

NATIONAL PRESS CLUB LUNCHEON WITH DEFENSE SECRETARY LEON PANETTA

SUBJECT: WHAT LIES AHEAD FOR THE U.S. MILITARY?

MODERATOR: THERESA WERNER, PRESIDENT, NATIONAL PRESS CLUB

LOCATION: NATIONAL PRESS CLUB BALLROOM, WASHINGTON, D.C.

TIME: 12:30 P.M. EDT

DATE: TUESDAY, DECEMBER 18, 2012

(C) COPYRIGHT 2008, NATIONAL PRESS CLUB, 529 14TH STREET, WASHINGTON, DC - 20045, USA. ALL RIGHTS RESERVED. ANY REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION IS EXPRESSLY PROHIBITED.

UNAUTHORIZED REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION CONSTITUTES A MISAPPROPRIATION UNDER APPLICABLE UNFAIR COMPETITION LAW, AND THE NATIONAL PRESS CLUB RESERVES THE RIGHT TO PURSUE ALL REMEDIES AVAILABLE TO IT IN RESPECT TO SUCH MISAPPROPRIATION.

FOR INFORMATION ON BECOMING A MEMBER OF THE NATIONAL PRESS CLUB, PLEASE CALL 202-662-7505.

THERESA WERNER: (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Theresa Werner, and I am the 105th President of the National Press Club. (Applause) We are the world's leading professional organization for journalists committed to our profession's future through our programming and events such as this while fostering a free press worldwide. For more information about the National Press Club, please visit our website at www.press.org. To donate to programs offered to the public through our National Press Club Journalism Institute, please visit Press.org/institute.

On behalf of our members worldwide, I'd like to welcome our speaker and those of you attending today's event. Our head table includes guests of our speaker as well as working journalists who are Club members. And if you hear applause in our audience, we would note that members of the general public are attending so it is not necessarily evidence a lack of journalistic objectivity.

I'd also like to welcome our C-SPAN and Public Radio audiences. Our luncheons are also featured on our member-produced weekly Podcast from the National Press Club available on iTunes. You can also follow the action on Twitter using hashtag NPCLunch. After our guest's speech concludes, we'll have a Q&A, and I will ask as many questions as time permits. Now I would like to introduce our head table guests, and I'd ask each of you here to please stand briefly as your name is announced.

From your right, Jim Michaels, defense correspondent for *USA Today*; Marilyn Geewax, National Public Radio; Camille Elhassani, Defense Department producer, Al Jazeera English; Josh Rogin, staff writer, *Foreign Policy Magazine*; George Little, Defense Secretary's Special Assistant for Public Affairs; Liz Spade, managing editor, *The Washington Post*; Dr. Ashton Carter, Deputy Secretary of Defense; Alison Fitzgerald, freelance journalist and chairwoman of the Speakers Committee.

I'm going to skip our speaker for just a moment, Donna Leinwand Leger, reporter for *USA Today*, a past president of the National Press Club and the Speakers Committee who organized today's luncheon; Dr. Jim Miller, Undersecretary for Defense Policy; Larry Moffi, managing editor, *Army Magazine*; John Cosgrove, past president of the National Press Club and former Commander of American Legion Post #20 at the National Press Club; Joe Anselmo, incoming editor-in-chief, *Aviation Week* and past Chairman of the National Press Club Board of Governors; Paul Schankman, national security reporter, *U.S. News and World Report*. (Applause)

Just 18 months ago our guest today, Leon Panetta, presided as a CIA Director over one of the most daring operations in the country's history. SEAL Team 6's Operation Neptune Spear, the raid on Osama bin Laden's secret compound in Pakistan. Three days ago, Defense Secretary Panetta landed in Turkey where he signed an order that would send two patriot missile batteries and 400 U.S. troops to operate them to the Turkish border, a stark warning to Syria's president Bashar al-Assad to cease the air strikes and fighting against Syrian rebels that has bled into Turkish territory.

"We can't spend a lot of time worrying about whether that pisses off Syria," Secretary Panetta said afterwards. (Laughter) Yet, in an interview with *Esquire*, he said if he invited Kim Jong-un over for dinner, he'd cook him some gnocchi, serve him a glass of wine and try to understand how the guy thinks. Clearly, the piano playing, dog-loving Secretary of Defense is a complex man. His list of accomplishments over 74 years spans two branches of government, education and even a little bit of farm labor on his California ranch.

Before taking office as the 23rd Secretary of Defense on July 4th, 2011, Secretary Panetta served more than two years as CIA Director. After three years as Chief of Staff to President Clinton, Secretary Panetta and his wife, Sylvia, co-directed the Leon and Sylvia Panetta Institute for Public Policy at California State University at Monterey Bay, a nonpartisan center to promote public service.

He served eight terms in Congress, rising in 1989 to Chairman of the House Budget Committee. That set the stage for his next job, President Clinton's Director of the Office of Management and Budget. Today, we hope to hear more about the raid that killed Osama bin Laden, the role of modern military and America's foreign policy and what's next on Secretary Panetta's agenda. Please join me in welcoming to the National Press Club, Secretary of Defense Leon Panetta. (Applause)

SECRETARY PANETTA: Thank you very much, Theresa, for that kind introduction, and thank you for the invitation to be here today. I look forward to the opportunity to go back and pick walnuts back in Carmel Valley. I've told this story before, but makes the point. When I was young, my father when he first planted that walnut orchard, as it grew he would go around with pole and hook and shake each of the branches. And my brother and I would be underneath collecting walnuts.

When I got elected to Congress, my Italian father said, "You've been well trained to go to Washington because you've been dodging nuts all your life." (Laughter and Applause) True. It was great training.

I've had the opportunity to be here at the Press Club in obviously some of my past jobs; as a member of Congress, as OMB director, and then as Chief of Staff. In those jobs, words were both my weapon and my shield. In this job, as Secretary of Defense, I have a hell of a lot more going for me. But, in a democracy words remain the most powerful weapon in our arsenal.

And it's for that reason that it is an honor for me to again be here at the National Press Club. I've long had a deep and abiding respect for those Washington press corps. You play an essential role in making our democracy strong by holding leaders and holding institutions accountable to the people they serve.

As Secretary of Defense and in my past jobs, I learned that it was important to be accessible to the press and to be transparent with them with regards to the issues and the challenges that you confront. And in this job, I've tried to be as accessible as I can to the Pentagon press corps to engage regularly with reporters and to encourage other senior officials in the department to do the same.

It is an especially important time to communicate our vision and our priorities as a department. Because as I've said time and time and time again over this past year, I believe that we are at a strategic turning point after more than a decade of war, the longest extended period of conflict in the history of the United States. At the beginning of 2012, President Obama and the military and civilian leaders of the department came together to publicly release a new defense strategy. It was designed to help the military effectively navigate this turning point and prepare for the future.

Under that strategy, our goal was to reshape the force of the 21st century, to try to meet the new security challenges that we're confronting in this world and try to help the country at the same time reduce the deficits that we're confronting. We were handed a number in the Budget Control Act to reduce the defense budget by \$487 billion over the next decade, almost half a trillion dollars. And based on my own budget experience at the time, I knew that the approach should be not to just simply cut it across the board and hollow out the force, but to try to develop a strategy for what is it we want the Defense Department to be, not just now but going into the future as well. And that was the purpose of why we developed the strategy.

As the year 2012 draws to a close, today I want to describe the strategic environment that is shaping our future plans, the progress we have made toward implementing the strategy, and the risks that we face as we work every day to try to keep America safe and secure.

Before I continue, let me just pay tribute to a couple of people here who join me at the head table. My Deputy Secretary, Ash Carter, has played, and continues to play, a crucial role in helping me and DOD develop and implement this strategy and I deeply appreciate his dedication and commitment to the department. And I also want to pay tribute to my Undersecretary for Policy, Jim Miller, who's also here, who also worked very hard on that strategy to insure that we develop the right strategy for the future.

And I should also say Marty Dempsey and all of the members, our service chiefs, members of the Joint Chiefs of Staff, all participated, we all participated, in a kind of unprecedented effort to try to openly discuss what were the best steps we could take for the future.

This is a time of historic change for the United States military. One year ago today, soldiers from the first cavalry division crossed out of Iraq into Kuwait a part of the last convoy of U.S. troops to leave Iraq. That war came to an end. Last year, we also participated in a complex but successful NATO mission that helped bring down Khadafy and give Libya back to the Libyan people. This was a complex operation when you had that many nations involved in a mission. How do you decide targets, how do you determine who goes after those targets? And yet, we were able to bring that kind of coordination together and it served NATO and the United States very well in that effort. And it creates, I think, very much a model for how we should approach the future if we have to face that kind of situation again.

Our military and intelligence operations, and that's one of the things I'm very proud of over these last four years, is the integration between intelligence and military operations when it comes to going after terrorists. Over the last year, as a result of those operations, we continue to significantly weaken al-Qaeda's poor leadership and put real pressure on their affiliates. We are also now working to bring the conflict in Afghanistan to a successful transition by the end of 2014.

Last week, I made my eighth trip to Afghanistan. I had a chance to sit down with all of our military commanders throughout the region, throughout the country. I also went to Kandahar and met with our military commanders there and also had the opportunity to meet with Afghan leaders as well. All of them, all of them, believe that we have fundamentally turned the tide in that effort after years in which we lacked the right strategy and the necessary resources to try to achieve the mission we were embarked on. We now have a plan in place, a campaign plan, endorsed in Chicago by NATO, that has strong international support. We've reversed a five year trend of growing violence. The Taliban, to this day, has not been able over this last year, to regain any of the territory they lost.

We are building Afghan security forces that are on track to take the lead for securing the entire country next year. We continue to transition both governance and security to the Afghans, 75 percent of the population has now been transitioned to Afghan security and control, and next year we will have 100 percent.

But we have also made clear that our commitment to Afghanistan, as we draw down by the end of 2014, our commitment will continue. We are transitioning, we are not leaving. We will maintain an enduring presence aimed at supporting Afghan forces and insuring the mission that we were embarked on in Afghanistan, the mission that al-Qaeda never again regains Afghanistan as a safe haven from which to attack the United States or our allies. (Applause) Thank you.

So after more than ten years of continuous warfare, deployment after deployment after deployment of our men and women in uniform in these wars, the United States is truly at a critical point. As I said, large scale conflicts in Iraq and Afghanistan are drawing to an end. An era of blank check defense spending is over. And forces will be reduced. And all of this occurs, all of this occurs, as the United States faces an array of asymmetric threats in the world.

Even while it is obvious that we do not live in a world where another super power threatens our military supremacy, it is equally obvious that the threats to our security and our global interests are not receding as they appeared to do in past wars. Coming out of World War II, coming out of Korea, coming out of Vietnam, coming out of the end of the Cold War where the threats receded. Fact is, today we still confront these threats in the world, threats that are more complex, more dispersed, and in many ways more dangerous.

We have made progress, we have made progress against al-Qaeda's core leaders and its affiliates in the FATA, we continue to do it in Yemen and in Somalia. But al-Qaeda is seeking new footholds throughout the Middle East and in countries like Mali, North Africa. It remains determined to attack the United States and remains one of the serious threats that we must deal with.

North Korea, Iran, continue to pose a proliferation threat and are engaged in activities that are destabilizing northeast Asia and the Middle East. The conflict in Syria is bringing a violent end to a regime that harbors a large stockpile of chemical and biological weapons and extremists seek to destabilize a nuclear armed Pakistan.

Increasing military spending by rising powers in the Asia Pacific region and turmoil across the Middle East, in North Africa, are altering the strategic landscape. At the same time, the nature of military conflict is changing because of new technologies like cyber and the proliferation of missiles and WMD. We are seeing potential adversaries, state and non-state actors alike, acquire more advanced hybrid and high end capabilities designed to frustrate the conventional advantages of our armed forces.

This means that the military services must remain vigilant, they must remain strong, they must remain prepared to operate in a way that differs significantly from

the past. We will continue to face terrorism and deadly attacks by IEDs. But we must also be ready for more capable adversaries to attack our forces and our homeland in cyberspace, to attack and launch precision strikes against forward bases, to attempt to cripple our power grid, our financial systems, our government systems, to attempt to deny us freedom of action through asymmetric attacks.

As I said, the goal of our new defense strategy is to help shape the force of the 21st century, to try to adapt our forces and operating concepts so that we are better prepared for an unpredictable and dangerous future even in an era of constrained resources.

We have been determined to avoid the approach taken in past draw downs where as I said, there were deep across the board cuts that hollowed out the force and weakened our military, left the military demoralized and unready to carry out the missions assigned to it. Instead, we have set priorities and made tough decisions to try to build the force of the future and to remain the strongest military power on the face of the Earth.

The strategy consists of five elements. We have already made significant progress this year towards implementing that strategy. And let me describe, if I can, the strategy and what we have done. The first element of the strategy is to build a force that is clearly going to be smaller and leaner. That's a reality. We are going to be smaller, we are going to be leaner coming out of these last wars. But we must insure that at the same time, the military is agile, flexible, and technologically advanced and prepared to deploy as quickly as we can to confront crises in this dangerous world.

Facing constrained resources and the draw down of two troop intensive wars, we made a decision to favor a smaller and more ready force over a larger force that would be less well equipped and less trained. As a result, Army end-strength is going to be gradually reduced to 490,000 soldiers over these next five to ten years from a high of about 570,000; still well above the force levels that we had in 9/11. And the size of the Marine Corps will also be reduced slightly to about 182,000 from a peak of about 202,000 during the past decade.

We are also making investments to be capable of more quickly confronting a wider range of threats across a more disperse geography. This past February, the Navy and Marine Corps conducted their first large scale amphibious exercise in more than ten years. In March, the Army conducted its first exercise in its new decisive action training environment that emphasizes combined arms maneuver against a combination of irregular and near-peer conventional opponents.

The second element of our defense strategy is to maintain our force projection where we need it in the Middle East, and in the Asia Pacific region. The Asia Pacific region is obviously an area of growing importance to our economy and our security. And the Middle East obviously represents continuing threats to our security as well. Even after with the withdrawal of troops from Iraq, we have maintained a substantial military presence in the Middle East in order to deter aggression, respond to crisis, insure regional

stability in the face of historic unrest and the continuing threats from Iran.

Last week, I visited some of our troops based in Kuwait, part of a robust Gulf posture that includes roughly 50,000 troops, dozens of ships, fighters, bombers, advanced intelligence, surveillance and reconnaissance platforms. We are partnering closely with the Gulf states to boost their capacity in critical areas such as missile defense and counter mining which will help reduce the pressure to sustain these large deployments over the long term. I also visited Incirlik, the Incirlik air base in Turkey where I announced the deployment of the two U.S. patriot missile batteries as part of the NATO effort to try to help protect our Turkish allies against the threat of missiles from Syria.

Even as we have asserted our strong and enduring commitment to the Middle East, we are also renewing and expanding our engagement in the Asia Pacific region. The core of our rebalance is modernizing our existing network of alliances and security partnerships throughout the region and developing new security relations as well. Over the past year, we reached major agreements with Japan to realign our forces and jointly develop Guam as a strategic hub. We've worked to strengthen cooperation with the Republic of Korea in space, in cyberspace, in intelligence.

And we began a new Marine rotational deployment to Australia as well as increased Air Force cooperation. Likewise, we are deepening our engagement and development rotational deployments with allies and partners such as Singapore and the Philippines and expanding our mill to mill dialogue and exchanges with China. We are also enhancing our presence and capabilities in the region. That includes reallocating the naval fleet to achieve in these next few years a 60/40 split between the Pacific and the Atlantic Oceans. Hopefully, we will do that by increasing Army and Marine presence in the region after Iraq and Afghanistan, locating our most advanced aircraft in the Pacific including new deployments of F-22s and the MV-22 Ospreys to Japan and laying the groundwork for the first overseas deployment of the F-35 Joint Strike Fighter to Iwakuni in 2017.

The third element of our strategy is that as we do force projection in the Asia Pacific and in the Middle East, we still have to maintain our global leadership and presence by building innovative partnerships and partner capacity across the globe and using these innovative rotational deployments as a way to do exercises and training with other countries developing their capabilities so that they can help provide for their own security in Latin America, in Africa, in Europe, and elsewhere.

The past decade of war has reinforced the lesson that one of the most effective ways to address long-term security challenges is to help build the capabilities of our allies. We have seen this approach with our counterinsurgency campaigns in Iraq and Afghanistan, and our counterterrorism efforts in Yemen and Somalia. We are expanding our security force assistance to a wider range of partners in order to address a broader range of security challenges in Asia Pacific, in the Middle East, and as I said, in Europe, Africa and Latin America.

To implement this element of the strategy, the services are retaining the security cooperation capabilities we have honed over a decade of war and making investments in regional expertise. For example, through the Army's new regionally aligned brigade structure, they are able to, in fact, engage on a rotational basis to assist other countries. The entire U.S. government is working to make our security cooperation, particularly foreign military sales, more responsive and more effective to cut through the bureaucracy, to cut through the red tape, to be able to provide the assistance that we need to other countries without delay.

We're particularly seeking to boost defense trade with rising powers like Brazil and India. I visited these countries recently to help advance those growing defense partnerships. And Ash Carter has also made an effort in a new joint U.S.-India initiative to boost defense cooperation and trade and streamline our respective export control processes. In order to remain the security partner of choice, the United States must maintain our decisive military edge and adapt to meeting emergency threats.

The fourth element of the new defense strategy is that we must always remain capable of being able to confront and defeat aggression from more than one adversary at a time anywhere, any time. That means if we're engaged in a conflict on the Korean Peninsula and Iran attempts to close the Straits of Hormuz, we must be capable of being able to respond decisively to both locations. With the strategy we've developed, we believe we have that capability. We're maintaining our ability to simultaneously operate in multiple theaters by investing in critical power projection capabilities. Our aircraft carrier fleet, our big deck, amphibious fleet, a new afloat forward staging base, and long-range strike capabilities.

We're also making new investments in the next generation bomber, a next generation tanker that will afford our air forces greater mobility and working every day to put our joint strike fighter program on a firmer footing. To stay ahead of the growing capabilities of potential adversaries, and insure our ability to quickly defeat aggression, we have begun to reexamine our plans in order to insure that we are prepared for the most realistic scenarios for new and unconventional threats and for asymmetric attacks.

We are also refining emerging operational concepts including joint operational access in air/sea battle that will insure our ability to project power in areas where our enemies seek to deny us access.

And the fifth element, the last element of our strategy, is that this cannot just be about cutting back on defense. We must also be able to invest in the future, to protect and prioritize key investments in technology and new capabilities as well as our capacity to grow, to adapt and to mobilize as needed.

Throughout the strategy review, I made clear that this cannot be simply an exercise, a budget exercise, in deciding where we're going to cut. We've made those decisions, we've looked at better efficiencies, we have looked at reductions in force

structure, we have looked at procurement reforms, we have looked at compensation, all of those areas, are part of our budget proposal to try to achieve the \$487 billion in savings.

But if we are to maintain the finest military in the world, finest military force, the finest military power in the world, we have got to invest in priority missions for the future. For example, despite budget reductions, we are expanding our fleet of unmanned systems. This is the future. Including new carrier launch surveillance and strike aircraft. In order to boost priority counterterrorism, and build partner capacity efforts, we're continuing a planned growth in special operations forces which will reach 72,000 by 2017, more than double the number we had on 9/11.

We have protected investments in countering weapons of mass destruction and accelerated testing of mobile air sampling systems and ground sensors for nuclear forensics. And we are significantly increasing our cyber capabilities including our greatest asset, talented, bright manpower. The department has also recently developed new rules of engagement in cyberspace that clarify our mission to defend the nation and will enable us to more quickly respond to cyber threats.

We are also protecting our ability to re-grow and mobilize the force by emphasizing our guard and our reserve readiness, and protecting a strong industrial base. If we face a crisis, if I have to mobilize, the last damn thing I can do is contract that responsibility out to another country. I have got to rely on our industrial security base to be there and be able to respond. (Applause)

These are the five elements of the defense strategy and some of the important steps that we've taken so far to implement it. As a department, we are continuing to refine that strategy, and we will continue to do that, to assess the risk that might prevent us from effectively implementing it. But right now as I speak, I see two principal risks. The first risk is the stress on the force, which is still operating at a very high tempo more than 11 years after September 11th. We are still at war in Afghanistan. We have been on a crisis posture in the Middle East, in North Africa for the past year. And we will continue to maintain a strong presence in that region even as we rebalance to the Asia Pacific area.

Our outstanding men and women, our outstanding men and women in uniform, are the foundation of everything we do. As I've often said, I've got great weapons, I've got great ships, I've got great bombers. None of that is worth a damn without the U.S. men and women in uniform that serve this country. (Applause)

We need to insure, we need to insure, that service members and their families have the support that they have earned in areas like health and education and employment. And they transition back into their communities so that they can be able to go back home and reestablish their ties to their communities. In our budget, we've made a concerted effort to insure the health of the force, the readiness, by protecting operations and maintenance accounts, by keeping the fastest and most flexible weapons platforms, sustaining investment to high quality personnel and research and science and technology.

But nevertheless, there is pressure on the department to retain excess force structure and infrastructure instead of investing in the training and equipment that makes our force agile and flexible and ready. Aircraft, ships, tanks, bases, even those that have outlived their usefulness, have a natural political constituency. Readiness does not. What's more, readiness is too often sacrificed in favor of a larger and less effective force. I am determined to avoid that outcome. Therefore, I've directed that readiness be treated as a strategic imperative for the department and we have launched an initiative to assess and improve our readiness across the board.

Our effort to do everything possible to insure a ready force also explains why we express concerns about what we saw in the House and Senate 2013 Defense Authorization bills. What they did was, in their markups and in the bills that passed each of the Houses, diverted about \$74 billion of what we asked for in savings in our proposed budget to the Congress, and they diverted them to other areas that, frankly, we don't need. The final legislation I know is now being negotiated in conference and we are working. I come from the Congress, I know the Congress, and we will work with our partners there to try to improve it. And I am hopeful that we will ultimately arrive at a bill that allows us to continue implementing the strategy we've designed effectively.

We must make every dollar count, and we must continue to carefully manage the balance, sustaining current operations, being ready to respond to crisis and emerging threats, preparing for future operations and investing in the capabilities of the future. Balancing these needs effectively requires resources and budget stability, which brings me to the second and greatest risk facing this new defense strategy: a political system that is depriving the department of the budget certainty we need in order to plan for the future.

For more than a year, this department has been operating under the shadow of sequestration, this mindless mechanism that was put in place in order to somehow force the Congress to do the right thing. Because of political gridlock, this department still faces the possibility of another round of across the board cuts totaling almost half a trillion dollars that will inflict lasting damage on our national defense and hurt the very men and women who protect this country.

Wherever I visit our troops, wherever I visit our troops, they make clear they're concerned about those cuts. What does it mean for them, and what does it mean for their families? It is unacceptable to me that men and women who put their lives on the line every day in distant lands have to worry about whether those here in Washington can effectively support them.

We're down to the wire now. In these next few days, Congress needs to make the right decision and to avoid the fiscal disaster that awaits us. And my hope is that they will do the right thing and that we will achieve a bipartisan consensus on deficit reduction and the trajectory of defense spending in the future. Otherwise, we will weaken this nation in the minds of our allies, our partners, and our potential adversaries and undermine the work and the sacrifices that our troops are making every single day.

It's easy to get cynical and frustrated in this town. And after 40 years, I know my level of cynicism and frustration. By my confidence and my hope for the future is restored every time I have the opportunity to visit with our troops on the front lines as I did last week. In them I see the spirit of public service that has kept this country strong for more than two centuries and which has helped us to overcome every period of crisis and adversity in our history.

That spirit of public service is also in evidence here at this monument to democracy, the National Press Club. Journalists who commit themselves to doggedly pursuing the truth and telling the everyday stories of American people are public servants in their own right. On my last trip I was honored to be accompanied by Cami McCormick, an award-winning radio reporter for CBS News who three years ago suffered a terrible injury from an IED attack while covering the war in Afghanistan. It was truly an emotional experience to be with her as she returned back to Afghanistan for the first time after that injury. She put her own life at risk in order to tell the story of that war. And in her and so many other war correspondents, we see the highest ideals of democracy upheld.

We will soon unveil a new exhibit outside the Pentagon Press Briefing Room to honor those journalists who've died in the line of duty over the past decade of war. Alongside the more than 6,000 American service members who have paid the ultimate price since September 11th, these journalists died to preserve our democracy and a government of, by and for all people. They are heroes, all of them, and I know they will remain forever in our hearts and minds as we continue the hard work of fighting to build a better and safer and more secure future for our children and for the United States of America. Thank you very much. (Applause)

MS. WERNER: What is your honest position on the attacks of 9/11 of this year, the Benghazi attacks?

SECRETARY PANETTA: The Benghazi attacks, I believe there will be a report coming out tomorrow by the Pickering Group that will obviously present their view of what took place and where the problems were. My sense is that on that day, that when you look at what took place in Benghazi, that as always with these kinds of situations, there's a mix here. But clearly, with regards to one of the facilities involved, a direct attack on that facility.

I think that there's no question that extremists were involved in those attacks, and I think that we were able to try to respond as best we could at the time. We have learned a lot, and we will continue to learn a lot from that incident. I think it's very important for us in an area where our people can be exposed to that kind of threat that we be able to respond and respond quickly in order to make sure that that doesn't happen again.

MS. WERNER: Have you seen the Benghazi ARB and do you support the referral of Mike Vickers for criminal prosecution on basis of leaking classified info to Zero Dark Thirty producers?

SECRETARY PANETTA: You know, that matter is before the IG and I'm not going to comment on it at this time. What was the other question, first part?

MS. WERNER: Have you seen it?

SECRETARY PANETTA: Have I seen?

MS. WERNER: The report, the ARB?

SECRETARY PANETTA: No, I have not.

MS. WERNER: One of the proposed cutbacks in the Defense Department floated in the press was to do away with the service secretaries as being duplicative. Is this suggestion being given serious consideration? And if not, why not?

SECRETARY PANETTA: Well, you know, we obviously continue to look at areas where we can achieve efficiencies at the Department of Defense. And there's no question there is duplication, there is overhead. In a bureaucracy of three million people, there clearly are areas where we can provide greater efficiencies. Bob Gates before me began that effort, achieved, I believe, about \$150 billion in savings, we've added about 60 to 70 billion on top of that in terms of further efficiencies. We'll continue to review where greater efficiencies can be achieved.

And I asked that question when I first became Secretary. You know, what is the role of the service secretary vis-à-vis the service chief? And the reality is that there is an important role for them because they are civilians. Civilians are involved in providing policy in their areas. They also have to negotiate a lot of the politics of Capitol Hill. So, there is an important role for them to play in terms of their particular service.

But having said that, there are a hell of a lot of other places where we can achieve savings in the Pentagon, and we will.

MS. WERNER: As the Defense Department deals with downsizing the services, have you considered cuts to the number of flag and general officers?

SECRETARY PANETTA: You know, again, I think that's part and parcel of-- as you do force reduction, and as I said, we are going to be reducing the force structure in the Army down to 490,000. We'll reduce the Marines as well. And I think as that happens, that they've got to review not just the reductions in our troops but also the reduction in terms of the command structure as well. So, this should be part of the review process as we try to achieve savings in the force reduction.

MS. WERNER: Have you considered making cuts to your staff?

SECRETARY PANETTA: (Laughter) Hell, yes. I don't think there should be anything that is sacrosanct when you've got to face the kind of budget constrictions that we face. I mean, look, I cut almost half a trillion dollars from the defense budget, it's the largest number that we've cut from the defense budget, certainly in the time I've worked on budgets and I've been working on budgets for 40 years. And, you know, in order to achieve those savings, we had to look at every area.

Let me just repeat the areas that you have to look at, and one is efficiencies. You can't get it all out of efficiencies but you sure can get some significant savings in a department that large in cutbacks of unnecessary personnel.

Number two, force structure reductions. Number three, procurement reforms. We've got the whole area of procurement reforms, something that Ash knows very well. The fact is that we've built weapons systems that continue to be delayed, continue to have cost escalation, continue to be added to and the result is by the damn time that these things come out, they've lost their usage because you've already gone on to another new technology. We need to strengthen our procurement practices, and we have. We've also gotten rid of some of the weaponization that's not needed.

And the last area is compensation, which is always a difficult area. The compensation of the Defense Department has grown by 80 percent. I have a healthcare bill at the Defense Department of \$50 billion. I cannot do justice to everything that I've got to maintain in terms of readiness and not try to do cost controls in the compensation area as well. And that's another area where we've recommended savings as well. So everything has to be looked at if you're serious about trying to achieve the kinds of savings that we need to achieve in order to address the budget deficit.

MS. WERNER: There are many wounded warriors in our medical system today and their number is growing. What is being done to insure adequate levels of funding remains in the wounded warrior program?

SECRETARY PANETTA: I mean, I had three guidelines when I looked at having to cut \$487 billion. One was I said we have to maintain the strongest military in the world. Two, that we cannot hollow out the force. We can't just cut across the board. And three, we have to maintain faith with those that have been deployed time and time again. The savings we're going to achieve in compensation we'll apply to the future and we will achieve savings looking at retirement programs as well as healthcare programs for the future.

But the benefits that we have promised those who've served, certainly those that have been wounded, I think we need to stand by. So there are no cuts in the programs that serve our wounded warriors, and we will make sure that they are maintained.
(Applause)

MS. WERNER: Drones are fast becoming a vital part in warfare. Do we have adequate defense against an attack on this Capitol?

SECRETARY PANETTA: Drones?

MS. WERNER: Drones.

SECRETARY PANETTA: When I talked about unmanned systems, the fact is that unmanned systems are increasing in the world that we're involved and the United States is one of the leaders in terms of using drone capability and it's served us very well, particularly in the fight against terrorism. Having said that, we do have to keep track of other countries that decide to get into the UAV business, and they are; Iran, other countries in the Middle East are also beginning to develop that capability. We have got to be able as they do to be able to track where those UAVs are and take steps to insure that particularly when it comes to surveillance that we can do everything possible to try to make sure that they are not capable of surveiling what they're after.

That requires a lot of technology and development, but it is an area that we are focused on in order to protect ourselves in the future.

MS. WERNER: Under what conditions do you anticipate further U.S. involvement in Syria beyond enforcing a no fly zone, and what would the U.S. respond to those conditions?

SECRETARY PANETTA: Well, as you know, the effort has been an international effort to try to bring as much pressure on Syria to get Assad to step down. Our primary effort has been dedicated to three areas. Number one, to try to provide obviously humanitarian relief to the large number of refugees both in Turkey and in Jordan and we are doing that. We're providing significant humanitarian relief to try to assist those who have tried to escape the terrible tragedy in Syria.

Secondly, to try to maintain control over the CBW sites and try to monitor those sites to insure that they do not fall into the wrong hands. And so working with other countries in the region, we are making an effort to monitor that situation and to insure that that does not happen. It's a result of that monitoring that we were able to issue a very clear warning to Syria not to take the step to make use of any of the CBW or there would be serious consequences and we still stand by that statement.

Thirdly, we are helping the opposition. We are not providing any lethal assistance, but we are providing non-lethal help to the opposition to try to develop their capability so that in the event that Assad does come down, we will have identified those leaders who can hopefully provide for a smooth political transition. This is not going to be easy. It requires a strong international effort to insure this is headed in the right direction. It would be helpful, it would be helpful if Russia would participate in the effort to try to insure that there was a smooth political transition.

MS. WERNER: The latest report to Congress on Afghanistan says insurgent attacks increased slightly this year at a time when the U.S. still had 20,000 surge troops on the ground. How can security get better in Afghanistan as those troops leave?

SECRETARY PANETTA: Well, the reality is that in the period that was included there, there was a slight increase in attacks. But the overall numbers, if you look at the entire year, the level of violence is down. It's down by almost 60 percent in Kabul, it's down by almost 50 to 60 percent in other populated areas where we've made the transition. The violence levels are down.

The fact is that the Afghan army, the Afghan police, have gotten much better at providing security in those areas that we've transitioned to. Every one of those major populated areas that have been transitioned is now being secured by the Afghan army and police. And that is the hope for the future. I mean, building up that force is a key to our ability to succeed in this mission for the future.

We're going to continue-- I mean, the Taliban is resilient and they will continue to try to conduct attacks. They'll continue to do IED attacks, they'll continue to try to do high profile assassinations, they'll continue to try to do what they can to draw attention to their efforts. But overall, they are losing. They have not been able to regain any territory that they've lost, and we continue to put pressure on them through both the Afghans and the U.S. presence there.

I think that has been, in my book, the significant turning point in 2011, was that for the first time we saw the transition working, the Afghan army able to do its job and violence going down. And that continues to be the trend.

MS. WERNER: As the former head of the CIA, please explain why General Petraeus was forced to resign rather than a lesser punishment?

SECRETARY PANETTA: (Laughter) You gotta be kidding me. You gotta be kidding me. You know, in this town with that kind of email, do you think he could have survived as director of the CIA? I don't think so.

MS. WERNER: The Pentagon recently censored Navy SEALs for participating with video game developers without permission. But Mark Owen, author of *No Easy Day* about the bin Laden raid, has a best seller. Why hasn't the Pentagon taken any steps since his book went on sale in September?

SECRETARY PANETTA: Let me see that one again. You know, I think on the SEALs, obviously the SEALs have a commitment that if they're going to write a book, they've got to run it past the Pentagon and the SEAL who wrote the book on the events there did not do that. And that violates an oath that he took at the time that he became a SEAL.

With regards to this other author, I'm not sure what the situation was, but he didn't violate that kind of requirement.

MS. WERNER: Israeli leaders have said they may act against Iran if they feel its nuclear program has gone too far. Is the U.S. willing to use its considerable financial leverage with Israel to prevent a unilateral strike?

SECRETARY PANETTA: You know, I think the one thing that both the United States and Israel have come to agreement on is the goal with regards to Iran. Neither country wants an Iran that can develop a nuclear weapon. The United States has made that clear, Israel's made that clear. The real question is how do we continue to bring pressure on Iran not to take that step?

The international community has come together, it's come together in a very effective effort to bring sanctions, to bring diplomatic pressure, economic pressure on Iran to penalize it for its efforts to develop a nuclear capability. And the end result of that is to try to push them to the negotiating table to try to see if we can resolve these issues diplomatically. Even the Prime Minister of Israel has said that when it comes to dealing with Iran, that war ought to be the last option, not the first option, and that we ought to try to exhaust every effort at trying to determine whether or not diplomatically and through negotiations we can resolve this issue.

We are now in that effort, and hopefully that will be the way we resolve it. But please make no mistake. If we determine that they have made the decision to proceed with developing a nuclear weapon, the United States considers that to be a red line.

MS. WERNER: Before I get to the last question, I would like to present you with our traditional NPC coffee mug. It makes making those tough decisions that much easier, and our version of our medallion coin.

SECRETARY PANETTA: I need to give you a coin, otherwise I'll owe you a drink.

MS. WERNER: That's okay, we'll go upstairs. Can you tell us about your golden retriever, Bravo's role in the Osama bin Laden operation?

SECRETARY PANETTA: As some of you know, I'm sorry, but I think it was the *Post* that said he was an Irish setter. And he's just not an Irish setter, he's a golden retriever, although he's red, he's got a deep red which-- great dog, great colors. Sylvie and I think, with Bravo, when I was at our institute, we used to bring Bravo to work with us. So when I came back to these jobs, Sylvia continued to bring Bravo there and I used to bring Bravo back with me. And he used to come to the office when I was CIA director.

And Bravo sat in on almost all of the meetings involving the operation against bin Laden. And you know, to this day he hasn't told a damn soul what happened. (Applause)

MS. WERNER: Thank you for coming today. I'd also like to thank the National Press Club staff including its Journalism Institute and Broadcast Center for organizing today's event. Finally, here's a reminder that you can find more information about the National Press Club on our website, and if you'd like a copy of today's program, please check our website at Press.org. Thank you, and we are adjourned. (Sounds gavel.)

END