



REAGAN NATIONAL DEFENSE FORUM

RESTORING DETERRENCE WITH PEACE THROUGH STRENGTH

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Partners in Production: Investing and Building for National Defense

Moderator:

- Ms. Caroline Hyde, Bloomberg TV

Panelists:

- Mr. Christopher Calio, Chairman and CEO, RTX
- Mr. Jamie Dimon, Chairman and CEO, JPMorganChase

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Announcer:

Ladies and gentlemen, welcome to panel four: "Partners in Production: Investing and Building for National Defense." Please welcome to the stage Ms. Caroline Hyde of Bloomberg and our distinguished panelists.

Caroline Hyde:

Onto the stage comes the CEO, Jamie Dimon of JPMorgan and Chris Calio, CEO of RTX. All that stands between us with you is lunch and we are going to put fire in your belly. We are going to give you some enthusiasm and some energy to go into that conversation and we hope that we can stave off any hunger because we're going to add a little bit of caffeine to the situation with this discussion.

I want to first and foremost talk about, this entire conversation is about partners in production—of which you are both—but it's also about investing in building. Boy, have we got some investing going on. I mean we just look, there's record amounts of venture capital going into the defense tech sector. Last thing I just saw is that SpaceX is potentially worth \$800 billion and then there's a small amount of \$1.5 trillion, I think, that you've got as this enormous initiative to focus in on defense and on really resiliency and strategy here in America. Why Jamie? Why that amount and what is it focused on?

Note: The following is the output of transcribing from an audio recording. Although the transcription is largely accurate; in some cases, it is incomplete or inaccurate due to inaudible passages or transcription errors. It is posted as an aid to understanding the proceedings at the 2025 Reagan National Defense Forum but should not be treated as an authoritative record.

Jamie Dimon:

Yeah, so first of all, welcome everybody. Thrilled to be here. I'm happy this is taking place. I'm happy that a lot of this venture capital money is going into things we really need, not things like social media for example.

Look, it is been obvious for a while when Ukraine got invaded by the Russian armies four years ago, it should have shattered any illusion that people have that we're safe. And somehow we missed a lot of stuff and I don't like crying over spilled milk and we missed—and you hear about rare earth and the speed of change and all the things like that and all of our medical ingredients come from, or 85% come from China and we've written about it, we've talked about it. We are quite a patriotic company and then we just start asking what more can we do? We hire veterans, we do a lot of things. And we did a deep analysis on what we already do—and this is where it's security related. So it's not if we do something for Boeing, it's not their commercial aircraft, but it might be their military aircraft.

We did analysis, we said we do so much and we want to do at least 50% more over the next 10 years. So that's the \$1.5 trillion and then the \$10 billion of investing, which can easily be more than that, is to do special financing for, think of the vendor supply chains that someone like Chris might have where if he wants to double triple production of his missiles, he's got to get some of them to double triple their production. They may not have the money or they may need a little bit of advice or help or build a new plant.

And then around it, I think very importantly, when I was listening to the conversation just now with the folks up here also to do research. What is the ship building ecosystem that needs to be fixed? And then policy, what can we do to do faster, better, quicker? As you all know, you've heard it many times. There's not that much time. So we better get our act together and regulatory wise, policy wise, obviously the experts are actually building stuff and we're just a part of that.

Christopher Calio:

Well, a big part of that, Jamie—and you and I talked about this a little bit and you heard all the discussion out thereabout the need to replenish our munitions ramp, our munitions to high level for all the reasons you just outlined, Jamie—half of our supply chain is what you'd call a medium or small business. So making sure that they have the access to the capital, that they have the confidence to be able to purchase that long lead material, that long lead equipment or, even better, hire and train people and getting the labor that we need. So that's why I think the fund that Jamie's talking about is actually pretty exciting and goes right to the heart of what we would need to ramp.

Caroline Hyde:

Security resiliency. It's [unintelligible] initiative, but it feels that there is fire in both of your bellies because time is short. And yet what has happened in the past? I don't want to beautify the problem here, I don't want to dwell too much on history even though we are in a presidential library. But Chris, what from you is the learning of the mistake that we made in the last 20-30 [years]? It's the post-Cold War that got us to the situation.

Christopher Calio:

Well, Jamie and I talked about this. Neither one of us likes to take out our violin and complain about what happened in the past. I will say this, when you think about what the Secretary of War has laid out in terms of his key transformation initiatives, I think many of those go to the heart of how we got here and I think there are actually pretty compelling visions for how we get to the types of levels we need in terms of production. That's the reduction in bureaucracy, the speed and agility, the leveraging of commercial technologies. Half of our business is commercial, so the convergence of the commercial and defense together and then the longer term contracts so people have visibility and have confidence to invest in order equipment and to hire all those things we just talked about,

Jamie Dimon:

You don't need to be a strategic genius. Having the best, strongest military is the best deterrence to bad things. And you've had changes taking place in the world, which is the rise of China—whether you think they're an adversary, potential adversary competitor—but having the best military, that should have been a policy of the United States writ large and you talk to some of the politicians, it was not. The military was subordinated to other things. Which may be very good social values, but now we're in a position where we have a major war in Europe, a much bigger threat in the Indo-Pacific and now's the time. And so we should have been thinking about it more, but let's not cry over spilt milk. Let's just move on and get the job done.

Caroline Hyde:

“Peace through power” is something actually you've been writing about for a few years in your annual letter. I'm just going to recite what you said in this one's for 2025, April, it was for the year of 2024. “If it were up to me, I would be stockpiling ammunition, air and missile defense, rare earth, and other components, importantly, to preserve peace.”

Did something happen? Was it Ukraine-Russia that first made you sit up and think, “Wow, we're behind,” or was there other anecdotal evidence that you were responding to in that moment?

Jamie Dimon:

No, it was Ukraine. I mean I knew it before Ukraine, but Ukraine was an obvious thing where you had, for the first time—there've been a lot of wars since World War II, but they were usually isolated to smaller parts of the world, smaller parts of the GDP, didn't threaten directly some of our biggest allies. I see Ukraine is here and last night I met with the Ambassador from Estonia and these people are threatened. This is not the same thing. Now we in America, we've got the Atlantic and the Pacific. We have peace with our neighbors, which is a wonderful, wonderful thing. We feel secure, but these other nations don't feel secure.

The thread between Ukraine—and there is a thread, and you can debate this all day long—between Ukraine, Iran, North Korea. China's aiding and abetting all of that. Their desire to dismantle the system set up by the western world after World War II to avoid a world war.

There's a clear thread there. I was in—you travel, I'm sure you do too—Japan, Philippines, Taiwan, almost anywhere you go. The question is, "Will America be there for us if and when the time comes?" That's a very big question and that is what both economic and military, it's just America. We were a consistent big brother you can rely on and we've become a little less consistent. So it was that kind of threat of stuff that now's the time we have to move. A bunch of things changed and so we changed with it.

Christopher Calio:

I would say Ukraine taught us a significant lesson about the fragility of our supply chain and frankly of our own ability to ramp. Again, orders needed to happen, programs needed to ramp, but there were huge production gaps in some of our major programs like Patriot for instance. There was like a two year gap, Javelin, multi-year gap. You've got thousands of suppliers that haven't had an order in a couple of years. Well, what do you think happens to that supply base? They either atrophy, they lay people off, they go into other endeavors, reconstituting that supply chain in a moment where you've got a ramp is quite a challenge.

Caroline Hyde:

And whose responsibility therefore is that? In many ways, Chris, what's so fascinating is you are responsible in many ways for that supply chain. So is it up to you to give that sense of security and you're able to get through death valleys that startups had to have because you had the power and the force and the size. But then we are just hearing from Joe Lonsdale, apparently, all of this can be done 10 to a hundred times cheaper.

What is your responsibility in this moment to help [make] sure that your supply chain feels confident to invest so that you are there to buy up and to ensure that you are there for the government to be able to take that?

Christopher Calio:

It's a really good point. And when I say supply chain, I don't mean to refer to it as something from us as when we sit in front of our customers. I'll say, we are our supply chain. We are the ones responsible for delivering this munition, this all up-round. So we are responsible for that entire ecosystem. So yes, we are responsible for making sure, "Are they investing? Are they hiring? Are they doing the things to be able to meet this ramp?"

Caroline Hyde:

How do you do that? Just from an anecdotal perspective.

Christopher Calio:

Again, you go look at all your bottlenecks, you look at all your key suppliers, you send people out into the field, into factories to make sure things are happening.

Jamie Dimon:

Chris, they've mentioned to me a couple of things—it's also workers. For him to do this, he needs workers who are experts in advanced manufacturing, welding, and things like that. And part of the effort should be, and will be, philanthropic. So if you need to build more welders then we may go in and help double that welding school. Do something like that, that creates the ecosystem.

And this is what happened by the way, before World War II, before we got involved in World War II. You got Freedom Forge. It's a book I haven't read yet. A bunch of generals gave it to me. I am going to read it and I'm going to double down again. America's got to get its act together.

Caroline Hyde:

Well, Tim Cook would say he doesn't have the labor force to make an iPhone in the U.S. and I know you don't want investment going into social media. But what is it therefore that gets the labor market into the place we need it to? Because boy, do we not have the engineers that we need at defense tech. We don't have the manufacturing skills to put into what we want to scale up from a footprint perspective.

Christopher Calio:

First, I think we've got to continue to invest in the training and development. We've got a number of partnerships with trade schools, community colleges, where we help shape

the curriculum for what we need today. Not everyone needs to go to a four year college and we want to show people that there are high paying, highly skilled jobs in defense and commercial aerospace manufacturing and how do we tailor the curriculum to draw those people that have those skills.

The second piece is, that's only going to get you so far. And so when we talk about innovation and investment in technology, underreported is the advanced manufacturing that we've got to invest in. There are a number of defense tech companies here that are in advanced manufacturing, many of which we've invested in and they are actually in our supply base. How do we continue to leverage the advancements they are making in advanced manufacturing and digital technologies to help us relieve bottlenecks and just again, ramp production faster to make up for that shortfall in labor? The labor's only going to get you so far. You're going to need technology in our shops as well.

Caroline Hyde:

On the labor front, as I know this is something you think about a lot, are we thinking about it as early as we should be in terms of primary education? At what point do we need to re-kilter the way in which people are coming out of formal education in the U.S.?

Jamie Dimon:

If I could change one thing—and I'd start right away. I always go to K-12. And I'll give you one example: there's a school in—I grew up in Jackson Height, Queens—there's a school right next to that in Queens called Aviation High School, which you're probably familiar with. A lot of people go—they're minorities from all around the city, their parents make them go by the way—regular high school math, science, history, et cetera, but they also learn how to maintain a small Cessna aircraft, hydraulics, electrical systems, engines, et cetera. I think a 1000 kids or 500 graduate a year. 95% get jobs making \$70,000-80,000 a year.

That is what we should be doing. It's different types of schools, different training, but every school should be looking at the output of what jobs are these kids getting. And then work with local business and collaborate because we know collaboration works better than anything, as opposed to keeping the education system separate from the employment system and what jobs. And once you start asking a principal, did your kids graduate? Did they get jobs? How much do those jobs pay? That'll be pretty powerful. Maybe we can have policy to do things like that. There are examples like that around the world. We just have to deploy it effectively in the United States.

Caroline Hyde:

How much do you have to pay for entrance at the moment, Chris? How much are you thinking that it's about showing there's a good salary at the end of this?

Christopher Calio:

Frankly, that's not even the concern because the demand is there. The demand is there on the defense side. The demand is there—again, half of our business is commercial aerospace—so we need that highly skilled labor and we're willing to pay for it. So it's not a matter of we're worried about what we'd have to pay people from an entry level perspective. We will pay a full and fair competitive wage because we need it. The demand is really, really robust and we've got commitments to a lot of our customers, many of whom are sitting here today that we've got to make. And so the labor's a big part of that.

Caroline Hyde:

Labor's a big part. Then there's, as we said, the advanced manufacturing, the innovation. This is where in many ways what your initiative is also about, because we talked about security resiliency, about \$1.5 trillion. There are bits of it that as you said, are being allocated to funding startups.

How much do you see that as an obligation of the banks, as well as the venture capital community? It feels as though the VCs are running towards defense tech right now, willing to lend.

Jamie Dimon:

Well, there's a whole mosaic of how you finance these things from venture capital and we get involved in some of that. But one of the uplifting things is just listening to folks like Joe Lonsdale, the military. I've met a bunch of companies right here. It is staggering how good they are, how smart they are, how they're fixing stuff, how they want to do the right thing. So it is already working, it's just we got to get it to continue to work and we'll be in that whole continuum of financing, education, policy, research that can help drive it. We're just part of that system. I mean there's hopefully a lot of people going to be doing the same stuff. We'll have partners with a lot of people. We'll partner with other banks if we have to. No, we will.

Caroline Hyde:

Frenemies. They're everywhere. They're everywhere. What about, as you said, many startups you've financed with RTX, would you beef up, would you buy? How are you looking at the competition that's coming, but also what could be a nice little acquisition?

Christopher Calio:

I think Jamie would tell me and advise me that the valuations are too high for us to do that. But really we kind of look at it in a couple ways because you're absolutely right, the defense tech space is booming. There's many people that are bringing commercial innovation to the defense area. And so yes, in some cases we are investing and then we end up using them as a supplier or a partner, do demonstration programs to advance technology and other places. We're looking at our legacy products and say, "Where can that defense tech be infused?" Whether that be AI, autonomy, other things, to extend the life or the capability of that legacy program. So it's across the board.

And then for us, again, it's continuous investment. This is a long cycle business. So we're going to invest at the RTX level about 5 billion this year in E&D [engineering and design] and CapEx [capital expenses]. We've got to continue to invest. And we look at our technology roadmap. It's the investments in things that can apply to both commercial and defense. Things like AI, things like autonomy, things like high temperature materials, advanced manufacturing. Again, you're seeing the commercial acumen and companies coming into defense. We've got to continue to leverage our commercial business for the good of the defense industry.

Jamie Dimon:

And just give a real example: so MP Materials, Emil Michael, we have people in the Department of War who are now doing work on how to do this like. It's a magnet company. It was a very smart way to do it, gives them a chance to succeed. We helped investment bank them, but we already invested in a company that's going to do the same thing for antimony and we have a bunch of companies already working on, literally 10 or 12, on the medical side to do exactly the same thing. So you seek them out, but they will be there. They may need sometimes a government contractor sort, but it is already happening.

Caroline Hyde:

So in theory, taking 10% of certain strategic companies is a good thing. We are hearing Gavin Newsom rail against that, "that's anti-capitalism."

Jamie Dimon:

That's from the People's Republic of California. We need to do certain industrial policy and we should do it right. And I think you've done right is, you give benefits out there. I wasn't against a CHIPS act. I think what we should have done is given supply contracts, free land, double the R&D [research and development] deduction, double the wage deduction, let the market decide who gets the money. When the government decides who gets the money, it usually becomes a problem.

So you can go through each of those deals. There should be rational policy that we need to get through the valley of death for whatever it is we're doing, and I think that is doable. So some of those I would probably criticize. I don't know all the details of them though. There may be things that I just don't understand. So it's hard for me to have a definitive opinion.

Caroline Hyde:

Does the valley of death still exist, do you think, for startups from RTX's perspective? Because with capital now going to startups, is that the issue? Or where else are we seeing that transition where we can actually get to a real endpoint where there is a POR for these companies?

Jamie Dimon:

I'm going to let him answer that, but just so you know, there's a valley of death for big companies too. You go by the wayside. Usually driven by complacency, arrogance, bureaucracy, which is partially the reason we got here in the first place.

Christopher Calio:

Good points there, Jamie. That's something that as a large company, we're always guarding against. And frankly, the infusion of investment in defense tech has helped us there too. It is not our divine right to be able to continue the positions we have. We've got to go out and compete and earn that every single day, which is why I'm saying we've got to continue to invest each and every year to make sure that we're continuing to stay up on technology, on advanced manufacturing, all the things that we're going to need to continue to serve our customer.

I will say this, it is one thing to design and innovate. It's another thing to build a prototype. And then it's an entirely different ball game to then scale manufacturing to the levels that is needed. And that's one area where we spend a lot of time. We're not perfect. Our customers in this room would tell you today that we're not perfect. We've got to continue to ramp to meet our commitments. But to take the levels that we need, you're going to need some real focus and expertise in how to scale manufacturing,

Caroline Hyde:

Focus, expertise and also running roughshod through bureaucracy is what I heard on the previous panel. Is that what's needed from your perspective? As someone who's waiting for government contracts as your business model, are we starting to see the walk as well as the talk?

Christopher Calio:

I personally feel that when in my engagements with the customer, with the Pentagon. I've had a number of engagements recently where we have follow-up meetings in 24 hours, 36 hours. "Where are we on this? Where are we on that? How do we remove impediments? How do we make it easier for you to increase your output or to fix this issue?" The pace of play is high. I just sort of feel that when I'm there and in the building, and hopefully it continues.

Jamie Dimon:

Jamie, there is no question that this administration is trying to bring an axe to some of the bureaucracy that held back America. That is a good thing and we can do it and still keep the world safe for say, food and safe banks, and all this stuff like that. But it is astounding when you go around and read it. And this is what crippled Europe. And so we have to be very careful.

But I'll just make a slightly broader point. We talk about raising taxes and raising people and cutting expenses. That's all true. We need to do that. We have a huge deficit. That's a huge problem. But good policy can drive growth and it's free. And with that, we don't do a good job at. That could be education, immigration, skills, all these things we can do and it's free. And we're making a huge mistake as a society to think there's always a debate between cutting expenses, raising taxes. And regulation, being one of them. And you all know about it. A lot of you have taken out a mortgage or built a home or anything like that, it is staggering what you have to go through now.

We've become a litigious society. And part of the reason, in my view is, because a lot of people in power—and that could be politicians, regulators, agencies—they've never had a job. And I hate to tell you that the real world is not the same thing as the theoretical world. And there's that great quote, I forget who said it, "In theory, theory and practice are the same. In practice, they're not."

Caroline Hyde:

So if we're going to go back to your penning as you might be doing soon, your 2026 letter, it's a reflection of 2025. And you do the same, "If it were up to me." If it were up to you, what would you do right now for the Pentagon, for example?

Jamie Dimon:

For who?

Caroline Hyde:

For the Pentagon. What would you run roughshod through in terms of bureaucracy? What advice would you give?

Jamie Dimon:

Well, I think you've heard a lot already, such as I've heard, which is just they need to move. They can't do multi-year budgeting, so that kills you that they can't give certain contracts, they can't make things. Then some people in the military told me the lack of ability to do that—that could cost them \$50-100 billion a year.

So you can go on and on and on. Congress has to change certain rules and requirements that allow them to make decisions faster, to do multi-year contracts, do something that allows you to have a second plan sitting idle. So if the country goes to war, you can make more Patriot missiles. And we don't have that. And the game thing, there's public stuff. The military says if we have a real war in the Indo-Pacific, we run out missiles in seven days. Is that how we're going to run our system? And you can leave a plant that has what it needs to build new missiles, but it is being used for another purpose, another commercial purpose. If you need it for war, you empty that out and you put in what you need for the missiles. And so we just need good policy, good thoughtful stuff, and people have really thought that stuff through.

Some countries do a great job. When we travel around the world, you see a lot of countries that have actually done some very smart things and we just need to replicate.

Caroline Hyde:

Where?

Jamie Dimon:

Well, I think vocational training. In Germany and Switzerland, younger people—call it 18 to 30, unemployment rate is very low. Like in America, 70% do not go to college. And I think college by the way, has less and less productive outcome. 70% don't go to college. But they learn skills, and these are real skills. But even plumbing, electrical, anything you do in a plant, advanced manufacturing, you can advance up almost like an engineering degree. And you go back to college. Unemployment, 4%.

In France, who's got these very tough labor laws, if you want to fire someone it takes, you have to pay them for like five years. Unemployment among 18 to 30 is 20%. And it's been that way for two generations now. It's just policy. And so one of the things we're going to write about is trying to push just good policy, educate people and good policy and make that a permanent thing in how we run our country.

Christopher Calio:

I do want to pick up on something Jamie said before on bureaucracy and complacency. You asked, "what would Jamie do to the Pentagon?" Frankly, we've had to look ourselves in the mirror. In many cases, we've reflected some of that bureaucracy that we've seen in our customer, and we've gotten complacent in that way. And so we've had to take a good hard look at ourselves and say, "well, wait a second, I can't go and blame the customer all the time for what's happening," or Congress or whatnot. We've layered some of that into our own processes, into our own infrastructure. How do we be more productive? How do we be more efficient? How do we be more agile?

So it's a mindset change. It's a mindset change that I think that the Secretary is going to lay out his vision later today that he has previously about agility and speed and whatnot. Those are the things in our company that we have to really take root.

Caroline Hyde:

How do you do that culturally?

Christopher Calio:

One of the things that he's mentioned is this idea of like the 85% solution. Can you field it an 85% solution then iterate to get it to a hundred percent? We're not, generally speaking, wired that way. We're wired to probably give you 110% of the requirement, not 85%, and iterate to the rest.

It's a mindset shift that we have to bring to bear. Now, there are certain things that you're going to have to be at that a hundred percent level. There's certain exquisite technology that is going to be necessary to meet certain mission requirements. But there are other areas where I think we can take a little bit more risk in terms of the requirements and the specifications and work with our customers, say, "Hey, we can get this to you faster. It'll be 85% of the capability you're looking for. And we'll work with software upgrades, hardware upgrades over the next couple of years to get it to that a hundred percent." That is different. That is a paradigm shift. And I think one that the secretary's pushing and we've got to pile in behind that.

Caroline Hyde:

We've got a big customer in the building, but you are a global company. So when you're thinking about your customers—we are not working in a silo. Defense spending is going higher in Europe, in many ways because the U.S. is pushing them there. Same thing is happening in Asia. Which countries are executing that well from your perspective, Chris?

Christopher Calio:

Well, I don't know that anyone's executing it well. Again, I'll give the administration a lot of credit for pushing Europe to get to that three and a half percent of GDP. Pushing others to make sure that they've got the replenishment that they need. And so you're seeing global defense budgets rise as a result of that. And so I think again, what we've got to continue to work with is are there places where with some of our partners and allies, it makes sense to do co-production or help set up sort of additional pieces of the supply chain more locally.

Caroline Hyde:

Anduril did that in Australia, for example.

Christopher Calio:

Absolutely. So are there continued opportunities to do that? We've done it successfully on certain programs like Patriot in Poland and other places. Where else can we do that to help relieve bottlenecks?

Caroline Hyde:

I'm interested in the customer perspective. Are you seeing, Chris, Europe increasing their spend with you? Or are they wanting to spend their theoretical budget with the European defense companies?

Christopher Calio:

Well, I think you hear them say some of the latter. But I think the reality is that if we want to make sure that we can meet the pace of the threat here, you're going to have to continue to ramp up with the existing. But here's what I will say. There are plenty of partnerships that we do have with large European companies, for instance, where we will each make investments and invest in a complete system. We have a lot of very strong partnerships to be able to do that. So again, I'm trying not to look at it like a binary buy Europe, buy U.S., there are places where with partners and allies we can develop a combined solution.

Caroline Hyde:

There's a lot of talk of partners and allies, Jamie, and you referenced that this is why Europe got itself into its problems, but also then you're highlighting the strengths they have in their education system.

Jamie Dimon:

Some of the strengths. Yes.

Caroline Hyde:

Some Germany, Switzerland, two you called out. What do you think they will have made of the strategic announcement that we just had? The idea that I think civilization erasure was something that was named in the National Security Strategy published this week. Do you think Europe, from your perspective, wants to work with America right now?

Jamie Dimon:

I think Europe has a real problem. It's very hard to look at the world and to have, we have moving tectonic plates. You've heard it spoken about it's AI. The enemies in the satellite up above and in your computer systems right now, and the world changed. The other tectonic plates, the rise of China, huge global deficits, social network programs that probably can't be maintained over a long period of time.

So Europe has a problem. I think they accomplished an unbelievable thing when the Euro got together, the EC, and they said, "Let's live in peace and not war." They had World War I and World War II. They had the Franco oppression wars, the Napoleonic wars, the Hundred Years War, the War of the Roses. And so living in peace is a good thing, but it got bogged down. They never finished the common market.

It takes 27 nations to make a decision. They let their military drop dramatically. It's very bureaucratic. It's part of the reason that they lost Britain to the EU, which I think makes it bad for both of them, by the way. And so you got to be honest about this. And those tectonic plates may move over 20 years. But if we ever write a book about how the west was lost, it will be because of the following: it will because we didn't get our act together here, and we go through all the policies here, that we didn't have the strongest military in the world. and that we allowed Europe to fall apart.

And so I have a slightly different point of view about Europe. They have some wonderful things, but they've gone from 90% of the GDP of America to 65%. That's not because America did anything bad to them. It's their own bureaucracy, their own cost. They do some wonderful things on their safety nets. But they've driven business out. They've driven investment out, they've driven innovation out. It's kind of coming back. I think the leadership—[Friedrich] Merz, [Emmanuel] Macron, [Giorgia] Meloni, [Keir] Starmer—I think they know. I just think politics is really, really hard. Therefore the fragmentation of Europe—if they fragment, that's exactly what some of our adversaries want. They want to go back to a world like that. And then you kind of have a world that was like, it was before World War I, everybody out for themselves.

Everyone's got different national security interests, whether it's food or energy or water. And China's a huge country who wants to do bilateral negotiations with every country. If they fragment, then you can say that America first will not be around anymore. It will

hurt us more than anybody else because they are a major ally in every single way, including common values, which are really important.

So therefore, I think we should be using our American capabilities, strength, coercion, democracy, trade, investment to urge them to do what's in their own self-interest, which is military and economic. And the economic is equally important. If they go to 60% of GDP, then 55%, then 50%, they won't be able afford the military. They'll have more polarization. They won't be afford their safety nets, et cetera. So I think we need a long-term strategy to help them become strong. A weak Europe is bad for us. It's bad for the civilized world. It's bad for the free and democratic world.

Caroline Hyde:

You are that trade with RTX and you have significant presence in the U.K. I see the deals are just being announced—it's one in Canada or one in Australia. You are still in this day and age, a globalized company.

So Chris, are you optimistic that we won't see that fragmentation in Europe? That you can increase, you will see prime winning out from the western world wanting to increase their budgets?

Christopher Calio:

I just think that, and we'll start with Europe. I just think there is benefit in all of us working off of the same set of equipment in terms of interoperability and cooperation. Jamie's right. We traveled around, we talked to folks in these countries. I see a real willingness to want to ramp up, to want to replenish, to want to get to the NATO commitments. And again, there's a lot of things that we all know about that they have not aligned around in terms of Ukraine and support of Ukraine and funding and the like. But I do see a general consensus around the need to take defense up and to make that a reality.

Caroline Hyde:

And they have some amazing startups, I think of Helsing that's happening in Germany. Where is the puck moving from your perspective in terms of innovation now, Chris? Where is it that you think the rest of the room needs to really start thinking about allocating or really be going that extra 15% that isn't quite built yet?

Christopher Calio:

On the technology side—and I'm sure there are people up on the stage before who talked about this—but in terms of defense, clearly AI and autonomy. How do you get decision-making in the field and at the edge at a pace and an acceleration that it needs?

How can you have some of our systems do its own discrimination, its own rerouting? So AI and autonomy I think are going to be two huge pieces for defense.

And again, I'll go back to the advanced manufacturing. I know it's not as sexy as some of the other things that we're talking about here. If you want to be able to scale, as Jamie said, having stockpiles, that is deterrence. If you really want to get there then we've got to find different ways to scale the type of manufacturing that we need in this country and frankly, with our partners and allies as well.

Caroline Hyde:

How much time do we have, Jamie?

Jamie Dimon:

Oh, you mean time tonight?

Caroline Hyde:

No, we're seeing two minutes. How much time do we have to get this right? If we're sat here next year, 2026, will we needed to execute on a lot of what you're already saying? Do we have until 2030?

Jamie Dimon:

My view is that we have five years. So it's not today, but when you say five years, it means you got to start doing the right thing today. So I say five years.

Caroline Hyde:

Would you feel that similar timeframe, Chris? Do you feel that sense of urgency, that five years to really ensure that we've got the strength, the military might?

Christopher Calio:

I'm thinking like now where we sit with our backlog and in the commitments that we've made to our customers, like our head is down ramping now.

Jamie Dimon:

Start now. There's the point. No one has a divine right to success. So I don't care if you're a city or a business or a country. You've got to always say the world's changing and if you want to be successful, you've got to change with it. And we can all want the world we want, but we got the world we got. And it's a complicated, tough place. So it's now.

We still have a major war in Europe. I mean, I consider that is freedom being fought for us right now. And I think we have to take that very seriously because some wars last for 10 or 15 or 20 years. And you're talking about nuclear power and nuclear threats. This is very different than we've dealt with in the past. And I would take it extremely seriously in the here and now

Caroline Hyde:

If we're all going to move. What we want is people to move away and feel that they've got a sense of urgency, something that they can do. Is there one piece of advice or thought that you want people to exit this room with?

Jamie Dimon:

Do what you can. The whole effort we're doing was because we said, "Instead of complaining about, what can we do about it?"

So we try to do that in a lot of things and a lot of people, it's amazing to me, called up and said they want to be part of these efforts. So people want it. People want to save the world and work for something important and help the United States military. The military gets—you saw those panels this morning—gets a tremendous amount of support. They just need a little bit more help from our Congress and policy at this point.

Caroline Hyde:

More security and resiliency initiatives. Want to see some from you, Chris?

Christopher Calio:

I would just say I'm always amazed by the innovation in this country and the capacity for technology development. I think that's something that we should all be incredibly excited about. A lot of times we focus on the negatives in this country. We've got an amazing set of capabilities that if we harness, we can get to this place in five years that Jamie's talking about.

Caroline Hyde:

We have not got much time and we are now currently out of time on this panel. It has been a joy to sit down with both Jamie Dimon, Chris Calio. Thank you both very much for a great discussion. Thank you.

Announcer:

Ladies and gentlemen. This concludes panel four.

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