

Center for Strategic and International Studies (CSIS)

**Military Strategy Forum: Maintaining Dominant Combat Airpower in
Fiscal Austerity**

Moderator:

David J. Berteau

**Senior Vice President and Director of the International Security
Program
CSIS**

Speaker:

**General Mike Hostage
Commander, Air Combat Command
United States Air Force**

Date: Friday, November 30, 2012

Time: 9:00 a.m. EST

**Location: B1 Conference Room
Center for Strategic and International Studies
1800 K Street, NW
Washington DC, 20006**

*Transcript by
Federal News Service
Washington, D.C.*

DAVID J. BERTEAU: Ladies and gentlemen, good morning.

Mic is on before brain is on; that's always a bad sign.

On behalf of Dr. John Hamre, the president and CEO of the Center for Strategic and International Studies, it's my pleasure to welcome to you to the latest in series of national security military strategy forum.

My name's David Berteau; I'm the director of the International Security Program here and run the Military Strategy Forum with a lot of assistance.

I want to also extend a welcome to our viewers on the web this morning. Thank you for joining us.

This series is designed to provide a venue for defense and national security leaders – we used to call them “senior leaders,” but then it turned out there were too many senior leaders, so now we're just going to focus on national security leaders – to communicate and inform the public on critical national security challenges of the day and of our time.

And at CSIS, we're pleased to have run this series now for nearly a decade. I want to thank our underwriters for this program, who make it possible for this program: Rolls Royce North America. They sponsored this series from its inception. Without their support, it wouldn't be possible. So thank you, Steve. And thanks to Rolls Royce North America today.

I have a couple of administrative remarks before we bring up our featured speaker. I'd ask you in the room to silence your phones and other electronic devices. If you're typing notes on a keyboard, be mindful of the noise and interference that you might create for your neighbors and please relocate if your keyboard's too noisy.

So here's how we're going to proceed this morning: I will introduce our speaker; he's going to provide his remarks. He'll then join me in the chairs here on the stage and we'll continue the discussion for a bit – cover some of the topics, expand a little bit perhaps on some of the key points that he raised.

In the meantime, we're asking you to think of and write down your questions. You all had the opportunity to pick up note cards. If you don't have one, raise your hand. The staff will bring you note cards. If you use up the ones that you have, raise your hand; we have an extra supply. There's a Staples right down the block, so we never run out. And write them down. When you're ready, pick them up. We'll pick them up. Raise your hand and we'll pick them up. While we're speaking, it's OK, because the muse will only hit you in certain ways, and write them all down.

We're going to collect all of them in order to maximize the number of questions that we get in. And our questions – our questioners this morning will be the Honorable

Kim Wincup, who's a senior adviser here at CSIS and a former assistance secretary to the Air Force and the Army – not simultaneously, although that would raise joint-ness to a new level; and Nate Freier, a senior fellow here in the International Security Program. So we'll take care of all of that and that way, we'll get all your questions answered and maximize the time we have available.

Let me turn now to our featured speaker this morning – for this morning's session: General Mike Hostage. He's commander of the Air Force's Air Combat Command. I'm pleased to note that this is the first time we've an Air Force MAJCOM speaker in the military strategy forum series. It will not be the last. It's been a neglected area and we're going to take care of that, but he's going to be the first beneficiary of that.

He's been ACC commander now for about 15 months. Prior to that, he was what I consider to be one of the ACC's most important customers, which is the Air Force Central Command. He's a graduate of Duke University, which is more famous for the other ACC. And he probably follows that as well, I suspect, from down there. He's had a sterling Air Force career, including flying missions and operations all the way from Desert Shield to New Dawn.

He was once a student I gave in a lecture at the National Security Management Course in the National Securities Studies Program at Syracuse University. Although, probably neither he nor I actually remember that lecture. There were a couple of rowdy naval aviators in the group and they tended to dominate the scene in a way that is memorable – more memorable than anything I would have had to say about budgets or base closures or whatever it was.

He's had tours across the U.S. and the Pacific, as well as CENTCOM, putting him, really, in good position to play a critical role as we implement the new strategic guidance for the Department of Defense. So it's our privilege here to welcome him this morning and have him here. Please join me in welcoming General Mike Hostage. (Applause.)

GENERAL MIKE HOSTAGE: Well, good morning. I'm pleased at the – to be here to speak. I'm happy to know I'm the first MAJCOM commander, so I'm setting the baseline. I can set it as low as possible for my compatriots to follow.

I'm really looking forward to the questions, so I'm going to speak for 15, 20 minutes to try to stir up some thoughts and then look forward to your questions and taking the dialogue where you're more interested to go.

As was mentioned, I'm a MAJCOM commander. A fundamental purpose of the Air Combat Command Major Command is to organize, train and equip combat forces to provide them for the combatant commanders forward. Now, my previous job 15 months ago was to be that consumer. I was over there in the Middle East worried about nothing other than using operational forces to achieve the nation's objectives at that particular time in the CENTCOM arena.

If I needed something, I just called my – the guy I replaced, General Fraser – and said, hey, I need this; I need it on Tuesday. And I hung up the phone with complete and utter confidence I'd get what I needed when I needed it. Now I'm the guy on the other end of the phoning going, what; when? OK.

I talk about that, because we – our Air Force, really, our Department of Defense has providing tremendous operational power for two decades now at a pretty furious rate. Our Air Force has been using our hours and our personnel and our forces in an ops tempo that has had a pretty dramatic effect on the health and the age of the force. We now have about the most highly experience – in terms of combat and operational employment – the most experienced force we've had in a very, very long time. So this is a very professional force with a very long tenure. In other words, this professional military is not cycling out on a routine basis, as we were in the Southeast Asia days. So we retain a lot of that combat experience.

I've got youngsters who have been in 10, 12 years who know nothing but operational employment. They cycle to and fro on a regular basis, taking their – taking their stateside CONUS-based training skills and applying them on a regular basis. My first 16 years in the Air Force – I didn't fly an – I flew one operational mission in the first 16 years. And that was fly out over the Yellow Sea and chase a Russia Badger who was doing a transit up and down the coast. That was it; one mission in 16 years.

I can remember having just morose discussions with my compatriots about training and flying a 20-year career and never seeing an operational mission. From that 16-year point on, that's all it's been is operations. So our Air Force has significantly changed in the time that I've been around.

I talk a lot about, you know, kind of the baseline of the 1980s – early 1980s. We were a garrison force of about 700,000, a mix of 80 percent active, 20 percent ARC – ARC being an aggregate of the Air National Guard and the Air Force Reserve. Today we're just a little bit more than half of that – 330,000. All right, I guess math in public – a little bit less than half of that, 330,000. We are 55 percent active, 45 percent ARC.

In 1980 we were a garrison force. We were facing the Soviet Union across the Fulda Gap, staring them down. And fundamentally, we were not moving the force about very much. We were not – we were built to be expeditionary, but we weren't in an expeditionary ops tempo.

I can remember in my first F-16 assignment I was in a squadron about two years and eight months. In that timeframe, there was one deployment where we were – other than going to a red flag or to a sister base somewhere in the CONUS for a week or two of training – there was one deployment where we were going to take 12 airplanes and go overseas to a contingency base and actually work with some allies for a period of time. We were fighting like dogs to get on the list to go on that trip, because if you missed that trip, you're probably not going to see one in your assignment.

Today, these kids know, six months from now I'm going; I'll get back six months after that. And a year later, before I go off for my next assignment, there'll be another rotation and I may or may not go on that one – depending upon on how the manning in the squadron comes up.

We have gone from a garrison force to a highly expeditionary, high ops tempo force. At the same time, reduced in size and that ratio of active to ARC has changed significantly. The relevance of that is the bulk of the rotation falls on the active component, because they're the ones that I can make go do this.

Now, I've got to tell you, our ARC has done a tremendous amount of support of this rotational requirement. They've been volunteering for 15 (percent) to 20 percent of the requirement for a decade now. The key is they've been volunteering. Voluntarily taking time off from work. Their employers have been letting them go and letting them come back. But we are to a point now where this ops tempo is driving us to where we cannot meet the requirements all the time with our active force. We have to have the reserve force.

So if we mobilize, that's expensive. You no longer get the benefit of a reserve force. And inactive reserve force is quite a bit cheaper than an active force, but when you mobilize or activate that reserve force, you're actually paying a little more, because you've got to spin them up to get them ready, then for the period they're employed, they cost as much as an active force. Then you DMO them when they come back and then you lose their use until they're through their DMO period. So here we are in the high-ops tempo world using a much smaller force to achieve our force presence overseas.

Another dynamic: Back in the early '80s, we were much more well dispersed overseas in terms of forward presence. We had 13 bases in Europe. We're down to three now – 13 air bases in Europe down to three. Similar reduction of footprint in the Pacific. Yet, the requirement for force presence hasn't changed. As a matter of fact, if anything, it's gone up as the world's gotten a little bit – well, less polarized to the construct of the '80s where it was two superpowers staring at each other. Now it's kind of a series of power centers across the planet.

I don't see that operations tempo changing any time in the near future. Now, we have been in the midst of Iraqi Freedom, Enduring Freedom, Southern Watch, Northern Watch, Desert Shield, Desert Storm and OUP – Horn of Africa. All kinds of things. And on the near horizon, I think there's a sense that well, in 2014 when we bring the Afghanistan operation, Enduring Freedom, to an end, ops tempo will settle out. But the fact of the matter is, with the reduce forward – permanent forward presence, and the requirement for forces forward, we are going to continue this ops tempo of sending forces forward just to do the theater-presence missions that we do during phase zero ops.

We do continuous – two different continuous rotation in the Pacific today. We do rotations into Europe; we do counter drug and intelligence surveillance reconnaissance

mission in the SOUTHCOM region. And we have TSP – theater security presence – rotations already in the CENTCOM arena over and above the OEF requirement, because there is a force presence requirement in that arena to provide the stability and security that we believe that needs to be there. That’s going to be – that’s going to be required, not matter whether we’re in phase zero or something else. And we don’t have permanent presence there, so the only way we’re going to provide it is through that rotational capacity. So that’s one sad sob story.

When I came back from the desert, I had about five weeks before I took over my job and I had a great time going around the Pentagon with a visitor’s badge kind of showing all my friends who were slaving away in the building that, hey, I’m just here visiting. How are things? But I’d been two years over in the Middle East, really focused on operations. And for two years, the Air Force had been changing. There had been dynamics back here in the CONUS and inside the Beltway that I really wasn’t paying a lot of attention to, so I was kind of trying to get back up to speed.

The predominant thing I heard about in the building – everybody’s life was touched by the fiscal crisis, by the deficit, by the – about the time they were working through the BCA – the Budget Control Act and the 487 billion (dollar) cut that that entails. At the time, the supercommittee was in its heyday – or actually, it was being formulated, based on the need to raise the debt ceiling. And so the looming discussion of the sequestration really didn’t come about until Thanksgiving when the thing – when they came back with nothing. But the fundamental tone and tenor of the building was fiscal challenge.

Now, you’ve heard numerous speeches by our senior-most leadership about this – the deficit. I’ve got to tell you, I believe the deficit’s probably the most important threat we face at the moment. It’s the – I don’t see it as al-Qaida; I don’t see it as any one of a number of interesting actors around the planet. The single thing that threatens this country the most, I believe, is our fiscal challenge.

That said, there are going to be hard decisions that have be made in order to deal with that challenge. And I think it’s unreasonable to expect that Defense is not going to participate. Right now we face sequester, because a budget committee didn’t come back with their 1.2 trillion (dollars). Whether sequestration happens or not, hard decisions have to be made and I think that Defense has got to participate. So I expect that we’re going to see more cuts to defense. It’s just – they’re just – the problem is too – you can take the entire Defense budget, cut it to zero, and that would not solve the fiscal crisis that we face. So Defense has got to participate, but it is not the answer to the crisis. It is going to be a broader, national requirement to deal with that issue.

But as a good steward of the military resource the nation is putting forward, I feel like my responsibility is to take whatever amount the nation is able to and willing to allocate to Defense and return the most operational capability I can for that. That’s my job: organize, train and equip operational combat forces – non-nuclear combat forces – to provide for the combatant commanders. Now, I know how to do that. I mean, I’ve

been doing this long enough that I have a pretty good feel for how to build, how to organize, how to train the forces to make them ready. But there's a dynamic that's influencing how we do this that's very troublesome.

Our process tends to be egalitarian. We tend to do peanut butter spreads, salami slices – cuts where we take a little bit from everybody so everybody participates. The problem – and that's – that's probably OK if in 1980 you had this large force and you were going to reduce it by a certain amount and you're in a static situation, taking a slice off everything, maybe you can live with that. But as the force gets smaller, at some point you have to start making very hard choices about what is most important, what is pretty important and what is kind of important. Now, I like it in terms of what is mission critical; what must be done; we'll die trying to make this happen; what are the things we ought to do; and then what are things we'd like to do as good professional military folks getting the mission done?

Right now, I can't do all of that. What I have to ensure is that as I pare down – based on the fiscal authority we're given – this, the most important, have to get done to the exclusion of anything else. I have to get the most mission critical done. Then I ought to get as much of the ought-to-do done as I can do. And then if I have to attrit, I'll attrit the things that I'd like to do, but are things that I view as the least critical. So you take the least critical – the things I'd like to do – it still has value; it still has worth. I still believe it's something I ought to do if able, but I can't do it and I'm willing to give it up.

I believe that's the mindset we have to take as we move forward in saying we're going to take this amount of fiscal authority for defense, going to change it to this. Give me combat power. I need to give you the most that I can give you. And if it was just purely good management business decisions, good leadership decisions to build combat power, then this would be a short conversation, but it's not, because there's a dynamic of politics that won't allow me to necessarily do the things that I would like to do.

Ideally, I'm focused on the national strategy. The new national strategy says pivot to the Pacific. We're going to make sure that we're visible, present and counted in the Pacific arena. At the same time, we have an overriding strategic national interest in the stability and security of the Middle East. We are not taking our eye off that ball.

I just came back from the Middle East – over there visiting with the senior leadership that I worked with for two years – trying to reassure them that we are not leaving. We are changing our footprint. We're changing our, you know, kind of our set over there. We made a promise that, well, once we were done we would stop combat operations and we reduce, but we are not leaving the Middle East. So this pivot to the Middle East is not an abandonment of the Middle East. It is recognition that the fundamental dynamics of a billion-and-a-half Chinese and nearly a billion Indians, that is a lot of people; that's a significant portion of this planet. The need for resources and the competition for those resources over the next century is going to make the Pacific, you know, fundamentally the place that – the engine that drives this planet. And that we as a nation, as a Pacific nation, have a role to play in how that plays out. And we need to be

visible, present and counted as other members of the Pacific community try to assert themselves and achieve this competition for resources.

So ideally I would take this reduced fiscal authority and I would pare the force down to what it takes to be effective for this new national strategy and business is done. Well, I'm getting specific guidance about what I can keep, what I can't keep, how I posture this force – whether it's active, whether it's ARC – and it's fundamentally affecting my ability to produce optimum combat power. I'll still produce effective combat power, but I don't believe I'll produce as much of it or as effective combat power if I have to hollow it out, versus if I can make it the size that authority renders possible, and then make that the most operationally effective it can be, optimizing for military – based on the military decisions I need to make about the force.

The guidance I got for FY '13 was don't cut military personnel, don't cut force structure, but figure out how to take an X percent cut. Well, the only thing left to cut is operations and maintenance, flying hours, base operating – all those things that make the force viable, healthy, resourced and ready to go. There's a significant element of enthusiasm or moral or impact on your force when you tell them, go out there and do more, but I'm going to give you less to do it with. Now, that phrase, “do more with less,” I believe is the battle cry of the hollow force. And if there's one thing that I'll stake my – the rest of my career on is we cannot hollow the force. That would be the worst possible thing we could do to ourselves, because as that force gets smaller, hollowness becomes really critical – really dangerous to us, especially in a world where we're in a high-ops tempo. We are constantly turning this force. That's when that force needs to be robust, healthy, resourced and able to do what it is you're asking them to do.

Just one quick vignette and then I'll stop and we'll go to questions: I can remember vividly heading off to Desert Shield/Desert Storm. What was Desert Shield turned in Desert Storm. I blindly told my wife, yeah, I'll be back in about three weeks, I think. (Laughter.) We left on the 7th of August; I came back about 11 months later. But when we left, we took 24 F-15s from Langley in my squadron and off we went. And then shortly thereafter, the other – one of our three squadrons there brought their 24 airplanes over. The third squadron that was left had about 15 airplanes left. We had taken all the senior maintenance personnel. We had taken a lot of the senior pilots, because none of our squadrons were fully resourced with either maintainers or pilots or parts for the airplanes. And we took the healthiest airplanes from across the fleet and those were the ones that went.

So the third squadron that was left was really not capable doing much. They were able to put up two to four lines a day for the time we were gone. People kept showing up from the training unit, as new arrivals to the wing, but they arrived to the only squadron that was there that had two to four airplanes a day to fly. So by the end of the war, they had 60 pilots; they had four lines a day to fly. Nobody was getting much fly. It was a miserable place to be. I really felt bad for those guys – not bad enough to trade places, but I felt bad for them.

The fundamental fact was, that was a measure of hollowness – that was a leftover from the ‘80s. We were hollow back then, but we got away with it, because we were a static garrison force and we weren’t turning an op tempo that would expose that hollowness. Today, we can’t afford to be in a similar situation. Yet, in order to get squadrons to go on deployments, we are basically homogenizing the fleet across the wing to get healthy airplanes to go, moving people from squadrons to build up (UTTs ?) and these (TC’s ?) to send them to go. I would much rather have a wing with – instead of three partially resourced squadrons, I’d rather have a wing with two fully resourced squadrons with the parts, the people and the training that they need to be effective so I can send one this way; I can send one that way and know that I’ve got operationally effective capability.

I’ll take a smaller, capable force over a larger hollow force. That’s the fundamental dynamic I’m looking for. And that’s really what I’ve kind of staked as an objective for Air Combat Command over – as we go through this uncertain future is we’re going to fight every which way we can to avoid hollowing the force. And I believe we can accept a smaller force. We’ll have less places we can go, but wherever we go, we’ll be so thoroughly effective that I think we can do what the nation needs us to do. We’ll just need to, as a nation, be careful about how many things we get involved in, because we won’t have the volume of force that we’ve had in the past.

All right. With that, I look forward to your questions. Thanks.

MR. BERTEAU: All right. Thank you, sir. (Applause.)

Let me ask a logistical question: Do we have somebody who’s going to remove the podium here? Nat, can you guys get that podium out of the way here, because otherwise it’ll run into the – it’ll block our view of the important part of the audience over here.

General, that was a good quick tour, if you will. It sparked a couple dozen topics that we could expand on a little bit here. And I think what I’d like to do is chat with you a little bit about some of those.

That looks like it’ll work fine. Thank you, gentlemen. It’s really outstanding to have such an excellent, professional logistics team in your support here. Thanks.

You know, you’ve got almost – with the Air Combat Command – a unique organization, if you will. It’s certainly, as a force provider, it has both a breadth and a depth of responsibilities that none of the other services have an equivalent, really, to Air Combat Command. And even inside the Air Force, in many ways, you’re unique. That puts you in a kind of a tough spot, though, because you now have requirements across all of the issues that are in the strategic guidance from responding to violent extremists to rebalancing to Asia to sustaining and supporting the Middle East to whatever we’re evolving to in Europe.

How do you wrestle with the tradeoffs among those categories and how are you addressing all four of those?

GEN. HOSTAGE: Well, that's about a five-hour discussion.

MR. BERTEAU: Yeah, it probably is.

GEN. HOSTAGE: Let me just talk about the mechanism that I have – that I'm very excited about. This will sound new, because it's new terminology. It's what we in the Air Force do. We come up with new names for things that confuse the innocent.

We're now doing something called core function master planning. We have broken down the core functions that we as an Air Force produce. There are 12 of them – we actually created 13th, because we broke education and training as a specific core function, because that really – that is pretty critical. But there are fundamentally 12 core functions that we – of capability and things that we do as a force, five of which are in the domain of Air Combat Command: global precision attack, command and control, air superiority, global ISR and personnel recovery.

Again, Air Combat Command is responsible for all non-nuclear combat forces. That's fighter forces, non-nuclear bombers. Our ground JTACs – ground combat forces, the tactical control system that they work. ISR – big-wing ISR, air-breathing ISR-type platforms. Anything that's combat forces, non-nuclear. So we look at the national strategy, what is the range of capabilities that are required to execute that national strategy. And then the national military strategy, specifically from what we as the Air Force produce. Then within those core functions, what are the capabilities that the combatant commanders are looking for that fall in the bucket of those five, core functions?

Now, I am what's – it's a new term: CFLI – Core Function Lead Integrator. They have picked for each of the core functions, one senior leader who looks across the Air Force enterprise – so it's beyond the ACC in terms of for those five core functions, I look across the whole Air Force enterprise and say, in terms of Air superiority, what is the panoply of things that we're going to do? How are we going to do them? How do they fit together? What's the right ratio to produce air superiority, because that is one of the core functions that we produce? So I build this core-function master plan. Then I build a PALM input that reflects that intricate plan.

Now, I take that core function – each one of my five plans – to the air staff and say, all right. Here's air superiority. You gave me this much; here's what I can produce for that. They look across the core functions and say, well, what level of risk are we running in this core function; what level of risk in this? Then based on their judgment, are we over or under risk? If we're taking too much risk in one to another, then it's I want to trade resources from one core function to another. Those two core function master plan lead integrators – the one that's losing goes back and figures how to reduce his or her portfolio by that amount, doing the least damage to the capability they're

producing. The other one's figuring out how to get the most out of what's added to it. From there, the air staff assembles those PALM inputs and sends it forward.

So I take an enterprised look at those core functions that are just fundamental to what Air Combat Command does. And I take a look at what are the combatant commanders going to use? So I specifically get a message from all the CFACC – Combined Force Air Component Commanders – of each of the theaters and say – they give me a message every six months that says, here's my plan. Here are my plans; here are the forces I'm going to need in those plans. And then the last two pages of that message are, here's how I'm going to use each one of those weapons system. Now I make sure that each one of my weapons systems are training and prioritizing their training to exactly hit those things that are most important to the combatant commanders.

What I find is that F-16 guys love to fly air to air, because the airplane is magnificent, is really capable and it's really fun to fly in air to air. There isn't a CFACC out there that's going to use them in that role. So I have to go out and tell them, hey, don't waste your time and energy flying the airplane in an air-to-air role. I want you to train to the mission sets that you're going to be tested. That doesn't mean they don't fly any air to air, but I try to make sure that they prioritize the things that they're going to be most likely to use. So the core function is designed to look at the war plans to make sure we're resourced and organized to get at those plans. Then from a training standpoint – which is part of my organize, train and equip – I make sure that we're training to the specific task that we're being asked for.

MR. BERTEAU: That's a very thorough description. We love that here from a think-tank perspective, because you know, when we get the strategic guidance last January, we kind of eagerly await – because the secretary and the president told us this – that it was going to line up with the budget when the budget was submitted. It's a struggle sometimes to reconcile the priorities in the strategic guidance with the actuality of the budget. It sounds like, at least internally, you've got a mechanism for wrestling with that, although on a lot of issues, we'll punt it into FY '14 and beyond.

GEN. HOSTAGE: Well, the nature of our system is driven by the one-year budget cycle. That's where Congress's fundamental power emanates from that one-year budget cycle. We're – that's the way of life; we're not going to change that.

MR. BERTEAU: Well, I want to follow that a little bit. I mean, you mentioned what very clearly, all of us know, which is the deficit and the way in which we're going to deal with the deficit may be the largest national security challenge we face – both globally from an American economy and civilization point of view, but also from the mechanisms of the department.

One of the – and you also mentioned how you were off fighting wars for awhile and you come back and you've got to kind of recalibrate yourself inside the ways of the Pentagon. One of the things that's been lacking a lot over the last decade, really, is the regular application of our fiscally disciplined programming process, because we've had a

lot of supplementals that would help us deal with whatever we couldn't fit in the PALM. We really focused more than ever on an annual budget cycle, because the wars were kind of driving that.

Part of what I worry is we've lost a lot of our capability to do that fiscally disciplined programming process. Did you find that to be true when you get to ACC and how are you fixing that?

GEN. HOSTAGE: Well, again, we are changing how we do it.

MR. BERTEAU: Right.

GEN. HOSTAGE: So I have great faith in – I'm greatly – I have great enthusiasm for this new process that we're trying to make stick.

MR. BERTEAU: It's a little bit unfair, took, because you actually don't know what your FY '13 is going to be, while you're building out by '14.

GEN. HOSTAGE: Well, I know the one that I –

MR. BERTEAU: You don't know what your starting point.

GEN. HOSTAGE: I know the one we handed in in January was resoundingly thumped and sent back.

MR. BERTEAU: Right, right, right.

GEN. HOSTAGE: But that's because the politics didn't line up with the – I make – we put in a budget that makes military sense. Then it clashes with politics.

Now, we were – you know, you could say, well, why didn't you talk to the politicians about it? Well, because of the – because of the explosiveness of some things we were looking at, we were restricted from – we had to sign NDAs and couldn't talk about it. I didn't; I was gone. But you know, the guys that were doing it –

MR. BERTEAU: I'm familiar with that process. It's a little troubling sometimes.

GEN. HOSTAGE: So when we brought it in, it was disconnected from political reality. So that's why we have this – I truly don't think Congress had thought through was \$487 billion cut looked like. And then the reality of that was, whoa, we don't like that; go back and try again.

But it's the "go back and try again" that I worry about, because the tendency will be to say, hey, don't touch any of that stuff. Just take it from other places. Well, the only other – when you don't touch programs, you don't touch people, you don't touch bases,

you don't touch force structure, all that's left is the stuff that makes that – all of that capability effective and useful.

MR. BERTEAU: And if you sustained that, then you're going to cut your procurement to where you're not replenishing what you need.

GEN. HOSTAGE: Well, you know, my litany of 20 years of high ops tempo means that we are in a period where we are caught in the perfect storm of recapitalization of our fleets. I mean, we're flying fighters that are 25 years old. This is just astounding to consider.

MR. BERTEAU: And it's not even just their age. I mean, we've taken a look at this. It's the flying hours that are on – it's not just the years, but it's the wear and tear.

Let me just give you one more and then I'm going to turn – I assume you guys are collecting a few questions there, so I'll open it up a little bit.

You know, both the secretary and the chairman have sort of hinted if we take more cuts, we're going to have to relook at the strategy yet again. We'll put a new strategy together to accommodate the 487 billion (dollars) in cuts. You know, if we cut more, we'll have to look at the strategy again.

Some would say if your strategy can't handle a 5 percent change in your resources, maybe your strategy's not robust enough. How do you prepare yourself with dealing with that kind of – because you're implying that there's a prioritization in there that may have to shift a little bit if the budget has to go deeper.

GEN. HOSTAGE: Well, I would say that in the old days – I don't want to characterize when –

MR. BERTEAU: I'm sure they're in my time. (Chuckles.)

GEN. HOSTAGE: We were what I would have described as a requirements-based force. If there was a requirement out there established by national strategy and such and we built a force to make that happen. We are today a capabilities force. I mean, we have requirements out there that far exceed our capabilities. So what we really have to do is say, all right, here's the amount of capability I have. How are you going to affect your national strategy with that? An dif the strategy is not executable, then you can go back and adjust the strategy. I think that's a perfectly legitimate thing for the nation to do. We've just got to do that.

The challenge is, if you're going to be a capabilities force, then you better make sure you understand – you've got the right ratios and the right amounts of capability you think you have to have to get the most out of that.

MR. BERTEAU: And if you're not careful, risk becomes your trade off. So you'll define your capability, but you're increasing your risk in order to do that.

GEN. HOSTAGE: That's fundamentally what we do.

MR. BERTEAU: Let me turn to Mr. Wincup and Mr. Freier and you guys have got some questions.

Anybody, by the way, who needs another note card, raise your hand and the staff will bring you a card.

Nat?

NATHAN FREIER: Yeah, General, thank you very much for coming today. We really appreciate your insights.

I'm going to actually pose two questions, because there's a number on these two subjects and I think it would give you a lot of latitude to expand on these two subjects. The first that I'm going to ask about is sort of the advantages/disadvantages of the sort of new family of aircraft. You have 22 in F-35 and the cost of maintenance and things like that and the cost of production versus the upgrade of older airframes and their advantages and disadvantages. So if you could expand on that subject a little bit.

And then I think everybody seems to be very interested in the manned and unmanned question. And the right mix of capabilities between the manned and unmanned force as we go forward. So I think, if you could, just talk a little bit about your thoughts on those two issues. I think that would be very good.

GEN. HOSTAGE: Well, let me take fifth generation, fourth generation so that the generational capabilities of a force.

Fourth – third generation was kind of the Southeast Asia era airplanes, which were really – came from the Cold War. They were meant to be kind of tactical airplanes, but also strategic bomber airplanes. They were not maneuverable. Southeast Asia we learned we needed more maneuverability; we needed better avionics. So what we evolved to are the F-15, the F-16, the F-18 – highly maneuverable airplanes, great visibility, really built to be maneuvering platforms. And then a significant advancement in both air-to-air weapons capability or weapons capability and avionics. That defined the fourth generation.

Fifth generation was fundamentally defined by the addition of stealth. And it's important to note that I say the additional of stealth, because the fifth-generation platforms do all of the things that the fourth generation do in addition to being very stealthy. So that's kind of the definitional difference between them.

We the Air Force or we the nation went down the stealth path. We went down their early in the black world with the F – we had the F-117 for a decade before really anybody ever knew about it and it was a tremendous capability. Once everybody knows about it, you know, you have 10 years of when it's invisible and nobody knows about it, so everybody thinks it's an invisible airplane. So you have this mindset out there that stealth means invisibility. It's not invisibility. Stealth just means it's much harder for a radar to see it than if it's not non-stealthy.

Our airplanes are not invisible. Clearly, physically they're visible, but the stealth airplanes aren't invisible for radars, but what we make sure of is the radar I really worry about is going to have a very hard time seeing them. So you can see me in my F-22, but you can't do anything about it, because the radar that you need to shoot me with can't see me. It can't see me until long after I've made you go away. My B-2 is invisible to radars that would cause it to be intercepted and attacked. You get into other arenas, it's still visible, but by the time it's visible, the mission's over. He's on his way home.

So stealth is not invisibility. Stealth is – it leverages our ability to get close to a target, use ordinals that we have that, you know, use precision and uses the PNT capabilities we developed over time to hit a precise target deep in enemy's territory.

A lot of concern that our adversaries are putting a lot of money and resources into countering stealth. They are. I mean, it's the natural cycle of military capabilities. We develop something, they develop something to counter it. We counter that, we counter that – it's an ever-evolving cycle.

Stealth adds a layer of expense to flying airplanes, because you have – airplanes have all the same maintenance requirements as fourth generation, plus the requirement to maintain the LO capabilities. We are advancing that technology, so we're trying to reduce that cost differential, but it will always be more expensive to maintain a stealthy airplane.

Our adversaries are building capabilities to see stealth airplanes, but not at any faster rate than we're developing abilities to remain not invisible, but able to deal with the relative visibility invisibility.

You know, I'm sure there's a point of diminishing return there somewhere. And that's why we're already looking at, well, what defines the sixth generation, because there will have to be a sixth generation – unless we can get to a point where there is no more need for militaries and kinetic conflicts. And we'll probably have to figure out what the sixth generation will do. What defines that sixth generation? It will be some type of game-changing capability. It's not going to be an iterative growth of this capability. It'll be something game-changing. Don't yet know what it is, but we're out there looking at it carefully.

But this fifth generation is what will carry us to the point of that sixth generation, which nominally defined by about 2030. So I have a fourth gen fleet now that is

tremendously – today, my fourth gen fleet is still the dominate capability on the planet. Add to it that tiny little bit of F-22 capacity I know have, which is absolutely revolutionary, but it's not necessary in today's conflicts. Five years from now, I can't say the same thing. Ten years from now, it's even worse. So we're on this constant slope where at some point, my fourth gen is not survivable and not relevant on the battlefield. But if I start increasing the ratio of fifth to fourth, I can leverage the survivability and effectiveness of the fourth generation as I move down the track.

So the F-22 represents the ability to extend the life, to extend the survivability, to extend the effectiveness of my fourth-gen fleet. I've got only 184 of them – pitifully small number. I need the F-35 to continue to build that fifth generation layer that's going to be necessary to make the total force, the total fleet effective out through the end of this fifth generation time – time horizon, which is around 2030.

You know, 1,763 is the number we're planning. You know, is 1,762 OK? Is 1,761 OK? You know, I'm not into arguing the – what I need is a fleet of sufficient size and quality. Quality is defined by the platform, but I need a force of sufficient quantity to be relevant on the battlefield. Quantity has a quality all its own. You can send your single, you know, super machine up against a thousand adversary and it doesn't matter how effective your super platform is or how low their technology is, a thousand of them makes a difference. So that quantity – that quantity versus quality argument only extends to a certain point. Quantity does have to be part of the mix.

Manned versus unmanned: So we've been involved in 10 years of COIN warfare – counterinsurgent warfare. A regime in which or an environment in which we were totally dominant in the air – nothing flew unless we said it flew. So air supremacy was just an accepted fact. We could provide a staring eye over the battlefield so that our side could see what their side was doing 24 hours a day, seven days a week. That's a stunning in how we do ground combat. And we have taken that to an exquisite level in the 10 years of COIN warfare.

We are now shifting to a theater where there's an adversary out there who's going to have a vote on whether I have that staring eye over the battlefield 24/7, 365. And I'm pretty certain they're not going to allow that to happen. The fleet I've built up – and I'm still being prodded to build up to – is not relevant in that new theater. So we're going to have to adjust the force structure to suit this new environment. But having said that, we have developed a new style of warfare – a new capability in warfare – that we're not going to back away from. We're just going to have to adjust our perspectives as to what's realistic in this new theater.

A lot of folks are enamored of the idea of unmanned platforms. Yeah, we don't have to put a pilot at risk; oh, they're cheap; they're expendable. I agree with you. The pilot's not at risk when he's sitting back in the MCS and, you know, she's driving the platform from there. But they're not expendable; they're very expensive. I do not want to lose, you know, a multimillion dollar RPA that I don't have enough of.

They can go do things in places that manned airplanes can't. What they can do is they can do it for longer. They don't whine about running out of – they don't whine about having to go to the bathroom; they don't get tired. So I can put them over a target for 30 hours and cycle the crews out of the control station. But they don't have the same awareness that a manned platform would have in the same situation.

A quick vignette: So I'm flying and MC-12 over the AOR in my last job. The MC-12 is a Beech King Air, which is about an 11 passenger, a little airliner that we'd pull all the guts out of, put a bunch of electronics and a camera on the bottom. Four of us in the airplane – a pilot, a mission commander and two systems operators in the back. The mission commander and the systems operator are looking at these big LCD screens, looking through the camera ball. Tremendous awareness of what that camera's looking at. Now, that camera can read the t-shirt logo on someone's t-shirt.

But it's tremendous SA about what's in that tiny soda straw of visibility. You can simulate it. Just look through – make a little hole with your hand and look down at the ground. Do you see what's – you know, what's visible on the ground with great clarity, but nothing on the outside. So we're orbiting this village for about two hours waiting for this one dirt bag we'd been following to emerge. The ground force commander's decided he wants that guy. When he gets clear of the village, they're going to send a helicopter intercept team out to get him. We're following and following. We see the vehicle leave town; we notify the ground force commander he's on the move. They alert the helicopter and it's on its way inbound. The way the helicopter intercept works is they come along, they fly alongside. They shoot out the engine block with a great big 20 millimeter canon. And then they land and they grab the guys they want and off they go.

So this thing is – the black SUV has left town. So I'm – so I'm the three-star flying the airplane. So my job is the fly in circles over this truck. They give me the easy job. So I'm flying the airplane and looking out. I'm looking down the road. And three miles down road where this black SUV is barreling down the road, three miles down that way is a great big American convoy – huge trail of dust – coming up the road. This intercept is going to happen right in the middle of that convoy. That's a very bad thing. As soon as fire power goes off, convoy starts shooting back and you have a firefight and that's a bad thing.

So we call the helicopter team, tell them to do an orbit. You know, stop, abort their attack. We call the convoy commander and said, hey, three miles on your nose. Black SUV. Need you to do a routine stop and search.

Now here's a little diversion: The Afghans, when they would see an American convoy, would go out of their way to make sure they could drive through the convoy, because the Americans will not let anybody through that convoy, unless they've searched the vehicle to make sure it was no threat to the convoy. Well, because it pisses people off when you interrupt them on their travels, once we search the civilian vehicle, if there was nothing in there that would be a threat, they'd give them some food, some MREs and some water and send them on their way. So the Afghans don't have a lot of money –

especially the rural villagers – they go out of their way to drive through a convoy. (Laughter.) So having a vehicle go through the convoy wasn't unusual and being – and stopping and searching it wasn't unusual; it was fully expected.

The black SUV is about a mile away from the convoy. It stops, the driver gets out, goes to the back of the vehicle, opens the back of the cab, gets something out, throws it in the bushes, closes the thing, gets back in the car and starts driving. The convoy commander stops them; they search it. It's not the guy we're looking for. It's the brother, the brother's wife, the wife of the bad guy and two children. So our helicopter would have intercepted the wrong people – civilians. We probably would have taken some casualties in that intercept, and we wouldn't have gotten the right guy. Now, if I would have been a Predator mission, Predator would have had no awareness of that convoy and we would have had that intercept.

I go through that whole thing to say that there are things that the UAVs can do that people can't do – manned airplanes can do. Principally, it's endurance. But we have not created the ability to have the same level of awareness, the same ability of decision-making on the platform to have the same level of effectiveness as a manned platform. I fully believe we'll get there some day. I believe with virtual reality, at some point, I'll be able to put somebody in a cockpit. And as far as they're concerned, they are in the middle of the fight. They have all the awareness they'd have had in the airplane, yet, they're in a simulator. But I don't have that technical capability today.

We could. We have the technical ability for you today to get on an airliner, look to the left and see nothing but blinking lights – no windows, because there's nobody sitting up there – and then you can go back and sit in your seat in first class and fly your flight. I'm willing to be that not anyone in this room is willing to get on one of those airplanes just yet. (Laughter.) But technically, I do that already. I fly global Hawks; I launch them from CONUS. I fly them all the way across the planet and land them in the Middle East. I mean, I can do that with an airliner, technically, but we have not gotten to a point either culturally or societally where we're ready to do that.

But you got an airport today, you check in at the main terminal. You'll get on a tram and go to the satellite terminal. That tram is not driven by a human being; it's run by a computer, but you don't think twice about it. We're evolving to that point, but we're not there yet with platforms.

I can give a platform on it and give it autonomous capability and tell it, go into this area and kill anything that moves. But we're not morally or culturally ready to do things like that, because we're not able to make them smart enough to discern between the adversary and somebody that looks like they're an adversary, but they aren't quite. I could put nukes on an RPA, but who's willing to fly nukes around on an RPA? So we're not ready to go to a totally unmanned flight, but there's this – people are enamored with the idea of, oh, unmanned is better. It will be someday; it's not there yet. We certainly are going down the path of unmanned, but trying to do it in a way that's rational and still preserves the ability to be effective on the battlefield today, as well as tomorrow.

MR. BERTEAU: That covered a lot of territory in those two answers. My take from that is we need more three-star pilots. (Laughter.)

Mr. Wincup, you've probably got a few that you can amalgamate there as well.

KIM WINCUP: I do.

General, your comments generated a lot of interest in audience, particular about the triangle of politics, budget and reserve forces.

As the force provider, help us – the Air Force has had some difficult times in that dialogue. Help us understand how you see the issue and kind of how you think it's going to play out.

GEN. HOSTAGE: Who said careful? (Laughter.)

My job is to provide operationally effective combat forces for the combatant commander. I need to provide them at times of war. And based on this current construct, which is very reduced forward presence, I have to provide rotational forces during phase zero or peacetime.

I'm very much challenged at the moment to provide that rotational capacity with the ratio of active-to-reserve forces I have now. We have had instances over the – in my 15 months here as the Air Combat Commander where I've had to short-notice task an active unit to go out of cycle, out of sequence, sooner than they should have one, because the Guard units I had planned on couldn't get enough volunteers to go – not because they're bad people. Hell no; they're wonderful. They've been volunteering for a decade. But the economy's to a point and the continuous op tempo's to a point where the Guardsman goes to the – or to the employer and says, "Hey, I want to take two months off or I want to take a month off and go serve." The employer says, "Hmm, well, I've got five people who want your job and they'll work for less money than you're getting. So you can go if you want, but I can't promise you your job." Well, they can't volunteer. Unless I mobilize them and put the power of law to retain that job, they can't volunteer.

We have shrunk the force and changed the balance to the point where I need that reserve force just to maintain my ability to achieve the op temp. Building a force construct that requires volunteerism to meet your phase zero requirements – that to me is a mistake. And so when we went to build the FY '13 PALM and take the \$487 billion cut, the right way to do it was start cutting, you know, again, my belief was you needed to cut force structure, rather than just make peanut butter slices across and hollow it out. And if you're going to cut force structure, I'm out of balance – my view, we're out of balance on the ratio and so the proportionate amount that we were cutting from the active and reserve fell more heavily on the Guard.

We were, again, precluded by NDA from talking to anybody about it, so it was shock and surprise to the TAGs, to the governors and to the Congress. And so we didn't make – when we made contact in January, that didn't go over so well. So we're working a way to a compromise. But if the compromise is keep those units and here's the money to do it; so be it. If the compromise is, keep those units and do it within your TOA, then we're going to be in a bad place.

So people look at me and say, "You don't like the Guard and Reserve." I love the Guard and Reserve; I absolutely do. They're spectacular. But they're cost effective and they're most effective for us when they're inactive reserves, when we're not using them as operational forces. They get – you lose the benefit of the cost savings.

We're going – we're barreling down the path of TFI – Total Force Integration. In attempt to try to preserve force structure, and also an attempt to try to continue to produce the rated force that we need to produce, what we're finding is that we've got an active force that's relatively youthful – in other words, inexperienced – Guard and Reserves by definition are much more experienced, because they tend to be in that unit for much longer periods of time and they come to the Guard and Reserve with experience, because they usually come in out of active force.

So what we're trying to do is take small amounts of active force structure and put it into the Guard and sprinkle it across all these Guard units and leverage some of that experience to grow the experience of our active force. But then as I put those little elements of active force into the TFI units, I've lost them in terms of force that I could use for my phase zero rotational requirements. So the problem that I face is how do I resource the operational op tempo requirement with the diminishing active component? That's what drove us to the original submission in FY '13. That's why we continue to struggle with how to deal with a smaller force size and which component it comes out of.

MR. BERTEAU: You know, the impact of this nondisclosure agreement is pervasive impact. And we tend to think of it on the outside is it makes it harder for us to know what's going on, right? And we usually, actually, didn't rely upon commentary from the people who sign the NDAA. It was kind of the next ring or the ring after that that would be the places where data and information would get out – sometimes accurate, sometimes not. But this boundary now that says not only do you have to sign the NDA, but you can't talk to anybody except somebody else who's signed the nondisclosure agreement – even after it's become public.

And I think this is something that's worth revisiting. Obviously, you – it's hard for you to bring up, but it's something that we can certainly wrestle with.

We're all – I think we're actually about out of time. But if you'll indulge us for just one more question. Nate, do you have a consolidation there that you can wrap up with?

MR. FREIER: Yeah, I do, actually. There's been a number of questions on specific ways that the Air Force – and specifically Air combat – Air Force combat forces are in concrete ways contributing to the pivot in Asia. And that would be one area.

And finally, I think the other question that has come up in a number of places is where from your perspective can you assume some risk? Like divestiture from certain capabilities maybe that you have that you see as potentially being excess, et cetera. So those two questions.

GEN. HOSTAGE: OK. In terms of risk, it's my job – again, I'd go back to the description I said earlier. I've got messages from each CFACC who are responsible for all the different war plans that say, here are the airplanes we're going to need – that's wrong. The capabilities we're going to need: Here are the platforms that we're looking to get those from and here's how we're going to task those platforms.

So as I look through those lists, I look for platforms that don't get much action in the plan. So those are the capabilities that I have that not a lot of call for out there. Those would be the first things I'd look for. I'd also look for, do I have platforms that can achieve the same mission – so maybe I can make one of them go away and then use the other to meet the task? Now, clearly, I'll have less capacity when I make one of those go away. So I won't necessarily be able to resource everybody's – everybody's problem at once. But that's the nature of being a capabilities-based force versus the requirements force. I'm now producing a level of capability. You decide where you want to use it, instead of you lay out the nine places you need that capability; I'll build the base to that requirement so that I can meet your requirements.

MR. BERTEAU: Let me suggest that there's a lot more questions. We have more questions than we have time. It is my hope that you will be back to chat with us again. As you described in the beginning, we are in a particularly dynamic time when it comes to this question of how we're going to integrate capabilities and strategy and requirements and resources. There's a lot of uncertainty as to even what kind of resources we're going to have to deal with or even when we're going to know. And so I suspect six months from now, your world will be clearer in some ways, not necessarily better. And some of these questions will still be relevant, because not every problem will be solved in the next six months. So we'll look forward to inviting you back.

GEN. HOSTAGE: I'll look forward to it.

MR. BERTEAU: Please join me in thanking our guest this morning. (Applause.)

(END)