

TRANSCRIPT

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THIS IS A RUSH TRANSCRIPT AND MAY CONTAIN ERRORS. USERS ARE ADVISED TO CONSULT THEIR OWN TAPES OR NOTES OF THE SESSION IF ABSOLUTE VERIFICATION OF WORDING IS NEEDED.

Q: You've got 17 percent decline in readiness, by your count. You've got old airplanes. You've got a 40,000-man cut that at the moment is still on the books. I don't know whether that's going to stay or whether that's going to be overtaken by events, but you've got serious modernization, readiness, budget problems. Yet I don't detect a groundswell out there in Congress or the public to come to the rescue of the Air Force. Why do you think the public doesn't seem to be accepting that the Air Force has got problems? What can you do about that? Is it possible that the Air Force is behind the power curve now, that you're so far behind that you really can't catch up and it's inevitable that the strength of the Air Force is going to decline?

A: Let me take your last question or comment first. We can't fail. The country depends on the Air Force on so many levels, whether it's space systems or communication systems or long-range strike or long-range aviation or global reach, whether it's strike or humanitarian assistance or humanitarian relief, so failure is not an option.

The Air Force is a unique entity in the American military because I'm responsible for the President, to the President and the Defense Department, to be able to see anything on the surface of the earth, to be able to watch anything on the surface of the earth whether it's from the atmosphere or from space; to be able to range those activities; to be able to range that spot, that location or those targets; to be able to hold those at risk; to be able to strike those; to be able to command and control that; and to be able to assess that effect all on a global scale. That's what makes an air force different than a navy or an air force different than an army.

I think one of our challenges in this business is that we have such good people in the Air Force, whether they're lieutenants or captains or staff sergeants or tech sergeants, that they make this business look so easy people think it's easy. You guys around this table know different. You know that the world of aviation is inherently dangerous. The world of space is inherently complicated. So the United States Air Force does -- one of our blessings and one of our curses is we make this look so easy that people think it's easy.

I would take a bit of issue with the Congress and the American people. When you have a chance to explain the average age of the inventory and the cost associated with an inventory this old, you immediately get traction on the desire to recapitalize in those areas that really matter to the defense of the country. Again, those are the global vigilance piece which is the ISR, the reconnaissance, the space, and the air-breathing systems; the global strike piece, which is of course your striking fighters, your bombers, your combat rescue helicopters; then a global mobility which is your lift, your tankers, et cetera. So the Congress has been much more helpful over the last couple of years as we look at recapitalization and specifically look at retiring older aircraft to be able to roll the money into the investment accounts, because you're right. The operation and maintenance costs have gone up close to 180 percent over the last ten years operating these old aircraft.

Q: A senior Air Force official--who was unnamed but you surely know--was quoted as saying that "The Air Force needed \$20 billion a year for the next 20 years to get well." I don't think you're getting that kind of support from Congress or the administration, are you?

A: We don't know yet. We're still --

Q: Do you think that's plausible?

A: I think it's a reasonable discussion point. When you look at the inflation rates, when you look at the cost of fuel. When you look at for every \$10 over budgeted fuel, budgeted barrel of jet fuel, it costs us \$616 million a year. Over the last few years we've been operating at about \$20 over the budgeted fuel cost because of limitations. That's a \$1.2 billion bill before you turn the lights on every morning.

So when you look at what does it cost to recap an Air Force and to maintain the global capability, the \$20 billion is a rough gouge to protect the fuel account, the investment accounts, to protect your inflation rates, and to protect the exchange rates. When you look at the cost of people, which has gone up 57 percent or so in the last ten years; and just look at the military construction costs that have gone up. Just the inflationary rates of construction materials. As you look at going out on the market to buy construction

quality steel, concrete, cement or lumber, the cost of those things are going up, whether you're building your own home or whether you're building infrastructure.

So it's not lost on the Congress and surely on the congressional staff and the OSD staff of where we are relative to the top line and being able to get at these challenges.

Q: You've asked for, as I understand it, an anti-satellite vulnerability study. I wanted to, and apparently the LA Times says that presages a change in policy. I don't think you said that. Tell me what you're asking them to look for. And do you really want to take on the cost of anti-satellite weapons?

A: No. Actually what I've asked General Chilton and Air Force Space Command to do is to take a look at post-ASAT shot. Remember this anti-satellite shot was a direct ascent shot from a mobile system. Two things are immediately obvious. One, space is not a sanctuary; and two, now we have a debris field at those orbital altitudes that will be there for at least a decade. Either one of those is a problem.

What I've asked AFSPACE to do is to look at our contributions in space situation awareness to be able to see, to archive, to understand what's out there. Then to look at opportunities in defensive counter-space. And remember when you talk about space it's not just a satellite. It is the satellite, it is the ground station, and it is the links. How do we better secure the ability to operate in space -- whether the ground systems, the links or the birds -- and how do we look at a world now where you have the capability out there from a direct ascent shot to kill a satellite?

I've not asked to go beyond defensive counter-space into anything that would trigger a follow-on policy discussion because I believe anything beyond defensive counter-space now requires a policy discussion and a set of decisions at a higher level than Air Force Space Command or Department of the Air Force. But I think this whole process of this analysis to look at space situation awareness and defensive counter-space in light of a post-ASAT shot will better inform us as to what we need to do with the systems that we've got in train now.

Q: How much jeopardy do you actually, what space systems do you think are most in jeopardy? And do you think is the most urgency to defend?

A: In the altitude band that the ASAT operated is the low earth orbit. Most of the commercial satellites are in that altitude band -- low altitude, or low earth orbiting imagers are in that altitude band, so it's a significant risk to both civilian commercial systems and military systems. And not just US military systems, but others.

Now I haven't gone so far as to say the Chinese will continue to shoot, but I have gone to

the point of saying that this is now a strategically dislocating event. This is no different than when the Russians put Sputnik up in October, 1957.

Q: I talked to the Israelis recently and they said they are now worried about nuclear generated EMPs. The fact that they can blow holes in their missile defenses and they're now backing a bit away from that saying they're going to keep manned aircraft longer and they're going to keep more of them and they want to be able to establish local area networks to still generate missions in intelligence. Do you feel some of the same threats?

A: Absolutely. I've not talked to the Israelis about that, but Secretary Wynne and General Corley and I have spent a lot of time looking at what balance do you take of air-breathing, taskable systems and your space systems to provide the redundancies and the connectivity? You know we're high on Global Hawk. You know we're high on Block 20, Block 30, Block 40 Global Hawk. We're high on looking down the road at a follow-on to the Rivet Joint, to the JSTARS and the AWACS because they ride on 707 airframes. So you hit the point that it is the follow-on discussion to defensive counter-space inside the Air Force, is now how do we mix and partner air-breathing and space systems to provide those redundancies? And yet we've not gone into the world, nor have I asked for anything beyond defensive counter-space.

Q: General, the continuing heavy use of the older fighters in Afghanistan and Iraq and elsewhere, have a [inaudible] of wear and tear effect that has then trickled into the F-35 program where you may need to accelerate that? Or take a new look at the numbers that you requested?

A: That's a great question, too. The wear and tear on the fighters has been significant for the last 16 years because remember, the same fighters we operate right now are the fighters we deployed for Operation Desert Shield, then Desert Storm, then 12 year of no-fly zone -- Northern Watch and Southern Watch, while we did Bosnia and Kosovo, while we've done forward basing in the Pacific and in Europe, now into Afghanistan and Iraq. These are the same tail numbers, whether they're A-10s, whether they're F-15Es, F-16s, or F-15Cs, F-117, that we've operated since then.

We now have two squadrons up of F-22s. We're taking delivery of the airplanes that go to the third squadron which will be up in Alaska. So we're beginning to trickle in on that line of MDS'. That's why we're very very aggressive on holding the line on Joint Strike Fighter. If the Joint Strike Fighter doesn't deliver on the schedule that we're looking at, then we're going to have a serious discussion about having to service life extend the older fighters and that is billions and billions of dollars to service life extend aircraft that are block obsolete right now.

So your question has got a tail to it about the "so what" part of that is if we don't get the

F-22 and the F-35 on-line and in significant numbers we're going to have to have a discussion of service life extension of the F-16s and that's billions and billions of dollars. We're doing that with the A-10 for a different reason. The upgrades on the avionics, the upgrades on the wings, the upgrade on the landing gear and the gun, and to be able to fly the airplane. Then the next step will be the upgraded engine on the A-10 for 356 of them. But to go after a service life extension on the main inventory of your fighters, that's a serious investment in money for an airplane that is already a Gen-4 block obsolete airplane.

Q: If the Air Force is held to 183 F-22s, does that have an effect on the F-35 program?

A: Remember the 183 is a budget decision, not a requirements-driven decision. Every study we've got and everything that we've talked about, even out of the QDR, and all the studies that the domain expert as the Vice Chief inside the JROC and inside the Deputies Working Group takes us to ten squadrons of 24 airplanes which is 240 combat coded airplanes which is back to the 381 total number. That's the real combatant commander, theater operational requirement. The 183 is a budget-driven number and that's where we are. We're looking forward to getting closure on the multi-year procurement on the F-22 so we can get the cost savings that we predicted.

I haven't seen the IDA study yet. I don't know what they're going to come back with. But we went into this thinking we would get a minimum savings of about \$225 million if not more than that, so I'm waiting to see what that looks like.

Q: Obviously it's an imperfect solution, but if you wind up 200 F-22s short of your requirement, could 300 F-35s substitute or --

A: I see what you're saying. If you get less F-22s and more F-35s there's a reasonable answer to that.

Q: Two sets of questions. One on the ASAT test.

What is your assessment of how difficult it would be for the Chinese to take the next step? Meaning to target higher altitude birds, geosynchronous orbit. Some people I talk to say that's not that hard given where they are now. Others say the opposite. I'd be interested in your views. Then I have one other question.

A: David, I think the difference in a LEO bird and GEO bird is a physics problem. It's an energy problem and it's a physics problem. If you can hit something at 500-plus miles in orbit then you can certainly hit something out beyond 20,000 miles. It's just a physics problem.

Q: Give us the sort of, isn't that in some ways an even more worrisome national security threat than --

A: No, I would say killing a satellite, killing another nation's satellite is an act of war. It's no different than sinking a ship or killing an airplane. To be able then to hold an entire constellation at risk, now it creates a whole different set of strategic and operational level challenges. So whether it is in LEO, whether it's highly elliptical or whether it's geosynchronous, the ability to tag one, or others, or constellations, that's what I'm talking about. That's why I've asked for the study from AFSPACE Command to come back and address first situation awareness so we know what's out there; then address defensive counter-space; and then look at how do we secure the links. The bird, the link, and the ground station. And then how do we balance air-breathing and space systems so we have redundancy across the board.

Q: Do you think that's the Chinese goal though -- One would assume that would be, since they went this far --

A: I don't know. You've had to ask them. If you could find the person inside the Chinese leadership that authorized the shot, or the office of responsibility that authorized the shot, you ought to ask them what was the intent of that and what was the audience for that and what's the follow-on to that?

I know what my follow-on is, and that's to get a better idea on what's out there and a better idea on how to secure the bird, the link and the ground station, and to look at the synergies of air and space. But I wouldn't speak for them. I don't know.

Q: A quick shift. On UAV proposals. Give me quickly your, what's been the reception? We've sort of heard from the Army, we've heard from some Members of Congress on it, but what is the reception among other service chiefs and where do you think --

A: Well, you ought to ask them. I've had a reasonably lengthy discussion with the Marine Commandant. You ought to ask him. I've had a reasonably lengthy discussion with the CNO, you ought to ask him. What their staff says or what some people say in an emotional moment may not necessarily be what a service chief thinks.

I wouldn't be so bold to say that all 700,000 people in the Air Force wake up every morning wanting to know what I think. [Laughter]. I'm not in any way tensed up about what some people have said because I believe at the end of the day this is the right way to approach a problem that is growing in capability, it is growing in contribution to the joint fight, and I will tell you from operational experience after commanding these things and being the first wing commander that had them, and being the commander, US Central Command Air Forces for Afghanistan and Iraq, this is about the joint fight.

This is about meeting the joint land, maritime, special ops commanders', component commanders' requirements. This is about meeting a joint force commander's requirements. And remember, we don't fight as an Army or a Navy or an Air Force. We fight as joint components to a joint force commander.

So the first step is to define the requirement. The second step is to meet the requirement in the most combat effective way, the most combat efficient way. Then on the flip side of that is to figure out a way in this town to fund it. What are the streamlining acquisition opportunities, what are the opportunities to avoid duplication or redundancy and not waste money.

So the first priority, the first imperative, is to fight a joint fight. And remember, inside the Marine Corps and the Air Force we have partnered on so many levels as far as bringing Air Force effects, air component effects to bear on a Marine fight. We have Air Force space guys embedded in Anbar Province right now with the Marines to be able to deliver GPS signal and to be able to deliver space effects. We have inside each of these other components, we have our air component commander coordinating elements which are general officers and senior officers living. And remember, inside the Army any given maneuver unit has got airmen, battlefield airmen, living inside that unit -- whether they are combat controllers, terminal air controllers, combat com, combat weather -- to deliver air and space effects to the surface.

So this is no different than close air support. This is no different than the GPS signal that is transmitted across the battlefield 24 hours a day, seven days a week. Just tag the GPS signal. I'll bet most people, I've got one of those things in my wife's car. She doesn't know until I tell her and remind her, that that signal comes off of an Air Force satellite operated by Air Force space operators out in Colorado.

So big picture, that's what this is about. But you ought to ask the service chiefs. Ask them what they think.

Q: You didn't mention the Army, Chief. You said --

A: I have talked to him. I've talked to the previous one. In fact there's a letter here that I wrote in September of last year to Pete Schoomaker who is a dear friend and a good guy, proposing this path. So this is not something that started in March. This is something we have been working on jointly for a long time.

We actually started working on this pre-Bosnia and then into Kosovo. And remember it's Air Force initiatives and Air Force programs that brought us the laser on the UAV, that brought us the big sensor suite on the UAV, that brought us an armed UAV, that brought us the Rover ground station, that brought us the downlinks, that standardized

the ground stations, that standardized the protocols and languages that are forcing into the system the notion of bandwidth, and even remember in another test in December '02, over Christmas '02 we even loaded air-to-air missiles on one of these things and shot at an Iraqi MiG.

So the creativity and being able to deliver a joint effect, I've been at this for a long time and so has the Air Force. So if I sound emotional about this it's because I believe there is a way to fight a joint and coalition fight much more effectively, much more efficiently, and afford these systems.

Then David, you know from being out there we've got Italians we train out there; we've got British representation out there; soon to be Canada; soon to be Australia. You also know that we're about to stand up a wing on the 1st of May. We have 12 squadrons of these things. So the ability to operate on a global scale. I've also asked Europe and the Pacific component commanders to give me the bed-down locations for permanent bed-down of the UAVs in the Pacific and in Southern Command and in Europe.

The Air Force is dead serious about UAVs and dead serious about delivering this effect to the joint force commander.

Long answer.

Q: A quick China follow-up, then I had another question. What is significant about a direct ascent from a mobile system versus a trajectory sent from a fixed system? What's

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A: The mobile system -- Now fast forward. If you are attempting to negate shots on your satellite systems, mobile systems are harder to find. If it's a fixed site then you know where the missile will be fired from.

So fast forward down the road after the policy decision about now do you want to do something about this? A mobile system is in fact mobile so it can be deployed out of country, it can be deployed out into other theaters. And it can be exported and sold.

Now you potentially have a deal that is bigger in scale and bigger in threat and deeper in threat than if it was just a test site like Cape Canaveral or Vandenberg. If this thing is truly mobile, can be deployed, can be exploited, can be sold, and it is a direct ascent shot so it goes from the surface straight to the satellite and hits it, this is a different game.

Q: On the conventional Chinese aviation capability, there's been a lot of attention to their submarines and naval. What improvements has China made --

A: Oh, great question.

Q: -- conventional capabilities, aviation capabilities?

A: They've gone to school on watching the American Air Force through Desert Shield, Desert Storm, Bosnia, Kosovo, all the way up to now. Their long-range aviation is becoming increasingly capable and lethal. They have an AWACS system that's as good as any other AWACS system. They have tankers now that extend the range of their fighters. They have two new fighter classes. One is the new SUCOY that they co-produced, and the other is their 10, their dash-10 --

Q: The J-10, whatever it is.

A: -- which they have now in squadron strength, which looks a whole lot like a EuroFighter, of the same class. So it is a 4.5 Gen fighter, with the SUCOY, with their AWACS, with their tankers, with their extended range, and with their standoff munitions. They're becoming a very very capable, long-range Air Force.

Q: Two or three years ago was that the case? Or have these improvements been made since then?

A: They have been in train now for about a decade. They have been continually improving their capability -- their sensors, their weapons, their access to other technologies. Remember, they do co-produce the new SUCOY inside China. They have modded their existing old airplanes with new radars and new systems and new jammers. And the new dash-10 fighter is a complete, indigenous design now in squadron strength.

Q: You remember the Falcon controversy from a few years ago. Israel wanted to sell them as AWACS-equivalent planes. That was kabashed. So you're saying now they've been able to mitigate or overcome that loss, that sale?

A: And they have an AWACS in operation.

Q: Where did they get it from?

A: They built it. I think it's an IL-76 frame.

So your question is a good one. This is not an idle notion of a country that has just discovered the Wright Brothers' airplane. This is a country that is very serious about extending range and opportunity and capability with their air and space assets.

Q: Versus defensive or oriented just toward Taiwan.

A: That's right. They're becoming a force extension. They're becoming, they are getting the ability to go beyond just a Taiwan scenario.

Q: Have you seen a commensurate rise in their training?

A: We have.

Q: The quality of their training?

A: Quality is a different question. Quantity, yes.

Q: Thank you.

Q: General, you and the Secretary were on the Hill not too long ago talking about "in lieu of's" saying that hey, the Air Force doesn't guard prisoners; the Army guards prisoners; but now we the Air Force are guarding prisoners in Iraq. The suggestion was that the Iraq war is causing a pinch on your forces.

Is that true? Is it getting better or is it getting worse?

A: It is true. We've had over 20,000 airmen assigned into roles outside their AFSCs, their Air Force Specialty Codes.

We don't guard prisoners. We don't even have a prison. I lightly say at times on this question that not only do we not have a prison, but very rarely do we have anybody in prison. [Laughter]. So to take our people and train them to be a detainee guarding entity requires X amount of time away from their normal job, and then X amount of time deployed, and then to get them back.

We do have some of the "in lieu of" tasking, and by the way, the term "in lieu of" tasking is, I'm not a fan of that. In fact I reject that term because that presupposes that United States Air Force airmen have nothing to do, that they're sitting around waiting for somebody to give them something "in lieu of" what they're doing, so I reject that term.

If we can contribute to the joint fight with competencies that we have. Some of our logistics and transportation people are certainly capable of driving. In the Air Force, the way we deploy inside our Air Expeditionary Force template, we know where everyone is. So if you ask me where are all of the drivers in the Air Force, I can go to the A-1 and within X number of minutes if not an hour or two, I can tell you where every driver is in the Air Force. I can tell you their qualifications. I can tell you her or his marital status, education status, deployment history, medical records. I can drag all of that out in

minutes, if not an hour.

The other services don't necessarily have that capability. So when it comes time for the theater to ask for X number of drivers it is fast for the Air Force to be able to respond, and we've done that.

Q: Well, slow down. [Laughter].

A: Well, but again, it's like the UAV thing. We live in a joint world. We live in a military that's at war, and we live in a situation where if we can contribute, sign me up for that. I am less supportive of things outside our competencies because on any given wing, in fact I was at Goodfellow, at San Angelo last week, and that is a training wing. That is one of our training centers. He's got 15 to 20 percent of his wing deployed. The average of our wings is about 25 percent of the wing deployed, and we're still operating the wing. That's your crash and fire rescue that's gone, that's your security forces that are gone, et cetera, et cetera.

Q: Is it getting better or is it getting worse?

A: It is constant.

What we have done, though, is we've drawn some redlines on some of the "in lieu of" tasking to get away from the tasking of our folks that is incredibly outside the competencies.

Q: Give me an example. What do they want you to do that you said forget it, that's ridiculous?

A: We have forward deployed in one case a surgeon. She was a lieutenant colonel surgeon that got to an operating location and after three days someone asked her what do you do? She said I'm a surgeon. They said we don't need a surgeon, can you type? That's one example. We got her back very quickly. [Laughter]. Because we can send a clerk typist or an information technology expert. This is a surgeon.

There are a variety of things out there like that that the communication from the time you receive the task to the time you train, man-up, equip the person, and send it out there, perhaps the situation has changed or she or he arrives into a different setting. Those are the things that are very frustrating. Those are the things that I've drawn other redlines on and said if you want an information technology person, we've got lots of that. If you want a surgeon, we have fewer of those, but surgeons don't have to type.

I don't know if that answers your question.

Q: Can I have a follow-up on that?

A: Yes.

Q: What percentage of casualties in the Air Force have been a result of people doing tasks outside of their [inaudible]?

A: That's a good question. I'll have to get you the exact numbers. But for instance, the last few people killed were explosive ordnance disposal people doing EOD things.

Now they're doing EOD things alongside the Army and the Marine Corps, and in fact most of the EOD tasking or most of the EOD field work is done by Air Force and Navy EOD folks. So those people that were killed were actually doing what we've trained them to do. But we'll have to get DeDe to get you the exact numbers of that.

Q: Hi, General. Please walk us through the current plan for the divestiture of the U-2. I'm familiar with the plan you had in last year's budget request but then there was discussion and that plan was modified.

A: Okay. The U-2, as you all know, was built in the '50s. We have some U-2s, but we also have TR-1s. There's 30-something of them.

Before I answer your question, though, I'll tell you that here over the last couple or three weeks we've had to ground the entire U-2 fleet because we had leaks in the main fuel cell that is the feed tank to the engine. Picture in your mind what a U-2 looks like. It is nothing but fuel and engine and one of our airmen in a space suit. So if you've got leaks in the main sump tank that feeds the engine, adjacent to wiring bundle chafing and arcing, you begin to paint a pretty interesting picture of an old airplane.

So you have arcing inside the airplane next to a hole in the main fuel tank inside the airplane at 60,000 feet plus with our person in a space suit. So we said not a good picture.

So we've gone through and done all that. So that's indicative of the U-2 and the TR-1.

We have said we'll replace these with the Global Hawk and we will. This is the persistence piece of -- It gets back to the air-breathing side of this versus the space side. Global Hawk you can keep up for 30-plus hours. A U-2 you can keep up for 10 or 11 hours because the human is the limit in the U-2. If you keep the human up much longer than that you've got to bring the person back, the pilot, put her or him in a decompression chamber, and decompress them, which you don't have to do that in a

Global Hawk because the computer chip doesn't know whether it needs to be decompressed or not.

The divestiture, though, rests on a program to maintain the signals intelligence capability of the last set of U-2s relative to Korea tasking. So as we go through the divestiture of the U-2 we will hang on to the airplanes that have the SIGINT capability last and we will begin to work our way through the rest of the airplanes to get to that last pocket of capability.

Remember, the U-2 and the Global Hawk are based at Beale, the same place. Last week or the week before I approved a plan to merge the two flying training units for the Global Hawk and the U-2 into one. So the operations of the Global Hawk and the operation of the U-2 now have merged. And remember the NCE, the downlink for the Global Hawk is at Beale. So everything about U-2 operations and Global Hawk operations, the centroid of that is at Beale in Sacramento.

So we will begin to go through these and retire them out so we don't have to worry about a hole in a fuel tank, next to wiring bundles arcing with our person in a space suit at 60,000 feet plus. Not good.

We'll keep the last set of these things as the signals intelligence capability as we begin to mod the others -- the Block 20s, the Block 30s and the Block 40s.

Q: What's the timeline though, sir? I know the original proposal was to have the whole thing retired by the end of FY11. Are we talking now keeping them --

A: What I've asked PACOM and what I've asked now Timbo, Keating and BB Bell, is to tell us what is the measure of signals intelligence that we do not have aboard Global Hawk now, and at what point are they comfortable with the shift from Global Hawk with the new signals intelligence package to the U-2 so we can get rid of it. Whether that's 10 or 11 -- What I don't want to do is walk away from the capability until we have the opportunity to put that on a Global Hawk.

Q: Is it the ASIT SIGINT package that will be on the Block 30 Global Hawks that is when you think you have a capability that's equal to or greater than --

A: That's one. Then there are some others, that we just need to make sure we have the same opportunity with the Global Hawk that we had with these modded U-2s. Does that answer your question?

Q: Yes.

Q: General, thanks a lot. A few weeks ago in talking about making [Inaudible] CSAR-X, Ken Kreisa said it was a timeframe issue more than anything else. When Boeing announced its tanker offer, it said it thought the tanker thing would be based a lot on timeframe as well.

I'm just wondering if you can give me an idea of --

A: You mean delivery schedule?

Q: Delivery schedule and what it will come down to [inaudible] tanker as we go forward. I was wondering if you could walk us through what you see as the most important matrix for your tankers, and also could you as part of that say how it fits into the financial scheme of things? We talked about C-130 Amps or C-130 JBox and things like that.

A: First off, the tanker, we've got the RFPs out, we've got the proposals back. We're looking to review all that this summer, and we're looking probably toward the end of the summer into the fall to get something that looks like source select. We want to take our time with this, but at the end of the day we're building a tanker.

The first priority of replacing the KC-135 tanker -- By the way, when Sputnik was shot in October 1957, in November 1957 we took delivery of the KC-135 that we still fly. November 1957.

So to replace the KC-135Es and the KC-135Rs we want to build a tanker. That's been the operational imperative from the beginning. So cost and schedule and performance, all of that is revolving around delivering an airplane that will transfer fuel, that is a reliable opportunity to project global vigilance, global power and global reach. So we think by the end of the summer, early fall, we'll be into something that looks like source select and we can move on from there.

The money we've got laid in is adequate for what we've got with the program that we know now. Some of you have heard me say this, but as we submitted our POM request this year we submitted it on time and it took 2.2 million man hours to build this POM, to submit to the department inside our fiscal guidance that then is now the President's budget. And inside that two-plus million hours of work the programs are alive and fully funded. So KCX is in there, the helicopter's in there, the satellites are in there, the Joint Strike Fighter's in there, the new bomber's in there, C-130J, F-22, Joint Cargo Aircraft, our UAVs, all of that's in there.

But your question takes us to a different place, and that is the economic order of quantities and deliveries are not as high as they could be, which comes back to your

question about the \$20 billion.

We should be buying the Joint Strike Fighters at 80 to 100. We should be buying the tankers at 25 to 30 or 40. We should be buying these other things in economic order quantities that allow the manufacturers to get at the best delivery price and to get us to recapitalize faster. But inside the existing POM those programs are all alive, we have just scrunched and drawn out the procurement. And if you take the tanker, you've got about 500 tankers not counting the Rivet Joints, the AWACS and the JSTARS all riding on 707 airframes. When you look at that and you divide by what we may end up with is 12 or 13 of these things a year, divide that into 500, that tells you the length of the program that we're talking about here. That's why we're very very very disciplined on getting this program right. The transparencies, the openness, to get this right so we can get on with this after source select.

I don't know if that answered your question.

Q: General, I'm wondering if the number of airstrikes in Iraq is going up and if you could talk a little bit about the Air Force's role as part of the new strategy in --

A: That's a great question. Yes, the strikes are going up. We're flying 400 combat sorties a day. That includes all of the UAVs, it includes the tankers, it includes the intra-theater lift, inter-theater lift, it includes AWACS, JSTARS, it includes the U-2, the global Hawks, it includes all of that. About 400 sorties a day.

Secretary Wynne asked the staff last week to look at which component has had the biggest effect on attrition of [hostiles]. Staff came back and said it looks like the air component is killing bad guys at a higher rate than anyone else.

That gets to your question about the numbers of strike sorties going up and delivering ordnance relative to what General Patreaus, General McNeil, Admiral Fallon, General Odierno, the Marine Commander, what is it they, what do they need in their operational scheme of maneuver and how can you deliver that from the air?

The Air Force flies over 80 percent of the sorties in Operation Iraqi Freedom and Operation Enduring Freedom right now. I would also add we fly 100 percent of the sorties in Operation Noble Eagle. One hundred percent of the sorties in Operation Noble Eagle, which is about 100 fighters a day wrapped up in this, about a dozen tankers and a handful of AWACS.

On top of that you have Iraqi Freedom and Enduring Freedom which is the 400 combat sorties a day and the Air Force flies about 80 percent of all of those in theater.

So yes, the numbers are going up and the effect is significant on what Admiral Fallon has got in mind and what General McNeil and General Patreaus have in mind. And I haven't seen those numbers. I've got anecdotal evidence from the staff that says the air component is the most lethal of the components in wrapping up bad guys. I don't know if that helps.

Q: Those numbers combine Afghanistan and Iraq. Is it possible, have you gotten any breakout of just Iraq from those --

A: We can get that for you. I don't have that with me.

Q: General Moseley, just a point of clarification. Four hundred means nothing if there's no base. What was it about three months ago? Two hundred, 150?

A: Let me get that for you, Tony. We are flying more. We still operate out of 18 airfields, by the way. We have 18 airfields in theater. When I was the commander out there at the peak of OIF and OEF we built 51 airfields and we operated at peak out of 38 airfields. So we're down from 38 down to 18 and of the 18 we have airplanes on 10 bases, so we're operating out of 10 locations.

Q: I guess I meant if you're flying 400 a day, a month ago how many --

A: Order of magnitude difference. I'll get that for you.

Q: Can I get back to the readiness issue? Can you quantify that? Is it, as we've heard from a few folks is [inaudible] readiness?

A: That's right.

Q: Where have you seen the wear and tear specifically on the fleet? Is it worse in some areas? And what's your way ahead?

A: We try to fund, of the four kinds of money -- personnel money, infrastructure money, O&M money, and investment accounts -- we have held as constant as we can the O&M accounts and the infrastructure accounts, but inside the O&M accounts we've taken some risk in flying hours, we've taken some risk in depots. But when you look at the 17 percent degrade of the readiness rates, or if you look at the sorts reports, then you begin to see that you're getting higher failures, higher cost per flying hour, more maintenance action per flying hour, all of the things that are attendant whether you have a '57 Chevrolet or a '57 KC-135. It takes more money and more time to operate.

We're flying about the same flying hours that we were 10 or 15 years ago, but we're doing

it with about 1300 less airplanes. So as your fleet ages and you hold constant the utilization rate on the airplanes, and they're old airplanes and they have a tendency to break or arc and holes get punched in the main fuel cells, then that's where the 17 percent comes from. That's the trend line that is in the wrong direction. That's what we're trying to turn around with asking Congress to allow us to manage our own inventory. Fifteen percent of our inventory is still on congressional restrictions. We're asking to have the restrictions lifted so we can manage the inventory, so we can retire the old airplanes, and you can roll that readiness money on these old airplanes into the investment accounts so you can cross over on the average age.

Q: How much are you looking at, [inaudible] quantified in terms of dollars how much they need each year to [inaudible]? Has the Air Force done that?

A: I'll give you the example for this year. The budget for this year is \$136 billion or so. \$25 billion of that are the pass-through accounts, and you all know what that is. Those are classified accounts, we don't touch that. That gives us about \$110 billion in the baseline budget.

In the two supplementals and the unfunded priority list I've asked for \$45 billion more dollars. If you add the two supplementals up and the unfunded priority list that adds up to about \$45 billion over the \$110. That tells you the magnitude of the problem.

The \$20 billion that we talked about down the road I believe is a useful mark on the wall because it protects the fuel account, the accruals. It protects the inflation rates, the exchange rates, the fuel exchange rates. And I don't think fuel's going to get cheaper, by the way. Then on top of that it lets us roll the money into the deliveries so you can get closer to economic order quantities that make sense. Because you all know and I know, as you reduce the quantities of deliveries, the unit cost goes up and then pretty soon several people are saying see, the cost has gone astronomical, the Air Force is a poor manager of assets, cost is going up, when in fact it's the delivery schedule.

So the \$20 billion addresses I think what you're talking about, but in this year's budget execution I've asked for \$45 billion over the \$110 in the two supplementals and the unfunded priority list. That tells you where we are.

Q: General, what effect does the DoD's robbing the personnel accounts of \$800 million to make up for the supplemental shortfalls have?

A: First off, we lost about a billion dollars out of the supplemental request up front. We had the airplanes stripped out. That was a billion dollars. We've asked to put the airplanes back. The two and one F-35s, the C-130s, the UAVs. That was a billion dollars taken out and moved, arguably for all the right reasons on the surge, to be able to pay for

that. If you hold the top line constant.

So what I've asked for then down the road is to be able to get at more money short term, that's the \$45 billion in the two supplementals and the unfunded priority list, but the \$880 million or close to a billion that comes out of the personnel accounts will come out of the fourth quarter MilPers account which means somebody's going to have to pay us back. That's one of the four pillars of financing through the Comptroller is the personnel account. You have to pay people every day when they come to work. A, it's the right thing to do; B, it's kind of the law. [Laughter].

Q: Paycheck money in other words.

A: Yeah, MilPers account. It is all of that. It is paycheck money, it is PCS moves, it is taking care of people, transient, it's all of that. So that's a billion bucks right out of our MilPers account. But it's fourth quarter. So the Comptroller now has a check that they're going to have to give us back to pay for that as we get closer to the end of the summer.

Q: Do you have any concerns about getting that money back?

A: I don't want to have concerns about getting that money back. It would be a breach of faith to take MilPers money out of a service and then fast forward a couple of quarters and then just say eat it.

Q: A quick question on the sorties. Are you saying that your staff is saying that the air component piece of this whole security plan is, that you're more effective than --

A: No, more lethal. Effective is a different term. As far as numbers of people killed, as far as wrapping up bad guys, and as far as delivering a kinetic effect the air component, which also includes Marine and Navy Air, by the way, is the most lethal of the opponents in doing that. I haven't seen those numbers, I don't know that, but I thought that was a useful observation.

Q: But my question is, I think everybody recognizes the Air Force is an expensive service.

A: But a very effective service.

Q: Very effective.

A: On a global scale.

Q: But nonetheless, you're talking about this \$20 billion a year from a starting point.

How do you begin to frame that debate in Congress, inside the Pentagon, when clearly in the public mind the Air Force is not one of the services which [inaudible].

A: That's a good question. But the people that say that haven't looked at this the way you guys look at it. On a global scale you need a Navy and you need an Air Force to deter and dissuade on a global scale at the strategic level. If you don't have that then you become junior varsity or you become a regional power.

So for the United States military in today's world you have to be able to walk and chew gum at the same time. You have to be able to deploy forces. You have to be able to operate across strategic, operational and tactical levels, 24 hours a day, seven days a week, all at the same time.

If you focus on Al Anbar Province exclusively and miss the discussion on strategic and operational level events, you do yourself no good on a global scale. You therefore do not deter, do not dissuade, and you then therefore put at risk a larger percentage of the force down the road. So a Navy and an Air Force have unique opportunities and unique capabilities. This is not just about land component activities. This is about the American military and what you as a citizen ask of Dr. Gates and the Department of Defense to do every day.

Q: General, can you give us an update on the additional aircraft you need or want as a result of the expansion of the Army and Marines?

A: I have asked two questions of two major commanders. One, General McNab at Air Mobility Command, to look at the impact, take the last mobility capability study, hold that as a baseline, and then extrapolate what we think the Army and Marine Corps growth will do to strategic inter- and intra-theater lift. I've asked him to come back by June with a rough gouge on that.

But when you ask the Marines and the Army what does this look like to you? We're still in the initial phase of are these regimental and brigade combat teams? Is this combat service support? Is this armor? Is this artillery? So a notion of a growth of 90,000 is a mark on the wall, but when you walk that back to see what are the specifics of that, we're still in the discovery phase.

But I've asked General McNab to look at what we think as he gets with his comrades in the army to look at what we think this will do to intra, inter, and strategic lift.

I've also asked General Keys at Air Combat Command to do the same thing relative to the battlefield airmen. Again, remember in every Army unit there lives a cadre of airmen underneath our air support operational squadrons and groups which are the FACs, the

ETACs, the combat controllers. If you grow the regimental or brigade combat teams, what happens to that wing and group structure? How many more people do you need?

Air Combat Command's got that to come back by June. Air Mobility Command has got the lift piece to come back by June.

Q: Do you have any rough estimate at this point?

A: No, I don't. We've talked about the C-17s, we've talked about the C-5s and the C-17s. There's a notion of you probably need more. We've batted around the notion of retiring the 30 C-5s. We've batted around the notion of that. But this is just the opening discussion of the opening round. If you ask George Casey or Jim Conway exactly what does this mean by flags, by units, by equipage, I don't think they're there either.

So good question. We're starting the discussion on the mobility side and the strike side, and the reconnaissance side. Because in this also, as you have these people embedded in the Army maneuver units and the Marine maneuver units this gets back to close air support. It gets back to the UAV connectivity. It gets back to the sensors. It gets back to U-2 and Global Hawk. All the things that we do together in this joint world, whether it's the UAV business or the lift business or the strike or the CAS business, we're together at the point of contact.

Q: General, AFSOC has expressed some frustration over the pace of the CV-22s coming in and haven't been getting --

A: I think we've got six or seven of them.

Q: They're running a little slow, below the schedule. And the life operational testing and the [inaudible] maintainability problems.

Are you getting in the situation where you're going to have problems with the aircraft [inaudible] supposed to replace --

A: The 53?

Q: What is your feeling on the way that program is --

A: All of us would like to deliver faster. I would have liked to deliver the tanker about six or seven years ago. Remember in March of '01 we forwarded a letter to the committee asking to reprogram money to accelerate the tanker AOA. In March of '01. But back to the question here about if the top line is such and you scrunch or you compress the delivery schedule, then everyone would like to deliver faster on F-22, F-35, V-22, C-17,

C-130J. We will have to keep the 53s around until we get the V-22.

The Air Force version of this thing, remember, is a fairly complicated airplane. It's not just a lifting platform, it is an ingress/egress, infill/exfill, special operations capable airplane. It is the follow-on to something that is equally complicated which is the 53 PAVLO. So we've got to get this right.

Rushing to an average solution may not be in the long term what we need to do with this airplane.

Q: Are the 53s running up against any --

A: Of course.

Q: -- Marine Corps --

A: Of course they are. Rotors, engines, clutches, exactly. That's why as soon as we can get the V-22 on board, I'd be more comfortable. Great question.

Q: General, you mentioned you've gone through redlines with "in lieu of" forces. Do you expect the number of "in lieu of" forces going to Iraq and Afghanistan to increase, decrease, or stay the same?

A: As get closer to 316,000 end strength in the Air Force there will be less and less capability for people to do something outside the competencies of the Air Force. And in fact as you get to 316 there will be zero opportunity for people to go out.

Between now and then we are looking at the same way to draw redlines on things that are way outside of our competencies but continue to contribute with the things that are in our competencies.

So in this spike that we're in to 20 brigades, what we have said is we will continue to contribute. But remember in this spike also is a new authority for Army call-up of its Guard and Reserve. So a lot of the drivers, a lot of the people that we have been doing "in lieu of" tasking relative to ground or land component missions now can be mobilized inside the Army Guard and Reserve. That as a baseline takes a lot of the pressure off airmen or sailors doing something outside of their competencies.

You're asking me a question I don't know how to answer it. It's almost an unknown. Will it go up or will it stay the same? It depends on what happens with the surge. It depends on what happens in the spring and early summer in Afghanistan. But the redlines, I believe, are useful for people to understand that I am less prone to be assigning people

to do something that is not their competency. Does that help?

Q: Thanks.

Q: General, you mentioned earlier that you were [inaudible] C-5s and [inaudible]. I wanted to ask you as far as the plan that General McNab outlined regarding that [inaudible] proposal, where is that plan as far as the overall [inaudible]?

A: That's a great question. First let me say, first, we have no money -- comma -- then fill in the rest of the sentence regardless of what it is. Whether it's C-17s or any growth. So any notion of buying something outside the program, there is no money.

What I asked General McNab to do is look at, and he's come back with his 30/30 plan, to look at this being revenue neutral over the FYDP to see if there's not some C-5 RRP capability, RRP money out at the end of the FYDP that could be moved or used somehow to look at this C-17 thing relative to the question here about growth of land component or strategic lift.

We've had several discussions about that. There is no money inside the Air Force program right now to commit to 30 C-17s. Short of giving something up or short of moving money from another program. I do not want to, I will resist taking money out of the tanker; I will resist taking money out of the helicopter or the space systems or the Joint Strike Fighter or the bomber or the C-130J or anything else because the mission area analysis takes us to the numbers and types of MDSes we need.

Remember last year we went through this again. We said if you hold 300 strategic airlifters constant out of the mobility/capability study, and you have a number of C-5s, then 180 C-17s is enough. We got into the notion of we're burning -- now fast forward four or five months. We're burning the C-17s up because we're using them like C-130s. So we put seven C-17s in the unfunded priority list as attrition reserve and BAI to be able to cover the burn rates and the flying hours on the airplane. OSD took us to one, Congress took us back to ten, we ended up with 10.

We also went out in the international market and sold 12. The US Air Force went out and partnered with Australia, Canada, the UK, et cetera, NATO, and sold 12 more airplanes. So that's 22 airplanes that Boeing has now that they did not have this time last year.

Fast forward to this year. Now I don't know what the Army and Marine growth will do. That's what general McNab is going to try to figure out. But I'm still of the opinion that we should retire some of the old aircraft. If you operate the C-5 at 300 hours or 600 or 900 hours a year, there are several off-ramps in there relative to RRP and relative to

strategic reserve capability for airlift. Those are the matrices that play out in General McNab's 30/30 proposal.

But let me come back to my first comment. We have no money. So any notion of additional airplanes will have to come from somewhere else.

Q: Can I follow-up, sir? On the [inaudible] program, there have been some comments [inaudible] one or two [inaudible].

A: I'll tell you as a service chief what I really think about some of this.

At the end of the day we have to get a new helicopter. We're flying HH-60Gs that are limited in range and payload and altitude. They're limited in survivability. If you have to fly the distances that we're flying in Afghanistan and Iraq you've got to put a fuel cell in the back. You put a fuel cell in the back you've got to take the PJ out. You can't put a litter in the back. The HH-60 is unsat in the world that we're operating in.

That's why the Secretary and I moved the combat search and rescue platform to the number two procurement priority for the Air Force because in a joint setting, for you guys that watch us, we are responsible in a theater for combat search and rescue.

One of the quickest rescues during Operation Iraqi Freedom was a Navy crew, had an engine go out on the oldest F-14 in the inventory. Had an engine go out, take the other engine out, the crew jumped out in the middle of bad guy country. From the time the first guy went up the rail, triggered the satellite system, US Air Force satellites pinpointed the location, shot it to the CAOC, the CAOC to the JSRC, helicopters launched. From the time the guy went up the rail until the time the two Navy aviators were in the helicopter was 90 minutes and in a POSAR.

So combat search and rescue is a big deal for people like me. So the notion of continued protests and the notion of continued lawyers and admin and messing with this is not right on the operational side when we're fighting the war. So we need to get on with the program. This is not about lawyers, this is not about companies, this is about operational capability and fielding a capability to go pick up airmen, soldiers, sailors, marines and coalition partners.

So the 25 things the GAO looked at, only one of them they found to be an issue. We've gone back, and I think that was total ops, as I recall. Secretary Wynne asked them to go back and review the other 24. They did and said yep, it's only one. That's where we are. And so we'll let the acquisition system play out.

But remember at the end of the day this is not about lawyers and not about contracts.

This is about fighting this country's wars and this is about picking somebody up at 300 or 400 miles in an opposed area where people just shot you down. So we're going to have to come get you, they just shot you down. They're a little tensed up about this to begin with. We're going to fly in there to pick you up. That's why we need this helicopter.

I get a little emotional about this one too.

Q: The Chinese SU-30 MKK and MKK2, I understand they're getting a new cruise missile. Do you know anything about that cruise missile? And they're working on an air-to-air dogfight missile. Can you say anything about that?

A: I have seen that. They're also working on a missile to hang on their bombers. They're working on a bigger air-to-surface missile, perhaps anti-ship or a penetrating warhead to hang on their bombers. So it is an air-to-air missile in the same class looking at the A-11 of the AIM-9X. I haven't been out flying against it so I don't know what the capabilities are. The air-to-surface missile that they fit on their SUCOYs, probably something like JASSM or JSAU, don't know. Then the bigger missile that they put on their bombers is either both anti-ship or a penetrating round. So that goes back to the notion of these guys have not been resting, the technology has not been resting. They're looking at ways to extend the range and extend the lethality of their air force.

Q: We're out of time. Thanks very much.

END TEXT