



**Panel 8: BUILDING AT SCALE: INDUSTRIAL CAPACITY AND BUDGET RESOURCES TO MEET STRATEGIC OBJECTIVES**

**Moderator:**

Marcus Weisgerber, *Defense One*

**Panelists:**

Rep. Joe Courtney, U.S. House of Representatives, Connecticut

Mr. H. Lawrence Culp, Jr., Chairman and CEO, GE

Hon. William LaPlante, U.S. Under Secretary of Defense for Acquisition and Sustainment

Sen. Roger Wicker, Ranking Member, Senate Armed Services Committee

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Marcus Weisgerber:

Everyone -- no photo this year, usually we take a photo at the beginning, right? I'm Marcus Weisgerber from *Defense One*, and I want to thank the Reagan Foundation for inviting me here to moderate today's session. I think we're going to have a lot of fun on the topic that I know is important to a lot of folks in this room. Our topic today is "Building at Scale: Industrial Capability and Budget Resources to Meet Strategic Objectives." And it's really had a spotlight shown on it of late as the US has -- particularly in the last few years as the US began shipping thousands and thousands of munitions to Ukraine. That light has been turned up even brighter in recent months as we've had this conflict in Gaza. And plus, the persistent need to make sure Taiwan is properly equipped to deter China. And oh, by the way, some of the makers of the weapons needed by Americans, allies, and partners today are working to make sure the US military is properly equipped for future conflict.

So with that as the stage setter, I will go really quick down the line. We have Congressman Joe Courtney from Connecticut. We have Larry Culp, CEO of GE. We have Bill LaPlante, the Under Secretary of Defense for Acquisition and Sustainment. And Senator Roger Wicker, the Ranking Member of the Senate Armed Services Committee. So thank you everyone for joining us. Secretary LaPlante, I think we'll start with you. I

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know a lot of people in this room have been eagerly awaiting the first ever industrial base strategy and I guess it's not quite ready yet, but it will be soon. So maybe you can give us a little bit of a preview of what we should expect to see there.

Hon. William LaPlante:

Yeah, thank you, and thank you Marcus, and thanks everybody. Yes, for the first time ever, we're going to be releasing the National Defense Industrial Strategy, and we were trying as hard as we can to get it signed out yesterday so we can release it today. Because of travel, we were not able to do it. So it's going to be signed out very shortly in the coming weeks. But let me tell you about what it's really going to do. And, by the way, we iterated this many, many times with stakeholders across the Hill, across industry, and the like. It will guide the department's engagement, policy development, and investments in the industrial base over the next three to five years. And again, a strategy is what allows all of us to make choices, and choices of what we're going to do and invest in, and what we're not going to do.

This strategy also will outline what is the risk of the status quo if we don't do anything. The four lines of effort are: Number one -- which are not going to surprise you -- resilient supply chains, and it must be able to produce the products, services, and technologies needed at speed, scale and cost. There's a whole series of actions underneath that. The second is workforce readiness. Of course, since COVID, this has been a huge issue for all of us, particularly as we will talk about in the industrial base for submarines and ships. We must have a skilled and sufficiently staffed workforce that is ready to go and will and stay in the industry for years. Flexible acquisition, we must be allowing people to use all elements and all the tools in the acquisition toolkit to do efficiency, maintainability, and the right mix of customization -- think about as government customizes versus what is purely a commercial item and make sure -- or a commodity. And then fair and effective market mechanisms. Think of it as almost economic deterrence that supports a resilient industrial ecosystem among not just the US but our allies and partners. This cannot be a US only solution, and we're going to outline all of that in the strategy when it's released. But thank you Marcus.

Marcus Weisgerber:

So let's talk a little bit about the strategy. Can you talk maybe about what -- we have a lot of industry here today. What do you feel for them is probably one of the more important parts of the strategy that they should be paying attention to, other than the whole thing?

Hon. William LaPlante:

Well, we have to do this together. This is together, we have to do it. It's a partnership. And the key thing for industry I think is, number one, we in the government have to show them that we're committed, and we're going to be doing it in a sustained manner even with funding. As you know, many of the investors and industry has to make very difficult, for example, CapEx decisions, IRAD decisions. And if you have those pressures and you have the uncertainty of what the government is going to fund and stick with it, it's not going to happen. So we have to have the conversations together about what you're putting in for CapEx and what the government will then put in. There's actually some good examples in the submarine industrial base between the government and industry there.

The second thing that we have to show is that we're serious about production. That we're serious about production. That we're not just going to take it to a prototype, or build three ships like we did with DDG-1000, or truncate the production lot like we did with F-22, or stop the line like we did with Stinger. We have to show that we're going to do production and we're going to stick with it. And so, it's worth your while. So I think those are the things if I was in industry, I would be demanding of us to show, us and the Congress, to show you that. But we in turn need to demand a view that's, lean forward. It has to be a trusting environment that you lean forward, you see what we're asking for. And really what I would say is numbers matter, production matters. Think about when you're doing a prototype or a technology, how would you produce it in quantity? That's what we ask industry to think about.

Marcus Weisgerber:

Senator Wicker, I want to shift to you a little bit, and then Congressman Courtney. From a Congressional perspective, we've talked a lot that the Ukraine conflict has really shown how -- and put that light on how -- the Pentagon has really had "just in time" production for pretty much everything, and that is clearly not going to work in the future if you need to produce things in mass quantities. So maybe, Senator, where can we start? What are some things you would like to see both from a Pentagon aspect and even from industry in preparing to actually make production more easily available, ready to scale?

Sen. Roger Wicker:

Well, I'm glad Bill mentioned funding, and I'm glad he said numbers matter. Funding matters. The President said a few weeks ago that we are at an inflection point in history. What we do in the next four or five years is going to determine the quality of life that humankind has for the next four or five decades. With respect, I wish his budget requests coming from the White House -- and controlled very much by OMB, and what a huge bureaucracy in there requires him to do -- it has not indicated to me that funding really matters very much. Three years in a row, the president has proposed a cut in defense spending. Now the Congress has not done that. And it may be that the administration was very sure that we would do that, but I'm a simple guy. We are not spending nearly enough on national defense. And I see this poll here, which I've been in the audience, but --

Marcus Weisgerber:

Put the slide up.

Sen. Roger Wicker:

I'm with the -- I'm colorblind, but I'm with the 67% there. And if they had divided up the extremely concerned from the somewhat concerned, I am extremely concerned that we're not making the commitment to getting where we ought to be. And I don't want to talk too long on one question, but for years I've been -- those that think like I do have been saying, let's add more money to submarines, let's add more money to ships, let's build more. And some of the response we get is, "Roger, if we appropriated all that money, we couldn't possibly spend it. We don't have the capacity, we wouldn't have the industrial base to do that." And that's why I was among those people calling the Director of OMB and urging her, please send us some money for this fiscal year to start right now building the defense industrial base. And that is now a part of the president's official

request in the supplemental appropriation bill, along with Ukraine, along with Israel. And I will say, we're going to have to have something meaningful and real about the border, but it is so gratifying to me that we are on the cusp of getting an extra \$3.4 billion on exactly what we're talking about right now, so that in the next appropriation bill for next year, they won't say, well, we couldn't possibly spend it even if it's there.

Marcus Weisgerber:

I want to pull the thread on that \$3.4 billion in a little bit. We'll get back to that. Why don't I go to Congressman Courtney?

Rep. Joe Courtney:

Sure. So I really think the Secretary LaPlante's announcement here today, or soon to be announced, industrial plan is an incredibly significant moment for our country. And just listening to the remarks today, this morning, I think I heard the term "arsenal of democracy" at least three or four times, certainly with Secretary Austin's address. And he did it in the context of what you were talking about, Marcus, in terms of just all of the sort of escalating problems in the world, and how the US, again, is the place that I think our allies are looking to in terms of bolstering their defense needs. And the question of the day is really whether our industrial base has the bandwidth to really answer that call. And again, I think this industrial policy, which I actually did get a bootleg copy and took a sneak look at it, I think really sort of touched all the right points in terms of how we expand capacity.

But I also, as someone who not only sits on the Armed Services Committee, but also the Education and the Workforce Committee, I think it's important to step back and look at the US labor market and our economy today. At the end of the Cold War, in terms of the percentage of American workers who were in the manufacturing sector, that was over 30%. Today it's 12%. So when you talk about, well, how do you turn on the industrial base, and how do you get the arsenal of democracy up and running? We're starting from actually a pretty challenging place right now in a whole variety of ways. And the portion of the report which I read, which is on workforce readiness, talked about again getting the Pentagon in the business of boosting development of the workforce, particularly in these sectors of the economy that are so critical if we're going to be able to expand production.

And again, the submarine industrial base funding, which again, the Assistant Secretary talked about, that has actually been happening the last couple of years. Roger's been an incredible advocate in favor of that. We are seeing real results in terms of hiring and tonnage that's starting to throughput through the shipyards right now. But the fact is -- and I'll stop after just making this one last point -- this is an all of government issue. It truly is when you talk about workforce, because that inevitably brings in our education system and our job training system. And if you look at one of the missing pieces over the last 30 years about why our manufacturing employment has deteriorated, it's because we have basically disinvested in things like trade schools, career and technical education, job training programs, the pre-apprenticeship trainings that will get people connected with semi-skilled levels to be able to go into a manufacturing plant for GE, or for a shipyard that's there, or apprenticeship programs. And that has to be done in

tandem with, again, the really, I think, impressive recommendations in this report in terms of getting the Pentagon engaged about building out our workforce.

Marcus Weisgerber:

I'm going to talk about workforce in just a little bit. Mr. Culp, I want to go to you, talk to me a little bit about some things GE Aviation is doing right now in order to be able to scale production for the conflicts and stuff that we're talking about.

Lawrence Culp, Jr.:

Marcus, first of all, thank you for having us. We're really pleased to be here. Many people know that we have a particular affinity for President Reagan, given the eight years that he spent working for GE. If you haven't stopped by the GE, the General Electric Theater, it's relevant for a host of reasons, not the least of which is he spent eight years touring our factories, which represent a good bit of GE's industrial base today. So this is particularly important. I think the Secretary's comments about the strategy going forward dovetails very well, Marcus, with the way we are trying to operate, not only on the commercial side of our business, but also on the military side in GE Aerospace.

Having the clarity, having the certainty of what's required, not only in early phase R&D, but through the development and production cycle is not only helpful from a financial perspective, certainly boards and investors want to understand what that return on investment's going to look like, operationally, if we're going to hit those numbers as well. We need to be able to understand what that footprint needs to look like, not only in our facilities, but frankly with our suppliers and with their suppliers. And this is really challenging right now, because so much of industry, particularly long lead manufacturing, which is a good bit of our world, was on its back just a couple of years ago in the depths of COVID. Much of the industry that we serve commercially, commercial aviation, has skyrocketed over the last couple of years. That's been good for us. But that demand pulls on the very sources within our facilities, and again, within our supply base that's required to ramp with everything that we're doing to recapitalize the country's aviation assets.

So there's a lot we're doing Marcus from a process improvement, from a lean perspective. You talked about just in time, we don't think just in time is bad if it's really engineered toward flow production because we can deliver on both speed and efficiency at scale. And at the same time, we're continuing to invest in innovation like additive manufacturing, like ceramic matrix composites to deliver next generation technologies, be they for sixth-generation combat aircraft or rotary programs like future vertical lift. So there's a lot there that we're doing, which I think dovetails very well with what the secretary will roll out here hopefully in a couple of days.

Marcus Weisgerber:

I want to shift a little bit more to some budget conversation, and maybe we'll go down to Senator Wicker at the end. You referred to the, I believe the shipbuilding part of the supplemental that's on the Hill right now. We have a \$105 billion supplemental, it includes Ukraine funding and funding for other needs including the industrial base. How

do you see that shaking out, I guess, in the coming negotiations that I guess have to happen in the coming month?

Sen. Roger Wicker:

Well, I'm relatively optimistic. I'm not quite exuberantly optimistic, but we very much need it, and I'm gratified that the new Speaker has begun to acknowledge that we have to stay with our friends in Ukraine. That's very helpful. We can get a two-thirds vote in both houses if we do this right, and that will save us a lot of trouble. But the Speaker can put an agreed package before the House on one suspension vote and have it done quickly. But there's got to be some more negotiation, we're going to, as I say, we're going to have to have something on the border, something meaningful on the border. And yes, we're going to have to stay with our friends in Ukraine, and we're going to have to stay with our friends in Israel. And you've changed the chart down here, and thank you for doing that, 38% view that we need a lot more funding. 31%, we need a little more funding. Well, \$3.4 billion for the submarine industrial base to be spent right now, this year, not appropriated for the next fiscal year is huge, and I'm thrilled about it. It can be a game changer. And you've promised we're going to get back to workforce training.

Marcus Weisgerber:

We are.

Sen. Roger Wicker:

Good.

Marcus Weisgerber:

We are. Secretary LaPlante, how about just from the industrial base standpoint of that supplemental, right now, and even just the broader NDAA and everything, how does that help you? How important is it for you that get passed in terms of being able to do the stuff you want to do in terms of scaling?

Hon. William LaPlante:

Yeah, it's really important. I'll just give the example of the 155 production. Thanks to the hard work in the Congress and Doug Bush and the Army, we now have a credible realistic plan to get to 100,000 rounds per month in 2025. Unbelievable, unbelievable. We were at 14,000 rounds a month just six, eight months ago. But let's be clear, if we don't get this supplemental that's sitting over there right now with that additional funding, we won't get there. Actually, the funding that the Army has put in is the last bit to get us from 80,000 to 100,000. So it's that simple, we have to get this funding all over there. The other thing I would say about the supplemental, both for Israel as well as Ukraine, is there's a crisis actually happening right now. An operational one, I would say, in, I would say, the UAS and Counter-UAS situation. Both the UASs that Ukrainians, Israelis, et cetera, and loitering munitions, need, and need that can be surviving in a jamming environment increasingly. But really more important, the crisis is on the Counter-UAS.

It is an urgent issue, and we need -- getting back to numbers matter and production, we need the Counter-UAS capabilities at scale. We need lots of money. We need production lines to go up fast. I would draw the analogy of where we are right now, and looking at

the production for Counter-UAS as being -- having to go through the roof. It was like where we were about a year ago where we said 155 is going to have to go to a hundred thousand a month. And of course, when we said that, people fell out of their chair, but it turns out to be true. I think that's where we are at Counter-UAS. So we need those supplementals to get on this.

Marcus Weisgerber:

So let's just go to shipbuilding, and let's talk about the workforce there. I know that's very important to you, Congressman. I know that's important to you, Senator. So in recent years, the industry has faced an abundance of challenges with skilled labor. I've been down to Newport News, I've driven by the Electric Boat actually, or taken the ferry from Long Island past the Electric Boat numerous times. The scale here is exponential of what needs to happen. The Navy wants two Virginia-class submarines each year, plus a Columbia-class submarine, plus now AUKUS in there as well. So we'll do a little softball to start off. How can Congress make sure the industry has the capability to be able to actually do that?

Rep. Joe Courtney:

Sure. So, you're right. I mean we're at a place right now, and I've lived in Connecticut long enough that I remember the Cold War when there was 28,000 people going to work every day at EB, and then the collapse of the workforce where it really actually at one point there was a concern, it actually might even close. And today, starting from about -- in 2006, it was about 6,000 or so people there. Today it's over 22,000. So there's been really, actually, really, in my opinion, pretty impressive growth, and it's been a combination of efforts that have really made that happen. Again, the US Department of Labor has been instrumental in terms of the pre-apprenticeship funding that really started back in 2016 that is really paying big dividends right now. And the trade schools, which again, I cannot emphasize enough the value of having really good programs that are connected to local economies where kids can just walk out and have a really good paying job, avoiding college debt and all the headaches that sort of go along with that.

But having said all that, as Roger points out frequently, and he's right, if you look at the Columbia program, which is going to be into the late 2030s, those are 20,000-ton vessels. They're behemoths. They're two and a half times the size of a Virginia-class. And if we're going to keep the cadence at two Virginias a year along with Columbia, and help our ally in Australia, the estimate is about 100,000 new shipbuilding jobs nationally. Again, those aren't all in Connecticut or Virginia. I mean that's the whole supply chain outsourced shipyards that is going to bring us to that number.

Sen. Roger Wicker:

Maybe 40 states.

Rep. Joe Courtney:

What's that?

Sen. Roger Wicker:

Maybe 40 states.

Rep. Joe Courtney:

Right, exactly. And so, this really is going to require something, again, given the fact that how we've let manufacturing deteriorate in this country, an extraordinary effort to sort of get us there. The SIB money that started last year, as I said, has been really starting to show some impressive results. Roger's great work in terms of the INDOPACOM \$3.4 billion is essential to get that done. We just heard from Ambassador Rudd that Australia is in for the US industrial base to the tune of another \$3 billion. But again, 100,000 workers. And that just is the workforce, that doesn't get into all the other aspects of an industrial base. It's really going to be a huge effort and it's going to require a lot of consistent persistent funding, as Roger said.

Marcus Weisgerber:

Senator?

Sen. Roger Wicker:

China is building a Navy that can only be viewed as preparing for war. Who are they preparing for war against? I think it's quite obvious. So we need to be serious about this. They have one shipyard, one shipyard that is larger, has more shipbuilding capacity than our entire shipbuilding capacity. If you are figuring civilian ships and military ships, that is true. But beyond that, it's just far more. Let me give you this idea about workforce training. It's good if a kid can get out of high school and go right to work at say Huntington Ingalls Shipyard, but that hasn't been the case until recently. At Huntington Ingalls, we have 11,000 people working in shipbuilding. The president of HII at Pascagoula says she could use 14,000. She just can't find them. Here's something that they started a few years ago and I think is working.

They went to about eight high schools in the area, including high schools in Mississippi and a couple over the state line in Alabama, and they offered as a corporation to take over and remodel the entire vo-tech shops in those high schools. And they are state-of-the-art shipyard training facilities now. And so, a junior or senior in high school at Moss Point High School, who knows he wants to work with his hands. He wants to be a welder, he wants to be a shipyard worker like his dad and his granddad. They can go to that school in the 11th and 12th grade, and really the week after they graduate from high school, they can be making excellent money working for the shipyard because they've already been trained. If we could somehow incentivize that around the country, that's just one idea, Joe, about how we can get people into making good money quicker.

Marcus Weisgerber:

Secretary LaPlante, how can the Pentagon help in terms of this workforce issue that's being faced by industry right now?

Hon. William LaPlante:

Yeah, I think several things. I think, one, as has been implied by both the Senator and the Representative, this is a whole of government if you want to call it that. This is at state and local levels, this is at high schools, all the way up to the federal level. And I think we can do even a better job at kind of making sure we're all talking to each other. I think the submarine industrial base in the Northeast have done a lot of that really good work. So



number one, recognize -- and the point that the Senator made is really, really key -- is recognize that the things like the investment, and where somebody out of high school is going to go to work, and what the environment looks like. Does it look like an old Russian factory, or does it look like a modern high-tech shop? And if you've been to some of these advanced manufacturing, it looks like they're at a startup.

It's really cool. That actually matters. And so, the government, all of us, can help with the various investments to invest in those areas. The other piece is I think there's other really flexible things that are being tried, not necessarily in the shipbuilding business, but I know a company that's one of the innovative companies, mid-size, that's gotten themselves to hire professional engineers classified as professional engineers even if they don't have a college degree. And if you think about that, first of all, that goes against the culture, but people without college degrees can do software sometimes a lot better than those of us that are overly educated beyond our intelligence. So we've got to think of these creatively like that.

And the final thing is we're talking to, and I know the Senator and the Representative and the Secretary and I have talked to the CEOs of this industry, particularly in shipbuilding. One of them said to us, and I'm sure the Senator and the Representative heard this a couple of weeks ago, can't underestimate looking backward the effect of the pandemic. We lost -- a generation retired of skilled workforce during the pandemic that we would not have expected to retire. On the one hand, we have to admit that's what happened. On the other hand, it's a real opportunity now as we bring in the next generation, but it also means that things like the ratio to supervisor to people working for them, it's probably got to be a lot lower, because you need a lot more touch and hands-on with a new employee than you do with a real experience. I think the government, what we can do is be part of encouraging all of that. Thank you.

Marcus Weisgerber:

We're going to continue with shipyards, but I want to ask Mr. Culp about just GE, and how it's been handling these workforce issues that have been, as Secretary LaPlante was saying, kind of exacerbated by the pandemic.

Lawrence Culp, Jr.:

Oh, very much so Marcus. I don't think anything that has been said relative to the shipbuilding space is different than what we're seeing in aviation. Without question, we saw a generation not only of people who work on the shop floor across our supply chains, but also within our engineering labs, people in their fifties, they took retirement, and at a time, particularly for our company, where we were dealing with a dramatic downturn on the commercial side of the business. It's what made sense at the moment. But we certainly feel that today, and I think the point the Secretary makes is critical, but don't think about it simply as experience, people who know how to do things more quickly than perhaps a younger person. They took so much institutional knowledge with them. And I think one of the things that is spurring us to do is really make sure that we are as disciplined, we are as detailed as we possibly can in all of our processes to make sure that we aren't reliant on that institutional knowledge, that experience, that 28-year-old coming in or that 18-year-old coming in just won't have in comparison to that 58-year-old tech or engineer that left.

But it is a net opportunity because we will be able to recapitalize our manufacturing assets at a time when our customers, particularly at the Air Force, are trying to recapitalize these assets. The other point that the secretary makes that I think really resonates with us is we need to make this work attractive. It's one thing for people to be capable of doing the work. They need to want to do that work. And that is not strictly a function of pay, but we're competing with a whole host of different employers, some of which you would not think of as the people we would be competing with, but if they can go to say, an Amazon and work in a warehouse that may have certain appeal to it relative to coming into one of our operations as a welder, as a machinist, what have you. But I think this is certainly a surmountable operational challenge. It's clearly a strategic imperative for us, again in aviation as much as it sounds like it is in shipbuilding.

Marcus Weisgerber:

So to stick on ship building, and specifically submarines for a moment. There's a report that's been floating around the last few weeks that's been calling for a third shipyard, a third private shipyard to meet the demands. I was wondering, Senator and Congressman, what do you think of that recommendation?

Rep. Joe Courtney:

So I think one of the developments really just in the last couple of years that I think is really a really encouraging move that the Navy is pushing is development, what they call strategic outsourcing of the production process. And again, right next door to where Roger lives in Austal Shipyard in Alabama, I mean that is sort of the poster child of the fact that we're now doing steel fabrication for the Virginia-class program in Austal Shipyard, which traditionally was a shipyard that just dealt strictly with aluminum fabrication and aluminum-hulled ships. Now they are part of, and it's not really, you can't even call them a supply chain company. They're really, as I said, becoming sort of a surrogate or minor league shipyard as part of the process of getting more man hours out of New England and Virginia to take the pressure off those yards and move the process along faster.

That's going to happen at the Philadelphia shipyard, the Philly Shipyard. And in South Carolina, there's a shipyard there that the Navy is also targeting to expand this process of outsourcing. My personal feeling is that starting from scratch and building a new shipyard, you would have to, you're talking about a private company coming in and investing just really ungodly amounts of money. How you do that quickly to address the moment that we're in right now is questions that have to be asked when people are making these kinds of proposals. Again, I think what the Navy's doing right now is a shortcut in terms of really basically just expanding capacity of shipbuilding but not going into the gymnastics of building a new shipyard.

Sen. Roger Wicker:

Rob Wittman was on the panel, and I think in this very chair, during the previous hour, and he said pretty much the same thing. Yes, those two yards on the East Coast are candidates, and Austal. It's interesting that Austal has been mentioned in both panels and the distinguished Chair of the House Armed Services Committee hasn't been here

but instead has been locked in a room rooting for the University of Alabama. What's the score?

Hon. William LaPlante:

They're winning. They're winning. Okay, good.

Marcus Weisgerber:

So to stick on, maybe close the loop on submarines. AUKUS, I know that you both are big supporters of AUKUS. We had an announcement yesterday, kind of an advancement of the second pillar of AUKUS, the technology, not necessarily the submarines. Senator, I know you've been wanting the US to get, you've wanted the Navy to get its own submarine Virginia-class production in order before it kind of moves on to AUKUS.

Sen. Roger Wicker:

Well, yes, listen -- and again, this has been mentioned on this very platform. We are down to 1.2 attack submarines per year. Simply, totally apart from AUKUS, we need to do two per year. And quite frankly, we need to up that substantially, maybe 2.3, 2.4 per year. And again, we don't have the capacity and you never get to the capacity unless you get started. So that's why it is so vital that we keep every bit of leverage so we can get the \$3.4 billion in the supplemental. And to me that makes it a lot more attractive to the taxpayers and the American public if we're going to convey three of our attack submarines to Australia and have this business relationship with them, which is really, it's positive in so very many ways, but we do need, at the same time we ratify this agreement in the NDAA, we are going to need to make sure that we are getting started. Finally, on upping our capacity.

Marcus Weisgerber:

Is appropriating the 3 billion, 3+ billion, does that satisfy that for the NDAA, or I guess how would you see that transfer line getting back to the NDAA?

Sen. Roger Wicker:

It's the best we could get right now, and really, of course the supplemental is in addition to what else we're doing, but we are nowhere near getting ready for what China has said they want to be able to do by 2027.

Rep. Joe Courtney:

So just real quick --

Sen. Roger Wicker:

And we might as well admit that, and what has been said up here about deterrence is exactly right, and the Ambassador and I are joined at the hip on this. The idea is for Xi Jinping and his minions to look in the mirror and say, Nope, not today, and not next week. We are not in the shape we need to be compete with the Americans and their allies.

Rep. Joe Courtney:

So just real quick, again, I cannot say enough good things about the advocacy Roger has had about making sure that we're not just making increased shipbuilding capacity just a talking point, but that we're really matching it with the resources. But I would say that if you look at where we are today, 2023, I actually check the shipbuilding cadence down at EB like a box score because the Patriots stink this year. And actually the note that I got just yesterday was at, they are actually up at one point, 1.47, which is still below two, which is not, but where they started out earlier this calendar year at 1.2, that's real movement. I mean, there's just no question that we're not in a static situation, that the build rate is picking up speed in a really encouraging way.

And I would note that Admiral Houston, who's the commander of the submarine forces, he laid out, again, the schedule for the sale of Virginia-class submarines to Australia. The first will be in 2032, second in 2035, third in 2038. Now, ship building's a long game, and we know that, and you can't just sort of say, oh, that's not, then we're fine. That's so far away. It's not that far away in shipbuilding. Having said that, we do have some time to really, again, get this production rate moving, and with what we're seeing this year, I think we can really meet that goal of a 2032 sale date. But again, it's going to require consistent persistent funding to make sure that the progress that we're making is going to continue.

Marcus Weisgerber:

Close the loop on shipbuilding, and I'll say at least you're not a Jets fan. Story of my life. Secretary LaPlante, I want to shift to you. A lot's been talked about Replicator since that was announced in August. I think that was announced the day we last did one of these on stage together. It seems like in terms of scaling production, which is what our panel's about, that's kind of a good pilot maybe if at all for that. Is there anything you could share about where that's actually going, and if this will be just that, a pilot for other types of technologies?

Hon. William LaPlante:

Yeah, I think, again, if I take a step back and look at where things are going, and I believe this is true in the Indo-Pacific as well as what we're seeing in Ukraine and INDOPACOM, is that it's high-volume fires, and you could add to it high-volume fires with EMI, or EW, and cyber at the same time. High-volume fires for effects. And you think about the number of targets that Admiral Aquilino would have to deal with in a potential scenario, and it's huge. And again, you look at the numbers of UASs, mainly Tier III are the ones we're worried about, these are the Shaheds, and the Lancets, and there's one other that the Russians are using against Ukraine, high, high volume. And then you look at defending, you need that volume in spades. And yes, we're working on directed energy, but that's not quite here yet.

When you look at all of this, what jumps out at you is number one, numbers matter. Number two, being able to produce them and keep producing them matters. Number three, that you can change them and adopt them either through software or other modularity quickly because of threats changing so fast. And number four, to the degree that you can add autonomy, and I mean autonomy in the sense where you would not need necessarily any external navigation SATCOM or anything, or even any comms period because the jamming has gotten so bad, that you could use terrain and you could

use terrain with dead reckoning and smartly figure out how to get to a box, search for a target and kill it. Or the other way around, search for a volume of coming in UAS and kill it. This is the problem we're facing. Oh, and by the way, everything I said has to be affordable. If it costs a million dollars a round, and you're going against \$100,000 or less cheap UAS, they've won.

So when you take that all together, that's the problem of our time. And I give the credit to, and the Secretary, the Deputy, have this reporting to them, to show people this is the importance. So I really encourage everybody to think about this problem. And again, think about the numbers. When I meet with all the companies that are either on the offensive side or the defensive side of UAS and autonomy, I give them that problem. I almost give them the 155 chart approach. I say, over the next three years, what's your production rate? How high can you get, and what do you need to capitalize to get there? And let's have that conversation. At the same time, when you look at the color of money for these Counter-UAS systems, it is mostly RDT&E, because most of it are prototypes. We've got to move that to production, production, production, production. So I look at what the Secretary and the Deputy are doing with Replicator as motivating that argument, but we're going to need it all across the board. And I think that's why we need to get these supplementals passed, because Replicator or outside Replicator, we're going to need to start funding this stuff right away.

Marcus Weisgerber:

Mr. Culp, I want to shift to you real quick. Your company has done a lot with additive manufacturing in the engine space. Can you talk about just how that, in terms of being able to speed up production down the road, how that could help in the types of investments that you're making?

Lawrence Culp, Jr.:

Sure. Well, I think with additive manufacturing, it's not just speed of production, it's also flexibility of design. I mean, that's really what we've come to appreciate at GE is everything that we do both on the commercial and on the defense side of our business in terms of engineering the next jet engine, we're doing things today that we clearly couldn't do a decade or two ago because of the additive manufacturing capabilities. We're working through that, to the Secretary's comment a moment ago, ramping that capability. It is a new technology. It's not necessarily the fastest way to make a nozzle, a combustor line or what have you. But that said, we are creating the capability not only to drive those advanced, more flexible designs, but be able to put those into production more quickly. And that's really what's key here, reducing the cycle that it takes to go from that design to production. And this is an area, Marcus, where we're able to take a good bit of capability that we are advancing on the commercial side of our business and bring it in to the defense realm, which we think really is something that gives us additional advantage.

Marcus Weisgerber:

So I forgot to mention earlier, we're getting some questions here, but if you have a question, you could ask it in the RNDF app. I'll just shift to a couple questions right now from our audience. I suspect this is for Secretary LaPlante: "In an earlier panel,

Lockheed CEO Jim Taiclet suggests that we need a faster acquisition process for software and tech as opposed to hardware platforms. What do you think of that?”

Hon. William LaPlante:

Yeah, sure. So a couple things, under Ms. Lord, they've started, and it's in the DOD 5000 software acquisition pathway -- really quickly, if you think about really to deliver something, and I'm sorry for whether it's in your personal life or whatever, you have to do three things and align them. Number one, you have to know what you want, that's a requirement. Number two, you've got to have the money and it's the right kind of money and when you need it. And three, you've got to have a good, we call it an act strategy. Who's going to build it for you? What's the contract? Those three legs make up the stool. You have to do them in a very agile fashion, and frankly, agile meaning ideally in a sprint where you get all three of those folks back together every six to eight weeks. That's what modern software is, to have SecOps is more or less it's doing that. This pathway allows you to do it.

Okay, now to Jim's point, Jim Taiclet's point, he's absolutely right. What we need to do is we need to get to a point where we build, and we have invested enough of the money in the hardware upfront, that the replenishment of the hardware is infrequent enough that we can handle a lot of the upgrades by software. What that may mean is, it may mean that we may buy more excess capacity in headroom in our processing of the hardware because that way we don't have to upgrade the hardware as quickly. Because I've thought a lot about this Counter-UAS problem or UAS problem and said, “could you solve it by rapid software to the field?” The answer is probably yes. However, for example, one of the most effective Counter-UAS systems right now, we had to upgrade it with a solid rocket motor and a sensor. So you still have hardware to do, but I completely agree with Jim. And the other piece about software is you can use it to basically make the adversary's cyber problem really, really hard. If you make it heterogeneity, you change it a lot, you go to virtual, you don't give any confidence to the cyber adversary that what they had that would work last week will work next week. So there's a lot there in what Jim said.

Marcus Weisgerber:

I got one for Senator Wicker about amphibious ships, and I believe today the LHA-8 got christened. The Bougainville, I believe that's right. Right. Alright, what would you like to see from the Navy in terms of amphibious assault ship strategy?

Sen. Roger Wicker:

I'd like to see us be able to manufacture them more quickly. I'd like to see us be able to keep them at sea longer, and to compensate for that, we have to repair them more quickly. The Secretary mentioned General Aquilino, he needs units of Marines right now, and we are not able to send those Marines to him right now because we don't have enough amphibious ships. So that's just another example of why we need a sense of urgency because the people that wish us ill are in a big way doing stuff in a hurry.

Marcus Weisgerber:

I have one for Mr. Culp. “GE has manufactured engines in China for years. What specific actions have you taken to ensure that critical engine and manufacturing technology is not transferred to China?”

Lawrence Culp, Jr.:

Well, I'm familiar with our manufacturing of jet engines in China, so I'm not sure I would support the basis for the question. We certainly have exposure to China from a supply chain perspective, but we're in the process of making sure that we have alternate sources for much of that capability, particularly for the defense side of the business. The question may be rooted in more of the commercial side --

Marcus Weisgerber:

I think that's what it's hinting at, yeah.

Lawrence Culp, Jr.:

Of what we do. And of course, that is an important market for us in that regard. But rest assured, we go to the end of the earth to protect intellectual property that we have, both from a design, from a manufacturing as well as from a servicing perspective.

Marcus Weisgerber:

We have another one for Secretary LaPlante: “What’s your approach to balance between maintaining competition and early down-selects in major programs?”

Hon. William LaPlante:

So I mean, I think those of us that really want the best practice of acquisition mean a couple things that are kind of precepts for us. Number one is you want to get as many people to a preliminary design review as you can, however they get there, whether it's their own money, government money, or a combination thereof. And then, boy, if you can keep more than one to a critical design review, that's even better. What we did for B-21 is we got the two teams with government funding up to a PDR quality before we did the down-select. We had reasonably mature designs and it really made all the difference. Now here's the challenge. I know we live in a budget-constrained world. Our friends that are budget folks, and they're our friends, will look at budget time and they'll come to us and say, “why are you holding two or three folks in that competition to a CDR? Explain that, you shouldn't down-select earlier?”

Or even, and this is where I get into perhaps this is really bad acquisition pressure, not even to a PDR. In fact, I think it was in 2009 when SARA made it in law that you couldn't down-select before a PDR. So it's really the balance of the financial pressure that we get from our financial friends because of the tough budget versus what is a best practice. I would love to go back to where we were keeping multiple vendors on to even a CDR, but it's going to be all about money. And when people look at where to take money when the budgets are tight, that's what they look at. But I would love to do that.

Marcus Weisgerber:

So last one, I guess we have about three minutes left. How can we leverage the DIBs of our allies and partners? I know Secretary LaPlante, you've talked a lot about co-production overseas and whatnot. How close to a reality is something like that?

Hon. William LaPlante:

It's here. So really quickly, the Australians have announced that PrSM and GMLRS are going to be produced in Australia, that's co-production. Co-development, we've announced with the Japanese that they're going to work with us on co-development of the Glide Phase Interceptors for hypersonics. The Secretary said in his speech today about co-production of Stryker with the Indians. In Europe, there's going to be more announcements coming about co-production in Europe. Next week, we as a White House announced, we are hosting in Washington with State and Commerce about 100 Ukrainians, including their companies, that are coming to DC to meet with American companies, to meet with international companies. And it's all about how we can help rebuild the industrial base in Ukraine, but also how we can start doing co-production. And I will say, as I mentioned earlier in another forum, Chris Lowman ASD-S is going to announce a regional sustainment strategy later this month in the Pacific and in Europe, where we're going to be setting up place, where we can do maintenance, heavy maintenance and overhaul in these different countries, including Ukraine. This is where we're going, and you're going to see more and more announcements about it.

Marcus Weisgerber:

Congressman, you've got the last word.

Rep. Joe Courtney:

So I think reaching out to our allies and collaborating is one really smart way to size up capacity, which is the title of this panel here today. And one aspect of the AUKUS project, which is part of the legislation that Roger and I are working on, is expanding the Defense Production Act to include Australia and the UK as domestic sources, which is kind of a weird concept to maybe get your head around. But the bottom line, what that means is that we can accelerate development of critical minerals or critical technologies that our allies are maybe in a better place to produce quicker, faster, bigger amounts. And Canada, by the way, is already covered by the Defense Production Act. So I think all three countries are very excited about the fact that that is a way that we can develop munition explosive material quicker. I think Australia can help us with that. And then there's critical minerals that the UK actually has that we can tap into that will, again, reduce our dependence on China.

Sen. Roger Wicker:

There are budgetary reasons to do that. At the same time, we need to emphasize to our taxpayers that all of this money we're spending on Ukraine, most of it goes to manufacturing in the United States. We need to make that point too. And by the way, I think I just either demoted or promoted Admiral Aquilino to General, and I apologize for that.

Marcus Weisgerber:

Bill, did you have something?



Hon. William LaPlante:

No, no. I think that's exactly right about, there was a great Op-Ed, I think this past week if you didn't see it, by Marc Thiessen that said exactly what the Senator said. There's this perception we're writing checks to the Ukrainians. No, they're going all across the United States to rebuild our industrial base and replace our equipment. And ground is being broken everywhere. I mean, it's huge what's going on, and we just have to do a better job explaining that.

Marcus Weisgerber:

Alright, well that's all the time we have. Please join me in thanking our panelists.

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