



## **Aerospace and Defense Finance Conference**

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### **Introduction**

Thank you for that kind introduction; and, thank you to all the defense industry investors and officials for the opportunity to speak with you today to discuss some issues that I consider to be important to the security of our Nation.

We continue to face a time of uncertainty, with a slowly recovering economy, spirited debates on healthcare reform, and constrained budgets. On national defense, we face an operating environment featuring fragmented and emerging centers of power, influenced by interrelated social, political, and economic interests. Our understanding of this new global order and its attendant challenges continues to evolve, and thus, so do the ways and means that we use to address them. All of these contextual elements inform our efforts, from those of our industry partners who help to equip our brave service members, to those of the government who help to employ our national instruments of power.

Yet, despite these difficulties, this is also a time for opportunities to be realized, but only if we heed our better sense of the possibilities, and not just of the challenges and impediments. The Air Force is carefully considering all of the various elements of this reality, as we make strategic choices to ensure that we continue to provide our distinctive capabilities, carefully and deliberately integrated with those of our Joint, Interagency, and Coalition partners, and which our Nation and Joint teammates need to prevail in conflict – the one on-going, and those that we may face.

### **Enduring Air Force Contributions**

As we assess the many possibilities toward this appropriate balance, we must also take an inventory of our current capabilities. This will allow us to make critical decisions on force recapitalization and modernization, as we



bridge to and grow toward our future force, with carefully considered ways and means to deliver decisive combat effects for our Nation.

The primary enduring contribution of the Air Force is the ability to establish and maintain freedom of action in the air for U.S. and Coalition forces, permitting them to operate with minimum risk of hostile air attack. The increased speed, range, and flexibility that is achieved by our ability to operate in the air and in space also allow us to rapidly project power in response to threats and crises, wherever they may emerge in the world.

While air power cannot win wars on its own, and does not offer boundless strategic potential, some degree of control in the air has become absolutely essential for any reasonable hope of success in modern warfare. The speed, range, and flexibility of air assets, relative to their analogues on the surface, introduce a wide variety of advantages and benefits for friendly forces, whether also in the air; on terra firma; or on, or under, the sea.

As technology continues to progress, and techniques continue to be refined, these advantages become further translated into decisive game-changers, such as rapid global mobility; persistent intelligence, surveillance, and reconnaissance; and long-range, precision strike. And, they enable other capabilities, such as enhanced command and control of air and space assets.

Thus, the demand for Air Force unique capabilities is unlikely to abate; rather, in all probability, it will continue to increase. As we surge our capabilities in Afghanistan, our airlift efforts will continue to build upon the over three million tons of materiel and seven million passengers that have been transported by air since the start of combat operations in Iraq and Afghanistan, surpassing the total during the legendary Operation VITLES of the Berlin Airlift, and Operations DESERT SHIELD and DESERT STORM. This effort includes the delivery of over 4,000 Mine-Resistant Ambush-Protected vehicles to Iraq, as quickly as they were ready to be sent – to save countless American lives. Our “air bridge” will continue to be the backbone of our Nation’s global power projection, as the 32,000 air refueling receivers over the last eight years can attest.



Also, having surged nearly all of our Predator-class unmanned aerial vehicles into Iraq and Afghanistan in the last two years, we will continue to meet the growing need for near-real-time, full-motion, wide-area video of the battlespace. With 39 total combat air patrols currently providing both intelligence and fire support to our ground forces, we have come a very long way since flying only one CAP in 2001. By the end of 2011, that total is likely to be at least 50, adding another 300,000 or so flying hours to the 600,000 hours that we already have amassed.

Our nuclear enterprise continues to make gains, building upon the progress toward institution-wide reinvigoration that we began last year, notwithstanding less-than-desired inspection results last week. Most recently, we activated the Air Force Global Strike Command, which, with an unwavering emphasis on excellence and performance, will be responsible for the safe, precise, and reliable operation of two of our Nation's three nuclear deterrence arms.

And, as the steward of military space for the Defense Department, we have been faithfully maintaining systems that provide critical precision navigation and timing, worldwide secure communications, spacelift, and early missile warning for the Nation. Last year, we conducted 65 space launch missions from nine ranges – supporting both national and commercial requirements – including the monumental 600th launch of an Atlas rocket. With the introduction of our Space-Based Infrared Radar System, we will enhance our Nation's missile warning, missile defense, and battlespace awareness capabilities; and, with the insertion of two Wideband Global SATCOM satellites into operational orbit, we have already doubled the wideband capacity that was provided by the entire legacy Defense Satellite Communications System Phase III constellation, with a third satellite soon on the way to its operating location.

These are but a mere sampling of the capabilities that the Air Force brings, with its unique global perspective and virtually unrivaled ability to traverse the globe and project power with unmatched speed, range, and flexibility.



While these high-tech achievements may be fascinating, they are worth little without the dedication and commitment that our *people* – our Airmen – embody. Being reliable partners to their fellow Army, Navy, and Marine Corps teammates is something that our Airmen take very seriously; so, if the distinctive Air Force capability that they provide requires them to be in the very thick of the fight, you can be assured that highly trained and eminently capable Airmen are there:

- as explosive ordnance disposal and security forces specialists, rendering improvised explosive devices “safe,” and protecting our convoys and Provincial Reconstruction Teams;
- as medical technicians, providing life-saving medical procedures on the battlefield, and overseeing the safe transport of wounded warriors to a main, world-class medical facility, far from the battlefield;
- as Joint terminal air controllers, calling in timely and precise close air support for friendly forces, anywhere they are pinned-down by enemy fire;
- and much, much more, in our broad portfolio of Joint Expeditionary Taskings.

Our Airmen know that, in victory, an Air Force triumph alone is of limited value, and that the truly meaningful wins are those that are garnered with their Joint partners, as a unified team. One need only take stock of their daily efforts to know that they hold this belief with intensity and conviction.

## **International Security Milieu**

Nothing short of this close integration will suffice, for the many ambiguities and nuances in our current international security environment require a thoroughly optimized, thoughtfully balanced Joint force, in order for our Nation to prevail. We no longer have the luxury of dealing with a single rival as we did during the Cold War; rather, we now face the convergence of two paradoxical features of today’s geopolitical landscape: centers of power that are diffuse; and social, political, and economic elements that are increasingly interconnected.



This confluence creates a geopolitical and social landscape of unprecedented complexity, with multiple fledgling superpowers supplanting the two principal global adversaries of the Cold War era – each vying for regional, and perhaps even global, influence. Scholars, analysts, and practitioners now require a broader appreciation for the implications of diplomatic, economic, and military actions, both intrinsically and vis-à-vis one another.

These considerations have been brought further together by increased globalization that has become a lasting feature of our geopolitical milieu, and has been both a boon and a hindrance. Globalization has boosted aggregate productivity while lowering prices, increasing, by and large, the quality of goods and services; and, through exchanges in the global marketplace of ideas, it has bridged cultural, social, and political gaps. But, globalization also has resulted in diseases that spread more rapidly, radical ideologies that have mobilized more readily, and regional crises that menace writ large peace and security more persistently.

The implication is that in today's international security environment, we face much more than mere interstate conflict. Terrorism, insurgencies, ethnic conflict, poverty, disease, state failure, weapons proliferation, and many other transnational issues now demand our collective attention. Failing states and ungoverned spaces no longer threaten only the surrounding region, but rather, they weaken worldwide stability. We face a protracted, irregular struggle, with violent extremists and other irreconcilable actors. And, while the spectrum of warfare continues to have its high and low ends to be sure, the preponderance of threats to our security most likely will be hybrid in nature, and will demand an equally complex repertoire of methods, tools, and tactics of warfare.

Finally, environmental concerns, the availability of fuel and energy, and other cross-cutting challenges that will have significant effects on the development of future capabilities, all require government, military, and industry leaders to consider more than just security strategy in its traditional sense. The challenges that we face as a nation require a whole-of-government approach, with each functional area appreciating the broader ramifications of



their respective decisions and actions. The United States must achieve a fine balance and integration of our national instruments, and those of our international partners, so that collective strength is brought to bear on transnational challenges; and, we must ensure that, to the maximum practicable extent, we address root causes, and not just symptoms – for example, examining the conditions that breed radicalism and extremism, and not just the violent manifestations thereof.

## **Constrained Fiscal Environment and Strategic Choices**

But, the world that I just described certainly is not static. It would be a mistake not to think that we must constantly be vigilant and adaptive. In such a highly dynamic environment, we can expect that the depth and breadth of threats to our security will evolve, accompanied by new requirements to address these challenges. This will require the military Services, both individually and in concert, to determine what methods will meet these emerging requirements. This also means that we will have to continue making very difficult decisions on what each Service will do, what it will not do, and what it would do differently.

In the Air Force, we are asking ourselves these difficult questions, with careful consideration to our enduring contributions vis-à-vis ongoing evaluations in the Quadrennial Defense Review, Nuclear and Space posture reviews, and others. This is especially critical in a zero-sum environment, in which a dollar spent on something that we do not need, is a dollar lost for something that we do.

In short, very little in our current environment can be easily reduced to a simple taxonomy of threats and methods. Our strategic choices will guide how we respond to near-term and longer-term future threats, and are particularly crucial inasmuch as our purchasing power almost certainly will not increase, given other national priorities – economically and politically, both at home and abroad. With inflation, zero growth is effectively a net loss, presenting serious challenges as we maintain an all-volunteer force with increasing personnel



costs, and as we modernize and recapitalize our forces with rising research and development, and operations and maintenance costs.

In terms of what we intend to continue doing, we must ask ourselves how we might optimize our organization, training, and equipping for such undertakings. For example, as vanguards into cyberspace, the Air Force is on the leading edge of providing an entire universe of information technologies that underpins a vast network of command and control, communications, and intelligence, surveillance, and reconnaissance capabilities. To make these capabilities even more robust, and to keep America on the technical edge, while in a fiscal environment of scarce discretionary dollars, we will have to find more efficient ways to develop and sustain the supporting technical infrastructures that are needed to plan, conduct, and evaluate cyber operations.

We also must consider our ability to operate with our international partners. While we need our friends and allies to help us achieve our common objectives, building their capacities will require significant investments and commitment on our part. The exact manner and magnitude of our involvement, and the extent of the capabilities that we provide, will be dependent on our strategic choices, the scope of our partners' specific and legitimate requirements, and our shared security and diplomatic objectives.

Finally, we must also assess cross-cutting methods of force employment. Issues such as manned versus unmanned, and penetrating versus standoff, will be crucial as we develop and field future systems. Based on Joint warfighting needs, we will continue to make difficult choices on where we invest in sustaining current capabilities that bridge us to the future force, and where we will develop new ways and means – all of which must preserve our distinctive role in responding to myriad threats.

## **The Importance of Defense Industry Contributions**

I need not overemphasize to this audience, the amazing synergy that can be achieved between government and industry. It is universally acknowledged that our private sector is abundant with creativity and the innovative spirit that



built this country, and is responsible for the many technological leaps and bounds that continue to shore up our substantial military capability.

But, our aerospace and defense firms must also be agile, able to respond with cutting-edge solutions at “the speed of need.” Now, more than ever, we must leverage our Nation’s brightest, most talented, and most dedicated individuals – in the government and military, and in small and large firms – to challenge the comparably skilled, equally motivated, and highly resilient adversaries who act contrarily to our national interests.

## Conclusion

As our Nation works toward our objectives in Afghanistan, and as we strive to help protect our interests elsewhere in the world, your United States Air Force will remain a stalwart partner on the Joint military team; and, together, as part of the defense establishment, the Services look to our defense and aerospace firms and investors to help equip our Nation’s fighting men and women, and does so by focusing on the needs of the customer, long before satisfying the marketing imperatives of the producer.

The Air Force and industry both have proud histories, and we share a common heritage of revolutionizing American air and space power. Bolstered by the conviction of a few, unrelenting air and space power dreamers and advocates – both in and out of the military – the United States Air Force and the Nation’s private industrial base embarked over 60 years ago on a highly collaborative, highly productive partnership that has greatly benefitted our Nation. I look forward to this continued relationship, in engaging our sharpest minds on many of our Nation’s most vexing challenges – as partners in common cause and as competitors in business, but as purveyors of American ingenuity, industriousness, and inventiveness. We must pick up the pace – all of us – and intensify our efforts in concert, so that we may create our own reality: one that serves the most basic survival interests of Soldiers, Sailors, Airmen, and Marines, rather than merely reacting to it.

My message for you today is simple: I will have less disposable income going forward, I will have to make difficult choices on where to and not to





invest, and I will need our commercial partners to contain some measure of self-interest in producing what they may wish to sell, rather than what we truly need to buy. These comments may strike you as naïve; but, naïve or not, the days of undisciplined appetite for more and more exquisite, better and better tools of war – as desirable as they may be – are rapidly fading. The investors, management, craftsmen, and customers must find a better balance, if the American Armed Forces are to remain the envy of all others, near and far.

I thank you for your time today, and for your continued vital contributions to our national security.