now. Now that's very different from your 10- and 15-year program of record. That's less than a 10-month program of record, vehicles actually fielded and in the hands of the soldiers.

Initially, when we set out to say, how many are we going to buy, and how many are we going to produce per month, our logisticians and commanders in the theater were saying, understandably, they could only afford to field 500 vehicles per month. The reasons for that are, you logisticians will understand, the "for want of a nail" phenomenon: you can't bring the vehicles in because you don't have a place to park them; you don't have a place to park them because you don't have the concrete; you don't have the concrete because they don't make concrete in Afghanistan. You have to go to Pakistan to get your concrete, and truck it in, so you have to have the trucks so you have to have the parking lot for a truck, and around and around

and around you go. Everything is like that in Afghanistan. And so it wasn't that we couldn't produce more vehicles, it was at the time we didn't think we could absorb more.

Nevertheless, I decided that we were going to produce them at a rate of 1,000 a month anyway. If we had extra vehicles in Charleston, or at Oshkosh, or in Kandahar, or at Bagram, okay. Better an MRAP without a soldier than a soldier without an MRAP, first of all. Second, we could use the excess vehicles for training, so that every soldier, and this is now the case in Afghanistan, the troops that are arriving have their driver's license on the MRAP. They don't have to be brought out from the field, taught to drive the vehicle, and then sent back out in the field with the vehicle. They arrive ready to go, they fall in on the vehicle. It's a familiar piece of equipment to them. So I thought we ought to buy them for the training ranges. So out at NTC, at Fort Irwin, where I just was a couple of weeks ago, there are – John [Hamre] mentioned earlier – there are MRAP ATVs. Down at JRTC, there are MRAP ATVs. Out in Twentynine Palms, for the Marines, there are MRAP ATVs. They are there so the soldiers can learn how to use them.

So I wanted to buy more than we thought we could field, and we did. I also had in the back of my mind the idea that we would figure out a way to increase that number from 500 per month to a larger number. Because I think when the troops get them, they'll like them; when the commanders see them, they'll like them, and they'll figure out a way to get more, and sure enough, we have. We've looked at the whole logistics pipe – I'll say more about this later – that begins in Oshkosh and ends up on a FOB in Afghanistan, every piece of that, and tried to see if we could widen that artery. And we have now, so we're now able to absorb 1,000 a month. So it's a good thing I'm making 1,000 a month. But there's an example of not waiting for the final answer, but beginning to acquire and ramp up to the 1,000 a month level, figuring we'll figure it out later, we'll figure it out in a few months, we don't have to figure out everything in order to get started with anything.

So the M-ATV is an example, and I could give you many, many more examples where we have succeeded in supporting the warfighter, but it's always been by hot-wiring the system, rather than by driving down an open lane, and it's really true that we have an acquisition system which still has the Cold War vestige of it, namely design to prepare for a future war, rather than to conduct current wars. And we're only still eight years into this, learning how to have a system which can conduct current wars, learn from experience, respond to stimuli from the battlefield, adapt, and deliver what the current warfighter needs. We're taking some steps to put that on a more enduring foundation, maybe at another time I'll come back, John, and share our thoughts; I know Jack Gansler's has had some of these thoughts already. But I have told the entire acquisition community that responding to operational needs is their highest priority. If you're a service acquisition executive, if you're a PEO, your highest priority is responding to those ONs and JUONs. And I have also given them a menu of ways that they can work within the system, but work quickly. So I think we're getting the MRAP lesson into the acquisition system at large.

Contingency Contracting

I'd also like to say something about contingency contractors. I don't need to tell this audience that our way of waging war brings with every soldier to the battlefield approximately one contractor. It's interesting to look back on the numbers. In World War II, there was one contractor for every seven service members. In Vietnam, one for every five. In Iraq, one for

every 1.2 service members. In Afghanistan, one for every 0.7. In other words, more contractors than soldiers. This is because of the heavy reliance we have now on building new FOBs and the construction required to do that, most of the transportation is done by contractors. So there are 107,000 contractors now in Afghanistan, of whom about three-quarters are local nationals, which is not a matter insignificant for the economy of Afghanistan. And I think it's fair to say that first in Iraq and now in Afghanistan with these ratios, we have been on a learning curve about how to manage a contractor workforce that large. And for sure, everything has not been done perfectly over these years, and part of that is because it was such a new thing, to have so many; part of it is because, in the exigency of war, you just have to act; and part of it is that, I suppose, we've all kept telling ourselves, "It's not going to go on much longer. "We don't have to get good at this, we don't have to get used to it." We *do* have to get good at it, we *do* have to get used to it, and we *do* have to learn how to do this better. And we are getting better. I won't say perfect yet. We have a number of very constructive oversight bodies -- the Commission on Wartime Contracting, has a distinguished membership. We're working down the same list they are to improve the quality of the controls and so forth that we apply to contingency contracting without sacrificing effectiveness.

I'll give you an example in Afghanistan today, which is the use of cash. We used a lot of cash in Iraq, and initially in Afghanistan. Obviously that increases vulnerability to fraud. In the last year, we've reduced our cash payments in Afghanistan from 39% to 9% -- very dramatic. How are we doing that? We're doing that by banking by phone -- believe it or not, in Afghanistan many people bank by phone and are willing to bank by phone. Now we're paying them on their cell phone rather than with cash -- this greatly reduces the possibility of fraud and we made very dramatic progress in that regard just in the last year. I'll give you another example. Many of you probably know what a contracting officer representative, or COR, is. The COR isn't the person who writes the contract; the COR is the person who makes sure that the contract is being carried out in the required way. Any of us could be trained as a COR within a short time. It would take us longer to be trained as a contracting officer -- that is, to be able to contract on behalf of the United States government and spend money. A COR job is sometimes easier, and can be, in theater, a part-time job. We've been doing a great deal to improve our contracting officer representative presence in Afghanistan; this is not a mundane thing at all.

I'll give you some examples. In the last year -- so I've been watching these figures -- in Afghanistan, our contracting officer representative force, which, at the beginning, was only 38% of the requirement, is now 84%. So we've got 84% -- still not 100% -- but 84% of the contracting officer representative posts filled that we should have filled. All of the Army and Marine Corps units, before they deploy to Afghanistan, are now training within the units CORs. So they deploy with that skill, because now it's recognized that that is a part of the skill-set required for a modern expeditionary force. So they deploy with people who know how to carry out the contractor part of their mission. We're giving them automated tools, little things you put on your laptop, which pull up the forms that tell them what they should do for a certain contract, what the requirements are within that contract for COR -- to help ease their way.

The Department has also added ten general officer positions to contingency contracting in the last year, a very important move, so that senior two- and three-star positions, that deal with contracting will lead this effort. So this reduction of cash payments, and the contract officer representatives are just two examples of the kinds of thing we're trying to do to get good at;

something we recognize as an enduring part of the American way of waging war. And I'm trying to maintain a balance here in the Department, and, I hope, a balance here in Washington and a balance here in theater, between being able to be excellent stewards of the taxpayers' money on the one hand, and be agile and do what is required in Afghanistan now on the other hand. We need to maintain that balance. If contracting officers and contracting officer representatives have the feeling that it's an environment which is not conducive to them taking any risk at all on behalf of efficiency and responsiveness to the warfighter, they'll seize up. We owe them an environment in which they can strike that balance appropriately, and I'm trying to do that.

Counter-IED

I'd now like to say something about Counter-IED. Secretary Gates asked me and the Director of Operations on the Joint Staff, several months ago, would we focus, for these months, intensively, on making sure that we are doing everything that we possibly can as a Department, in the coming months, for this fighting season in Afghanistan, to combat IEDs? I don't need to tell you, in this audience, that IEDs are a triple threat. They are obviously a threat to life and limb, but also to mission success. If people can get outside the wire, military and non-military, then they can do the mission assigned, which is the COIN mission. If they can't get outside the wire, then they can't. So it's essential to mission success to defeat the IED. And finally, it's essential to the morale of people in Afghanistan, our Coalition partners, and the American people themselves. So in all three of those ways, the counter-IED fight is essential. And the Secretary said, "I know no other way of doing this than to do it myself – would you just, every day, make sure that we're doing everything we possibly can?" And that's what I do every day.

I'll give you some examples. This is just a matter of getting everybody here in Washington, in the Defense Department, in the intelligence community, in the Services, in the various taskforces -- MRAP taskforce, ISR taskforce, Biometrics taskforce, JIEDDO, and so forth -- and in theater, the various commands and echelons in Afghanistan, CENTCOM, all focused on these next few weeks and doing everything we possibly can for this fighting season. My discount rate is huge for this particular part of what I do. And just by focusing in that way, we've been able to do some things that I think are going to be very important as the summer goes on.

First, to accelerate the delivery of critical counter-IED enablers to the troops for this season. I'll give you an example -- this to the tune of several billion dollars over the next weeks and months. These are robots, they are hand-held metal detectors and ground-penetrating radars, they are vehicles, and there's something you'll begin to see over Afghanistan, which are elevated line-of-sight, in particular airship-borne, sensors. We are pushing all the ISR -- that is, all the Predators, Reapers, Hunters, Warriors and so forth -- we possibly can into Afghanistan, but no matter what we do, it's never going to be enough so that every time a patrol goes out, it has that eye in the sky over it, looking around, checking out its local situation.

There is an alternative though, that for the area of a FOB, or for a city, or for a particular length of road, is just as good -- it's kind of what you see every morning when you turn on the television and look at the traffic report -- and that is an elevated line-of-sight camera. And we are going to be, this summer, increasing many-fold the number of aerostat-borne cameras. They're terrific -- I was just in Kandahar a few weeks ago, there's one in Kandahar over top the

city. Every patrol can have a camera looking around, a few blocks around it, is anybody sneaking up on them? Every person of ill will in Kandahar thinks that camera's looking at them. Every person of good will thinks that camera's protecting them. So we're going to be introducing a lot more of them because it provides for those people, under their own control, the same functionality that a fancy UAV would have, but it's something that we can afford to get in there this summer. I knew I couldn't double the number of UAVs in Afghanistan this summer, but I'm going to increase by twenty-fold the number of these elevated line-of-sight aerostats.

We're focused also on training, so that our troops who go into Afghanistan this summer as part of the surge are trained for the distinctive character of the IED fight in Afghanistan. One that depends on homemade explosives, for example, one that has much more decentralized networks behind it than was the case in Iraq -- so we can apply some of the lessons of Iraq, but not all of the lessons of Iraq to the case of Afghanistan. And so, John [Hamre], if you go down to the National Training Center at Fort Irwin today, you'll find soldiers that are going to rotate into Afghanistan being trained specifically in Afghan lanes, that are mock Afghan villages, with Afghan villagers, and the particular kinds of ammonium nitrate- and fertilizer-based explosives that are distinctive to that fight. So they're going in prepared for what they're going to find in the actual area where they're going to operate.

And third, because we're not alone, fortunately, in Afghanistan, we're part of a coalition, Secretary Gates thought it was important -- he announced in Istanbul some weeks ago -- to do whatever we could, not at the expense of our own effort, but in addition to our own effort, to assist our coalition partners in their counter-IED capabilities. And so we're providing them with MRAPs, we're providing them with some equipment, we're taking some of that training expertise we have to their training ranges, so when they deploy from Europe to Afghanistan, they're getting some of the same kind of training distinctive to the Afghanistan fight that our people are getting. These are all things we're doing, in these weeks and these months, to get us better prepared to deal with the IED threat in Afghanistan and it's remarkable what can happen when you get everybody together, focused, and say I don't want to hear about anything six months from now. Tell me what you can do now, how many weeks, and every day pushing away to get these things done.

Logistics

And that brings me to logistics, and the huge logistics challenges that the Department faces right now and the way that those logistics or challenges are being met. I'll start very briefly with the retrograde from Iraq. The retrograde from Iraq is a huge task all by itself, and of course we have Afghanistan on top of that, which is even bigger. Just to pause for a moment on the retrograde from Iraq, it is not as large in terms of tonnage as was the retrograde from Iraq after Desert Storm. However, it takes place on a particular timetable; we need to get down to a certain level by August. It takes place in an environment where there is still threat. It goes on while we are continuing to operate. And, and I don't think this is inconsequential, the retrograde from Iraq takes place after being there for many years. So this wasn't like checking out of a hotel that you had been in for a short time, as in Iraq after Desert Storm. This is like leaving a home you've lived in for a while. We were more settled in, with more equipment.

And so we had a lot to do. We started out with 350 FOBs in Iraq about a year ago and we're closing them and getting those numbers down. 147,000 contractors, by the way, now

down at about 100,000 and going down to about 75,000. You know the troop levels will be going down to 50,000. There were 3.4 million items of equipment about eight months ago; we're now down to 2.2 million, and we got to move another 1 million before August.

This is a variety of equipment; there's traditional military equipment, which will go back home with the units. There is equipment that was never associated with units, but was bought for Iraq and was put in Iraq, so-called theater-provided equipment. That's all the "green" equipment. There's also "white" equipment, which is non-military standard equipment, bought to support the fight over the years. Some of it in the hands of contractors, some of it in the hands of troops – this is refrigerators, air-conditioners, desks, all kinds of stuff, so-called white equipment. 41,000 vehicles, which is now at 29,000, so we've moved 12,000 vehicles in the last few months, and we have to move many more. So this is an enormous migration of equipment.

One of the things that has paced us is deciding where something goes. We know it doesn't belong, or isn't needed in Iraq anymore, but where does it go? Does it go home to become part of the Army or the Marine Corps of the future? Do they want it, does it fit in? If so, Guard, Reserve, active duty; if not, where does it go? Does it go to Kuwait for a future contingency? Does it swing to Afghanistan? Do we leave it behind for the Iraqi forces? Do we give it to somebody else who needs it? All those decisions need to be made before a piece of equipment is moved. So it's not just the physical moving of it; it's also decisions about where it goes.

Let me now close with the most important logistics challenge of all, which is Afghanistan. Afghanistan—I always say, if you take a globe and spin a globe, and say where is the last place you'd like to be fighting a war, if you had your choice, other than Antarctica, you might well pick Afghanistan. It is a land-locked, very austere logistics environment, and we can't get effective until we get in, and we can't get in and get set until we have moved the people and the equipment and the means to sustain them through the very slender arteries, a couple of ground lines of communications, the air-bridge. So we are working every day to widen those arteries. And I'll give you, again, an example of the MRAP ATV. The ATV, because it's a military piece of equipment, we prefer to move by air, and that means flying from Charleston, where the government-furnished equipment, the radios and so forth, are installed in the vehicles as they are delivered from Oshkosh, flown to Kandahar or Bagram, there to be married up with a unit and put out in the field.

We are, in the interests of fielding them more quickly, and being able to free up capacity on the air-bridge for other urgent needs this spring and summer, we're beginning to put MRAPs on ships now, now that we've shipped a whole lot of them into Afghanistan, while those are being absorbed and digested, we have a little time, we're putting M-ATVs on sealift, taking them into theater on sealift, transferring them there to airlift, because the legs are shorter then and you can pop them in more quickly. And eventually, we may be able to use ground transportation the entire way for MRAPs. So you have to, in the case of logistics for Afghanistan, look at every piece of the pipe, all the way through – up the, in the case of ground transportation, up the two ground lines of communication, to Torkham and Chaman from Karachi, over the Northern Distribution Network and a couple branches of that, up through Russia – the Baltics first, then Russia and the "Stans", over the Caucasus and in through the "Stans", and then the intra-theater transport, whether by intra-theater airlift or the very challenging job of getting on the roads in Afghanistan and moving things around from one place to another.

So every day is an effort to widen those arteries, every day is an effort to get equipment into Afghanistan, and the people who do this work are truly remarkable. And my office is filled with messages about bottled water or fuel or toiletries, tents, containers for troops to live in, containers for the contractors to live in, so that they can support the troops, containers for the people who ship the containers to live in. Everything is like that, and everything has to be pieced out because you can't just show up in a FOB with a sleeping bag. We have to make sure that people are properly taken care of when they get there. I think it's fair to say that there's never been, like in these months that we're witnessing right now, as dramatic a logistics effort as we see in Afghanistan. It's truly remarkable. From the airlift, to the sealift, to the ground lines, to the building of FOBs, the laying of runways, ramp space, tent cities, container cities, going up there to support the effort. This summer is going to be very critical for that effort, and if we don't, just in these next weeks and months, get ourselves in there and get set, we can't have success.

So I wanted to tell you about that because I think it's one of the most important things I've ever seen in the defense world, transpiring in very, very few weeks and months, and it's a tremendous tribute to the logisticians in the Defense Department today that we're able to do that.

I appreciate this opportunity to talk about acquisition, technology, and logistics as it applies to the current fight. It's very different; I don't think many of my predecessors had that same circumstance. It hasn't been traditional for AT&L to focus on ongoing conflict as against the programs of record and the logistics system of record, but today's circumstance has demanded it, the Secretary of Defense is very insistent on it, and it's a privilege to be part of such a remarkably performing logistics system. Thank you.