

Second to None Press Launch
September 14, 2011, 10:00 a.m.
National Press Club, Washington D.C.
Remarks by Marion Blakey
President and CEO American Aerospace Industries
As Prepared for Delivery

Good morning. I'm Marion Blakey, President and CEO of the Aerospace Industries Association. Welcome and thank you all for joining us this morning.

Let me start with a few brief introductions:

- To my right are Jim Albaugh, CEO of Boeing and the current Chairman of the Aerospace Industries Association.
- And David Hess, CEO of Pratt & Whitney, and Vice-Chair of AIA.
- On my left are three more members of AIA, I should say very active and involved members of AIA.
- Chuck Gray, Vice President and COO of Frontier Electronic Systems. Dawne Hickton, President and CEO of RTI International Metals. And Rick McNeel, President and CEO of LORD Corporation.

I'm grateful to each of these members of AIA, and to those AIA members out in the audience, for joining us here today to make several important announcements. This morning we'll each share a few brief remarks with you and then take questions from you as a group.

Those of you familiar with AIA know that our primary mission is to serve our membership by closely monitoring policy, regulatory and legislative issues. And, working closely with our members, AIA serves as a voice for the aerospace and defense industry in reaction to these issues. You'll find more information on AIA and our member companies in today's press packet and on-line.

I don't hesitate to say that today's announcement represents one of the most important actions in the history of AIA, taken on behalf of, and in close coordination with, our member companies. Everyone knows what a challenging time this is for America:

- A national debt that threatens to overwhelm all other priorities.
- We saw no net jobs gain in August, despite costly stimulus efforts over the past several years. And, unemployment remains over 9 percent.
- Economically Russia and China are competing with us in every market and on the world stage.
- We're still fighting two wars – Iraq and Afghanistan. Now, in countries such as Libya and Yemen, new and unique risks are emerging. Risks to U.S. national security and that of our allies.
- Threats from nuclear-capable regimes such North Korea continue today.
- European countries as well as China are investing heavily in space-related R&D and these investments have already led to advances that are leaving American companies

at a dangerous competitive disadvantage. As U.S. industry lags behind in space in the commercial market, government needs – such as new satellite technologies essential to the future war on terror – will suffer from industry’s inability to invest in R&D.

- And, while on the subject of satellites, continued failure to adequately fund critical national infrastructure programs such as our aging air traffic management system threatens to put America at greater economic risk, and risks the safety of the flying public. Moving from ground-based to satellite-based management of air traffic is essential to our future as a world economic power.

Despite these economic and national security risks, already this year Congress has cut over \$350 billion from the defense budget. And an additional \$600 billion cut to defense is one of the options on the table with the budget Super Committee.

Even after the death of Osama Bin Laden, the threat of terrorism remains. As an industry responsible for both supplying the warfighter and contributing significantly to the health of the U.S. economy, we believe it is our duty to speak out. This is the rationale behind our national launch of the Second to None campaign. Naturally we have a logo.

While we do have a fancy logo, this campaign will not be your typical, glitzy, short term “inside the Beltway” blitz of advertising followed by deafening silence after one piece of legislation or another is finalized. This will be a sustained effort, in states, cities and towns, as well as in Washington, to caution the American people and our leaders of risks associated with cutting defense further. And, the risks posed by other likely areas being targeted for budget cuts, including NASA and potentially the FAA.

I’d like to focus on some specific economic risks. The aerospace and defense industry supports 2.9 million American jobs across all 50 states. Over 1 million of these jobs are direct, industry jobs, according to a recent set of data we received from Deloitte. Make no mistake – combining the cuts already incurred and the potential for more defense budget cuts, hundreds of thousands of American workers’ jobs are at risk.

Our message for the Administration and Congress is slow down. Take a very long look at the national security risks, as publicly noted by everyone from Defense Secretary Panetta to a range of other national security experts and many in Congress. And consider whether eliminating another hundreds of thousands jobs over the next decade is at all consistent with the national imperative to create jobs.

I mentioned Secretary Panetta. Some of you are aware that I, along with a number of AIA’s Executive Committee, member company CEOs met with the Secretary yesterday. After our group’s prepared remarks, we’re happy to answer your questions about this meeting. For now I’ll tell you the following –

- There is no question of the Secretary’s commitment to dialogue with industry as we work through the budget challenges.
- Secretary Panetta expressed a clear focus on protecting the US defense industrial base. For both economic and national security reasons.

- He describes further, deep cuts to the defense budget as “devastating,” a remark Secretary Panetta has shared previously.
- The Secretary recognizes the critical need to sustain investment in R&D with industry.
- And finally for now, we were very pleased at Secretary Panetta’s commitment to continuing the push toward export control reform. His focus on what this means to our allies in the war on terror and the overall health of industry was most reassuring.
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Our message for the American people is simple – contact your elected representatives and ask this same question. Why are we considering further cuts to a defense budget critical to our national security and critical to 2.9 million American families?

We know what it takes to keep our troops supplied, to give them total knowledge of the battlefield, to dominate the skies, and make sure they succeed and come home safely from any mission.

We know the gains America has seen from space exploration – spinoff industries like GPS and advanced medicine. We know the value of civil aviation – one of the most successful U.S. export industries and one with huge prospects for growth. And we know how budget choices made here in Washington impact all these.

That is why we are launching the Second to None Campaign. The issue of the budget is the foremost question before Congress and the Administration today.

But the budget debate has been too fuzzy and abstract – huge numbers for cuts are tossed around, but there is not enough discussion of the costs of these cuts, the impact on our national security, our economy, our industrial base and our civil and space industries. And the debate has been marred by inaccurate preconceptions.

People assume the military can absorb cuts, but don’t realize defense spending is historically low as a share of the budget – it’s around 19 percent compared to a post-Vietnam average of 21 percent.

People assume budget cuts won’t undermine our security since we are drawing down in the Middle East, but don’t realize savings from troop withdrawals will take years to realize while the debt law requires immediate cuts to our national security– cuts that would decimate things like R&D and investment.

We want to make sure people know the facts. So what exactly will this campaign entail?

AIA and its member companies will speak out wherever we can – on the opinion pages, on television and radio, at Congressional events, anywhere there’s someone who will listen.

We have launched a web site www.SecondToNone.org – the site will be a focal point for the effort. People who want to learn about these issues can find information. They can use the site to communicate directly with their representatives in Congress.

We will be using social media – you can follow us on twitter at @SecondToNoneUSA.

This involves all AIA members big and small – from the largest prime contractors to the smallest suppliers, all AIA members will have a voice in the campaign.

There is a risk of complacency on this issue. Americans assume our military strength will be protected; that we will be first to Mars just like we were first to the moon; that our air control system will always just work, like our traffic lights and highways do. This campaign will remind people that we have these things because prior generations invested in them. Our defenses were built through boom times and lean. Our space program is the work of more than half a century.

America is Second to None in aerospace and defense because of choices our leaders made in the past – during good times and bad. And if we are going to stay Second to None, it will be because we make wise choices now.

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