

Remarks at the International Institute for Strategic Studies
Secretary of the Air Force Deborah Lee James
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Thank you very much. Thank you very much, Mark and the IISS for having me here today and thank you for that nice introduction.

I always like to begin with someone running through my somewhat long and varied career. I would like to point out that that is more than 30 years of experience.

Ladies and Gentlemen, it was just a bit more than a week ago today that I was so proud to be able to meet our Air Force graduates graduate from the Air Force academy. I was there with our Commander in Chief, the President of the United States who was the conventional speaker on that day and on that day, of course, we had the opportunity to congratulate the class of 2016, which is among the young people who will become the next generation of Air Force leaders, for those who have chosen to serve our nation in a time that I would argue we need them more so today than ever before and if you just look at that four year period, that four year period where they were at the Air Force Academy and never mind about that. Just look at the two and a half year period and I have been so privileged to serve as the Secretary of the Air Force as I look back over this time frame, it seems to me that almost the whole world seems to have changed in just those few short years and things continue to evolve very rapidly still today.

So what I would like to do, with your indulgence, is cover two topics with you this afternoon. First of all, I want to just go over some of the global threats that not only is our nation facing but obviously our military is facing, our military is countering these threats. I would like to talk about that, particularly what our United States Air Force is doing in response.

Secondly, I want to outline some of the resources that our Air Force needs to meet these challenges as we launch into the future and also even some updates if I may with respect to the congressional action that is very much in play as we speak, related to our budget.

So let's get started with the threats and I'll begin at the beginning with what I consider to be the number one threat we face for national security and that is Russia. So as everyone in this room knows, Russia invaded

the Crimea two years ago and is increasingly flexing its muscles around the world in a variety of locations.

Chief among them, top of the mind for me is what is happening today in Syria. Their continuing [inaudible] has difficulties in Ukraine. They certainly announced and began to modernize their intent to modernize as well as taking action to modernize the nuclear forces and of course, they've also kicked it up a notch when it comes to conventional space and cyber forces as well.

And last month, very famously, it was all over the news, two Russian SU24 jets made multiple closed range, low altitude passes above the USS Donald Cook as it sailed in international waters in the Baltic Sea and of course, an aircraft from Russia also barrel rolled one of our Air Force reconnaissance aircrafts operating in international airspace as well so these sorts of aggressive flight maneuvers are unsafe and they are provocative and they are unprofessional, none of which do I consider on good [inaudible] so that's a big concern with Russia.

On the other side of the world, we are keeping a close eye on some worrisome developments that relate to China. First, China is claiming nearly all of the South China Sea and has built artificial islands on a variety of reefs in the South China Sea in order to bolster those claims and they are militarizing those islands, make no mistake about it.

Meanwhile, the Philippines, Vietnam, Brunei, Indonesia, Singapore, Taiwan and Malaysia all dispute China's claims and this is now before an arm of international legal war. In reality, the South China Sea is an international waterway through which a third of the world's cargo sails which is a really really big deal because of conflict in the South China Sea could disrupt trillions of dollars of annual commerce. Now that's not enough, still on the China front, China is also modernizing its conventional and nuclear capability. They are also modernizing their space and [inaudible] and my other hat, in addition to being Secretary of the Air Force, I am what is called a principal defense space adviser NGOD and so that point on space is particularly concerning for someone like me.

Now these two global powers aren't all. We mustn't forget about Iran. Although on the good news front, the United States, Britain, France, Germany, China and Russia have a nuclear deal now with Iran. Iran continues to act aggressively. It's very capable of conducting destabilizing activities against our regional

friends and allies.

And speaking of destabilizing activities, let's go back one again for a moment, to Asia. We've got Kim Jong Un leading North Korea. This is another big worry to the United States.

This year alone, we've observed nuclear tests, rocket launches, all of which were in defiance, by the way, of UN resolutions. North Korea also reportedly conducted a test on submarine launch ballistic missiles and although many of these tests were deemed a failure, scientists learn, each time that they go through a test of this sort and so although the people in North Korea still to this day reportedly may be on the verge of starving, we believe that North Korean military spending remains strong and that is very very worrisome.

Now topping it all off, worse, is ISIL or as some people call them Daesh and other violent extremist organizations. These groups represent a cancer in the Middle East and beyond. And when I say beyond, I can very well mean places that are very very close to home thanks to the power of modern communications and the ability of people to self-[inaudible] and certainly the despicable act in Orlando this past weekend is top of the line and a reminder to all of us that this kind of thing can happen anywhere.

Now all of these dynamics, these various threats that I just detailed, all of these are coming together at a time when our Air Force is the smallest that we've ever been since our inception as a separate military service, dating all the way back to the year 1947. This is happening at a time when our aircrafts are the oldest they have been in our history so the average today is about 28 years of age but many types of aircrafts are considerably older than that and, yes, some are newer than that.

Our combat air forces today are not, in the eyes of our commanders, sufficiently ready in the case of a high end fight, a fight where the enemy can shoot you down or interfere with you in some substantial way in [inaudible] and we are operating, of course, in a very very tough budget environment so all these dynamics are happening at once.

Now with all of that said, nonetheless, our airmen are stepping up to the plate big time and air power is a major contributor to all operations that we are currently conducting around the globe. For example, air power has helped reassure our European allies in the face of insurgent Russia.

Since 2015, we have upped the ante, we have upped the pace that the NATO Baltic Air Policing to

match the uptake in Russian military air access. Likewise, we sent F-22s to Romania a few months ago to help bolster the overall security of our European allies.

Along with intensifying our play operations in Europe, the increase of what we call European reassurance initiatives will find, next year, the ability of NATO and U.S. forces Europe forces on the eastern side of NATO to approve their presence and their facilities as well as we hope to help deter Russia.

Similarly, air power is bolstering international law and freedom of navigation in the South China Sea. Recently -- most recently we have some A10s and some of our HH60 helicopters [inaudible] for international air space in the vicinity of the [inaudible] which is of course west of the Philippines.

Now these types of missions and others prevent a transparency and safety of movement in international water and air space and represent our commitment to our allies and partner nations and to the Indo-Asia Pacific regions continue stability now and for the generations to come.

Similarly, air power sends a message to North Korea military leaders. This past January, our [inaudible] F15 on a bilateral training mission that highlighted our [inaudible] and commitment to the allies in Japan and South Korea and make no mistake about it, Daesh has felt the might of the U.S. Air Force as well as the joint force, as well as our coalition with literally thousands of air strikes that have been conducted against that and air power is having a civilian effect.

We've been able to identify the strength of each target, especially on Daesh's ability to improve and sustain operations so put simply, you go back two years ago and compare where they are to where they were two years ago when this all started, they have lost significant amount of territory, we have hit their camp command control centers, their training camps, many of their top leaders have been taken out, their sources of revenue have been reduced. Progress is being made on the military front, there is just no question about it but we have to keep on pressing so that we also see projects on the political and the ideological fronts.

This is not a military situation alone. None of these situations around the world are military alone. They require whole new government and coalition approaches and as of Orlando, I just want to underscore strength in our resolve across the board to defeat Daesh on all of these fronts, the military and political and diplomatic and on Iran, again, we found a nuclear deal and if that deal is followed, and I certainly hope it will

be, that's a very very good and important thing but if it's not followed, then it's of course our job as the military to stand ready to provide military options to the president on what to do and of course, air power, I am certain would play a part in that.

So I'll say it again, air power is essential to all that is going on around the world and it is here to stay. We have five core missions in our Air Force. They are what we call air and space superiority, intelligent surveillance and reconnaissance, that's number two.

Number three is rapid global mobility. Four is global strike and five is command and control so those are our five missions and underpinning all of that, underpinning all of that is nuclear deterrence which after all has worked for decades and has helped to give the ultimate peace around the world.

The bottom line is that our commanders are demanding more Air Force across the board and we are delivered but -- here comes the "but," operations and the pace of life is really very much taking a toll on our force.

Now with all that as a backdrop, let me turn my remarks on how this is all playing out for our Air Force [inaudible] as part of the FY17 budget and then also how that could be related to my top three priorities, the things that I work on for our Air Force day in and day out. Those three priorities are: number one, taking care of our people, number two, striking a right balance between what we need for our readiness of today and what we need to modernize that -- and number three, in light of the fact that we are in a very difficult budget environment [inaudible] in the future. We need to make every dollar count. We need to be the most efficient air force possible and we are [inaudible] back to our tax payers.

So the first thing I want to say here is with respect to the ongoing negotiations in Congress is that I certainly very much appreciate the sentiment of those who are trying to alleviate some restraints that we are now feeling as the smallest force, with the oldest aircrafts and operating with some of the readiness concerns.

Although the bipartisan budget agreement, which is what we are operating now does give us a precious and much needed stability for planning, it does leave us a whole billion dollars short vis-à-vis what we think we need in FY17. So it's not perfect but stability is a precious resource here in Washington. So with that said, I just want to indicate my belief that anything that we've underlines, the bipartisan [inaudible] agreement,

whether that's the point of it or not, we do underline that agreement, likely more harm will come.

And so you see, I am concerned, as are many other members of the administration that if this two year bipartisan budget deal would collapse, we can once again merge toward a government shut down and ultimately end up back with sequestration and that would be a really really bad deal. We simply can't afford to go there.

So to me, the key thing here is to have our government work and work efficiently and that means, among other things, that we need to have our bills passed on time and not end up with a long term continuing resolution, which would hinder our operations.

By the way, we've continued to crawl with the repeal of the budget control act to remove the threat of sequestration permanently. Sometimes we get so caught up in the moment and debating the actual FY17 budget that people forget that we will return to sequestration in FY18 unless Congress flips that -- unless Congress passed the [inaudible] until we continued to call upon the Congress please, please do it now, don't wait until the 11th hour.

Our most important budget investment for FY17, without questions happens to be my own priority as well and that relates to people.

So I mentioned earlier that we are the smallest that we have ever been. This is the [inaudible] of them downsizing our Air Force a little bit here and a little bit there for the better part of 25 years so point number, we need to stop that downsizing, which we have and we apparently need to grow our Air Force and we are tending to do that in total [inaudible] way, meaning active duty, National Guard and Reserve.

We are trying to do this and our budget request supports growth in certain key areas and the key beneficiaries of this grown would be the worlds of [inaudible] surveillance and reconnaissance, our cyber force, maintenance across the Board and you need more maintainers when you have older aircrafts and also our very important battlefield airmen. Our battlefield airmen are the world's special operation and we are using that more and more and more.

So these are the areas that we wish to grow. Initially, we are asking Congress for the authority for a modest pay raise for our military and our civilian personnel as well as increased bonuses and robust funding for educational benefits. This is also for our people.

By the way, we believe all these items will get, ultimately, very very big support in Congress. We are continuing to work also very hard to fight sexual assault as well as programs to prevent violence across the board.

We are focusing as well on dignity and respect for all within our Air Force and to put that in another way, focusing on making sure that our units across the Air Force have a good climate. We are looking for ways to improve diversity in our people and flexibility as well so that we can expand the pool of applicants from which we can draw and recruit a new force, a force in the future as well as then be able to retain the important people, the best people for the future.

And by the way, this whole area of flexibility, diversity, trying new personnel types of approaches, this is precisely what Secretary Carter's Force of the Future initiative is all about.

One concern that I just want to highlight in the personnel arena is to prevent all basic [inaudible] for housing which is otherwise known as BAH.

BAH is an important component of military compensation and there is a proposal on the table which we cut BAH for a certain portion of the force. I think the way this would play out if it were to become law is that it would unduly hurt a key component of our military families so this is an example of a disagreement that we have at least with some and we're working hard to try to get it worked out. My second priority is getting the balance right between the readiness that we need for today to be able to fight the wars of today -- the situations of today but also to look at the future -- in terms of readiness, in order to be able to crank those [inaudible] our budget proposal fully funds our [inaudible] to our maximum executable level and by the way, we are fully funding training across the border.

We are investing in weapons systems, sustaining that in a big way. We are investing in upgrading our ranges and we are also investing to ensure that we have combat exercises like red and green flag series that we actually practiced and simulated [inaudible]. The latter two, by the way, the red and green flag, as well as the investment and range upgrades. This is really important to help us up our readiness for the future. Remember, I said, about half of our combat air forces are not sufficiently ready for that high end flight.

Those two investments will help us get there as will the investments in our people. Our budget for FY17

also delays some retirements that we had previously sought for some of our aircraft and of course, we're hinging that on the fact that we are using many of our assets overseas and indeed, we are not proposing any combat related aircraft retirement in '17. In conjunction with ensuring the right number and mix of our manned aircrafts, we are also looking at a number of remotely piloted aircrafts so these are our unmanned systems so we are going to be investing in unmanned systems as well as in additional munitions as well.

All of this goes towards [inaudible]. And once again, we are getting quite [inaudible] in these areas. Now turning to modernization, the budget we submitted to Congress includes ongoing investment [inaudible] and space, cyberspace, ISR and modernization programs. And similarly, over the next five years, we are going to advance on our new generation of combat rescue helicopters.

We are soon going to begin the recapitalization of our joint surveillance target attack radar systems otherwise known as J Stars. This is a battle management command and control as well as ISR platform.

We are also investing, of course, in our top -- in our top three programs, the KC46, F35 and the B-21, all of which will provide capabilities that we believe we are going to need in the future, should we come up against one of these high end flights that I referenced upon.

Now, unfortunately, you can't have it all and I did mention that the bipartisan budget agreement knocked us several billion dollars short. How did we make ends meet? Well it was largely in the modernization route so this is where we have to make some of our tough choices.

So for example, our budget proposal would defer the purchase of some F-35s. We would defer the purchase of some of our C-130Js, which is a more modern transport aircraft. Certain fourth generation aircraft upgrades would get delayed and many many infrastructure improvement projects would simply have to wait.

By the way, when it comes to infrastructure, meaning both new [inaudible] as well as repairing some of the existing structures, we have had reduced budgets in recent years and if we were to get any closure or realignment authority, that sort of would help us down the line.

Now, by the way, none of these choices that I just referenced to you are popular with congress. They are all in play in one way or another so different communities are looking at possibly adding back pieces of what I just said and certainly [inaudible] the least popular of all the proposals that I put forward.

I do think it's fair to say that it's dead yet again but it is something that we need and it is something that will happen [inaudible]. None of these choices with the exception of that are popular with us either but as I said, you can't have everything [inaudible].

And by the way, we also have some controversies that were already proven in Congress with respect to the space launch in B-21 and a handful of other programs.

And my third priority, all replies to our commitment [inaudible] make every dollar count. So I am going to make every dollar count with working initiatives to include streamlined energy usage.

We are taking ideas that come directly to our [inaudible] and we are putting them in place to save money in that regard. We are continuing to march toward the mandate to become audit ready by the end of FY17.

We are going after headquarter spending and we are also required to do sort of -- should cost of savings whereby we budget independent cost testaments and if through the process, we can do better than that, we can recapture some of the differential and [inaudible] state the fact of what it should cost.

It's part of what we typically call acquisition reform. We have been reforming the acquisition system for at least the 30 years that I have been [inaudible] and indeed there are a lot of acquisition reform ideas currently in play in Congress and through the various builds. There are literally hundreds of pages of ideas that we are [inaudible].

Congress basically likes this emphasis of "make every dollar count" and if anything, they say: "Cut faster, go deeper and reform quicker" so again, they like the thrust and there are a lot of additional ideas and we are working through all of those.

So I hope that I convinced you in these few minutes that your Air Force is fully engaged in every region of the world, every mission area, across a full spectrum of military operations.

We are working in a very fiscally constrained environment that is absolutely true, that's why we have to make these tough choices.

But we are continuing to work with Congress to get the bills and ultimately, we'll take care of our airmen and their families as well with your [inaudible]. We will prove our readiness overtime along with modernizing so that we can leave the challenges and we are all very very attuned to the importance of making

every dollar count. So that's a tall order of a lot of different programs, a lot of different policies that are [inaudible] but at least, I would like to conclude by saying that as long as I am privileged to be the Secretary of the Air Force, taking care of Airmen will remain priority one. So I thank you all very much for your attention and will look forward to your questions.

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