Chief of Naval Operations
Adm. Jonathan Greenert

George P. Shultz Lecture Series

25 September 2013

Admiral Greenert: Thank you very much, Mr. Secretary. I've been really looking forward to this.

I see out here in the audience, classmates and there mentors all over the place, and General Mike Ryan. You may not know that he served on the Navy Staff. He was one of us at one time. And a lot of the ships that were out there steaming around that are carrying sailors and marines on them, I think he is just about right and it's doing quite well, so I thank you very much. General Tony Zinni, somebody that I've admired for a number of years and we had great conversations. So I'm glad to be here.

By the way, for the record I lasted 15 seconds in front of Admiral Rickover. He threw me out. They put me in a room. I swear it was a broom closet. I waited there for four hours, he called me back in and he said all right, what are you going to do about your grades? I said well, I'll improve them. Actually, I'd have said anything. I just wanted to go home. I'm hungry. I don't want to do this. I'm a senior in college, I just want to do something else. He said how much can you improve your grades? He started yelling. I said five, then I said 10 and 15. Remember, there are about 800 in the class. How much can you improve your grades in one semester? And mine really needed improving. So I cited some number I don't remember and years later, Steve, you remember this, we went back to the Engineers Museum and he wrote everything down. He would go out and say hey, you said you were going to improve your grades and you didn't, so where's your integrity? By the time he left that office you wrote a check for anything he would want for a charity of his choice. So this world has a way of going around and coming around in it's own way.

Secretary Shultz, thanks again for having me here. It's an honor and a privilege.

I want to talk to you a little bit about where your Navy is today and why your Navy is where it is today. I'll touch on some minor budget challenges, and I am a recovering budget officer trying to get that out of my head and just lead the Navy, but you can't help yourself, right? You've got to organize, train, equip and build it. And then the Asia Pacific rebalance. What does it mean for the Navy? And of course we have to take questions and any subject you want.

But talking about the Navy, we have to build ships. We man equipment. That equipment is designed and is built, managed if you will, there at the Washington Navy Yard, the Naval Sea Systems Command. So those folks are recovering now from the tragedy last week. I'd ask you as you lay down on your pillow tonight and are just about to close your eyes, say a prayer for those folks, not only the 12 victims and their families, but also the folks that just saw some bad things and have gone through a lot. They didn't sign up to do this, but boy, they were leading

from the front. These were engineers, civilians. I call them our civilian shipmates. Please remember them.

People ask me, they say, what a job you've got. All this stuff on your shoulders. Folks, I have the greatest job in the world. I get to lead 630,000 people in our Navy -- 320,000 sailors. Like the folks you just saw coming up here with the flag. All they want to do is belong to something bigger than themselves and make a difference out there. They want money, they want a pat on the back every now and then, so if you see one, please do that. That's adrenaline for six weeks. 110,000 reserves and as I mentioned, 200,000 civilians who are very very dedicated. The bureaucratic civilians you sometimes hear about, I've met them. I've met that kind of person that sometimes we talk about.

Put the slide up.

Just to let you know where we are in the world today. We have 285 ships you see out there in the lower right, and about a third of them are deployed out there and about in the world, and you can see the distribution out there in the little white boxes. We're increasing the percentage of deployments. Two decades ago it was about 25 percent of the fleet. Ten years ago it was about 30 percent of the fleet. We've got about a third of the fleet out and about.

You can see the Western Pacific, we've got 53 ships out there. That's our focus of effort, as we move ahead. And you say well, what do you guys do? What's your opinion? I say my job is to have ships and be forward, be present where it matters so that when it matters we can react. We can do the bidding of the nation, provide the President options out there.

We've organized, we've trained, we've equipped sailors and marines to be out there. And every time I say Navy and stuff like that today, trust me, it's not about being at the Marine Memorial. It's about Navy and marines. We are a team, we are human, we're a naval force out there and about.

So we reassure allies, that's a big deal today. That means deterrence because a potential aggressor sees the partners out there and it works, it works very well.

We're doing quite well building our Navy up today. Our shipbuilding industry is doing amazingly well. We have over 40 ships under contract. And ships are coming in -- ships, submarines, big deck amphibs, littler ships, all around our shipbuilders are coming in on budget or under budget, on time and the quality is improving. The reason is we have a stable shipbuilding plan today. They're actually starting to make some money from partners, and we're all happy. It's all going well.

But wait, there's the budget, there's dark clouds out here and it's called the issue of sequestration and what it will mean to us. So we're getting by this first year of sequestration and I'll tell you a bit about it. We were able to get by with an $11 billion cut, and that's about 8 percent of our budget. You say, how bad can that be? And honestly, we had money in reserves here and there in different programs that we swept up and helped pay that off, and all that is gone. We've used up the reserve.

We lost training money in this because we just didn't have it. It took so long to get a budget and we had to react to the sequestration, ask for permission to move money and balance it within the various accounts. So what we are able to do is get 97 seven ships today out there, but last year we had ten more than that out and about. So it's a matter of reduced operations for those that we train to deploy next year. That's what we're losing advantage to do.

So the ships are out and about today. They are organized, trained and equipped. They're ready to do the job. They are multi-mission capable. Next year's ships are the ones that are training I'm concerned about and we have to get that training done here. This year, in this '13 year. So far so good, but we've used up, as I said, our surge if you will, in money.

At any given day what our commitment is to our combatant commanders out and around the world, we say we will have for you three carrier strike groups. Now that's an aircraft carrier, eight aircraft with it, and five ships. We will have three of those, and three we'll call amphibious ready groups and that's three ships with 2500 Marines in surge, ready to react to a crisis around the world within a week or two, they can be underway. That's our commitment through the years.

Because of sequestration and our budget issues, we have one each instead of three each. And the one that we have, we're using today, and that's the Nimitz. Our carrier, the Nimitz, is our surge carrier and she's in the Red Sea today. With Nimitz in the Red Sea and destroyers in the Eastern Mediterranean, we're providing that pressure on Assad and the Syrian government to meet their commitments that they say they will come forward and getting rid of chemical weapons. Your naval force is out there today being able to apply that pressure. Tangible, credible pressure out there and about.

But the issue is and the concern is, we don't have the surge we usually have. We're kind of using it up on this crisis here. It's a credible threat now, that matters.

Next year, this '14 year, we believe as things are showing, assuming we don't have a budget shutdown, that would perturbate it worse. We'll have sequestration again. To us that's about 14 percent of the budget will be reduced.

Now sequestration is a reduction in every single account. Every budget account goes down 14 percent. Then we asked the Congress, we worked with the Congress to rebalance our accounts. You don't want 14 percent on everything, so that means 100 percent. Such as our new ballistic missile submarine that's going to replace the one we have today. That protects the United States. That's strategic nuclear deterrence and we can't afford that. So I'm concerned about that. We have to keep that on budget and on time, so that's a big concern.

We've lost that flexibility, I mentioned before, in our shipbuilding account. We were able to cover in FY13. We don't have that in '14, so we could lose some more of our ten ships that we plan to build. And with that goes that momentum I was talking about where our shipbuilders are on time, making some money. Things are looking good. We will lose that. So our shipbuilding industry is a concern for FY14 and beyond through the sequestration.

Then there's the training that I mentioned before. Our ability to sustain the training, have the ships ready to surge and get out there and meet the requirements.

We'll have the ships that I show here, we'll have those out and about. It's the surge forces back here in the United States that take the brunt of sequestration. That will be a problem in '14. But most concerning, disconcerting to me, is that ballistic missile submarine construction.

So we're working with the Congress. Our message is clear. We need a budget, and if you can't get together and give us a budget then we need the means and the authority to rebalance the budget that we do have, the money that we do have, so we can do the right thing and meet our priorities out there out and about.

So some tough decisions coming up.

Recently you've probably seen the Secretary of Defense had us look out into the future. Look out with one of the strategic concepts and the kind of management changes that we would need to make. He called that SCMR, Strategic Choices Management Review. What's my future look like out there if we keep doing sequestration for ten years?

So we ran that through, and that's where you may see in the news the Navy, it would be the retirement of three of our carrier strike groups of the 11, actually 10 we have today. So that's pretty dramatic if we were to do that, if we had a future like that. But this kind of presence we wouldn't be able to sustain, and then of course the surge that we have. So it would be a different sort of Navy we looked at. You'd be looking at a much smaller Navy, about 260 ships instead of about 257 that you see up there. That's kind of what things will look like out there in the future.

Our plan today would be 38 more than that. In other words, by 2020, that's a snapshot of 2020, we will be looking at 295 ships. That's what's being planned today. But if we keep sequestering over and over, we'll be 38 down from the plan.

The number forward might still be about 96, but our plan today was going to be 20 more of that, out forward, able to respond, able to ensure that the maritime crossroads trade is going, things are getting done out there.

So it's our challenge of the future. My mandate, as I told my staff as we look ahead to this challenge, we look to what do we need to plan?

Number one, we have to bring forward the sea-based strategic deterrent. We have to build the next strategic enlisted submarine.

Number two, we have to have as much presence as possible out there. Being forward is where your Navy is at its best, out and about in the Western Pacific, in the Arabian Gulf and those other key and critical parts of the world where you see the little squares. Those are the places that are ships operate in out and around the world.

We need to make sure that our forces are ready. They can't be hollow, they have to be manned, they have to be organized, they have to have the right weapons and they have to be confident that they can use those because that's how you will judge us, that we can go out and get the nation's bidding done and do it properly.

We'll be smaller, for sure, and I worry about the industrial base. I was talking about the shipbuilding base. You run a company, you know you have to have a predictable strategic plan. You have to have predictable capital, a predictable customer base you can depend on and have conversations with and they can tell you where we're going to go.

So our nuclear ship industrial base is the most fragile. The one that we have a lot of sole source providers. And it's not the ones that don't do nuclear ships, it's the ones that make the valves or make the little circuit cards that are particular to nuclear systems. It's the one that are made of special steel and special alloys and do the special welds on those nuclear propulsion plants. Those are the ones we've got to watch. Those are the ones we don't want going under or we'll have a real crisis.

So you see the scenario out there. That's the challenge, that's the fiscal challenge. We'll be busy with that as we go into the fall.

Let me shift gears for just a minute on the rebalance to the Asia Pacific that you've heard about and probably read about. For me, it's really four key things that we're going to do as we rebalance to the Asia Pacific. One is about forces. We will be moving some ships out to the Asia Pacific from the continental United States. Singapore has invited us to operate ships off Singapore, four of them. That's a good deal. Japan, we've talked to Japan to put two more ships in Japan.

When we have ships out there, already operating forward, home-stationed out, we don't have to rotate them out and back which wears the ships down, and they're already in place. They can react to what we need to do out there. So that's a key and critical aspect for forces.

We're going to move our most modern forces to the Western Pacific. Our new aircraft, the Joint Strike Fighter that you hear about that's going to be coming in late this decade, that's going out to the Western Pacific on a first deployment, about 2019

We have a new maritime patrol aircraft. Today we fly a four propeller engine airplane called the P-3. We're moving to P-8 built by Boeing and it's effectively a 737 with a lot of fancy gear on it that finds submarines and can find lots of things out there in the ocean. Employs a lot of different weapons, cyber, et cetera.

We're integrating that now. That will deploy in the Western Pacific first. We're taking the Unmanned Aerial Vehicle, it's like a Global Hawk only it's kind of marinized. We've got systems that can look broadly we call the Triton and it will deploy to the Western Pacific first. So you get my gist. All the new stuff is going out there.

Capability wise, we benchmark to the Western Pacific. What kind of anti-submarine warfare? What kind of anti-ballistic missile? What kind of cyber? What kind of electromagnetic spectrum warfare do we need and it's benchmarked for the Western Pacific?

We're moving our forces toward the West Coast. The fleet is going to be 50/50 balanced, the Atlantic and Pacific. By the end of this decade we'll be 60 percent West Coast and 40 percent East Coast.

Lastly, it's intellectual capital focusing on the Western Pacific. It's about doing more exercises, more comprehensive exercises with our allies -- Japan, the Republic of Korea, Australia. It's about working more with Singapore down in that arena. It's about working more with Malaysia and Indonesia.

It's about working more with China. I spent two weeks ago a whole week with my counterpart, Admiral Wu Shengli, talking about where we want to go together. What's the art of the possible? Where do we need to get started on this? What kind of exchanges? We came and presented eight initiatives to do anything from student exchange to medical officer exchange, to have us deploy on their hospital ship and they deploy on our hospital ship. They are joining our big exercise in 2014 out in Hawaii. It's called Rim of the Pacific, RIMPAC. They're going to be a part of that. We invited the Russians, but they said we can't afford it this year. So Admiral Wu said to me, ask them again. So I did, so we'll see if they come and we can do a trilateral.

It's about looking also at what kind of protocols should we have in the South China Sea? When two ships, professional mariners pass in the ocean, the open ocean. Remember, the open ocean is international. Nobody owns that. What should they be saying to each other? Because right now we don't really converse much. So we don't want miscalculation. What are the standard greetings? What are the standard professional protocols, if you will, that we have there? There is bureaucracy in this relationship that we have. We've agreed we'll work through that.

So he came to see me like I said, two weeks ago. I showed him around. As you know, they have an aircraft carrier and they have airplanes that land on the aircraft carrier. Five pilots qualified and 20 training. And he brought one of the pilots with him. The first one to land. He also brought the commanding office of their carrier. He also brought the commanding officer of the Air Force.

He also brought the head captain of their Marine Corps which is a little interesting because he said I want to go up to Camp Pendleton, Admiral Wu said that. So he brought his Marine up there. The guy had a little bit of a gut. You know what happened, right? He went up there and he saw our Marines. So Admiral Wu looked at this guy and said, I think he's too heavy. We talked about this in Washington. Admiral Wu said I'll leave him with you guys for six months. General Amos said just give us three. We'll take care of it.

He brought us a destroyerman and a submariner. So he brought young people. He didn't bring a bunch of dour old admirals gathered around squawking about where we want to go. What's the future? These are his leaders. Sit down and talk to your peers and figure out where we're going to go from here.

That's the intellectual capacity that I mentioned to you and there's more of that going on out there.

Admiral Wu's going to come back to our International Sea Power Symposium which is a collection of all the heads of Navy of the free nations. We meet in Newport, Rhode Island every two years and it's next month, in October. We have 113 coming out of 131 nations that are available to be invited.

So it's kind of a big deal. He's coming to the United States twice in one year which is unprecedented. He's coming up and he's going to speak. He's going to lead a seminar on how to evacuate citizens from a failing nation. They did that in Libya. They went in to get their Chinese folks out of there and it was hard, and there were a lot of nations trying to do that. The question is, can't we do this in a professional manner? We said yeah, we can. Let's get together and talk about that.

Throughout it all, all of these discussions I have, I'll leave you with one last thought. Our asymmetric advantage, and this became very clear two weeks ago, Admiral Wu saw it. Our asymmetric advantage is our people. People like these Junior ROTC folks out here. People like you who have served, and people like your sons and daughters and nephews and nieces who are out there serving. That's our big advantage, and this is the 40th Anniversary of the All-Volunteer Force, and thank goodness we have them because they're amazing kids out there.

So think about them when you see them. Tell them thanks for serving. Keep it up. Ask them what they do. But they're going to talk to you about what they do, they're very proud of it.

Thanks for the opportunity to chat with you and I look forward to your questions.

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