

Q&A Ray Mabus, Navy Secretary

CSPAN

with Brian Lamb

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BRIAN LAMB: Secretary of the Navy, **RAY MABUS.** You said a couple of months ago, "I've had a lot of great days since I became Secretary. I got to do some of the coolest things on earth." What are you talking about?

RAY MABUS: Well, I get to do things like I get to go see sailors and Marines all around the world and talk to them. I get to go out on Navy ships and fly into them on an F-18. I get to go out with Marines and go through some of their training with them. I get to name every ship that's made for the U.S. Navy. But the best thing I get to do is to lead this group of just extraordinary men and women who make up our armed forces today.

You know I was in the Navy over four decades ago and I served a lot of really good dedicated people, but we couldn't touch the force we've got today. We couldn't touch the skill, the training, the dedication and just to deal with those people on a day to day basis, to deal with the sailors, deal with the Marines and their families and to see the dedication, to see the skill level, to see what this generation of Americans is giving to this country is about the coolest thing I think anybody can do.

LAMB: How does this job compare with your time as governor of Mississippi or your time as ambassador to Saudi Arabia?

MABUS: Well, I've had an incredibly fortunate career and I've had some of the great jobs that you can have in government. Being governor of Mississippi was an incredible honor because my fellow citizens of Mississippi elected me to that job and it was one that I threw myself into heart and soul. Worked on education, worked on healthcare, worked on jobs, worked on the things that will benefit Mississippi and I think are benefiting Mississippi today, 20 years later. Saudi Arabia, obviously a part of the world that's always going to be of great interest to us and a country that's always going to have a central role in whatever happens in that part of the world. And to learn about that part of the world, to learn by living there, I think has just been invaluable.

But this job, this job of, as I said, dealing with the sailors, the Marines that I get to deal with on a day to day basis, globally deployed in defense of America, you just – there's nothing to compare and you can't beat it.

LAMB: You were on a cruiser when you were a lieutenant junior grade. What – give us one thing you took away from that experience that still is with you today?

MABUS: I was 21 years old, I reported aboard as a lieutenant JG and suddenly I was responsible for about 60 guys. The surface fleet then being all men and I was their mother, their father, their psychiatrist, their preacher, their best friend in terms of talking to and their worst enemy in terms of discipline. And that's a pretty huge change for a 21 year old who had come right out of school and shown up, but it became – those years that I was in the Navy became some of the most

consequential years of my life. It taught me responsibility, taught me the importance of making a decision. It taught me the importance of doing something bigger than myself and how you had to be part of a bigger structure. You had to – that the decisions you made didn't affect just you, they affected a thousand other people who were on that ship and I'm not sure I would have done what I did with my life if I hadn't been in the Navy and hadn't learned some of those lessons that I had at a really, really early age.

LAMB: One insight and one lesson you learned from being ambassador to Saudi Arabia.

MABUS: Well, I think that the one I took away was how important our diplomacy is and how important it is that our diplomats represent America. That they're the face of America, they represent the values of America and how you have to keep foremost in your mind that you're there representing the United States to the Saudis and not vice versa. That you're there to protect American interests, you're there to push the view of America and what we stand for and not to translate the views of the country you're in back to this country.

But second is oil, is energy and it's something I brought into this job and how we really shouldn't be as dependent on foreign sources of our energy as we are today and it was driven home very loud and clear not only in Saudi Arabia, but in that part of the world.

LAMB: President talked about that in a state of the union message about the Navy and energy and all of that. What are you going to do?

MABUS: We've set – I've set five goals for the Navy, the biggest of which and we're going to meet these goals is that by 2020 at least half of all energy that the Navy uses, both afloat and ashore, will come from non fossil fuel sources. We are too dependent on either potentially or actually volatile places on earth to get our energy. Now we're susceptible to supply shocks and even if we've got enough, we're susceptible to price shocks. I mean when the Libya situation started and the price of oil went up \$40 a barrel, that was almost a billion dollars additional fuel bill for the U.S. Navy. A billion dollars and the only place we've got to go get that money is operations or training, so our ships steam less, our planes fly less, we train our sailors and Marines less. And we would never give these countries the opportunities to build our ships, our aircraft, our ground vehicles, but we give them a vote in whether those ships sail and whether those aircraft fly or those ground vehicles operate when we allow them to set the price and the supply of our energy and we've just got to move away from it.

We're moving away from it for one reason, that is it makes us better war fighters. It makes us a better military. It is a vulnerability we have now that we have got to shut down and I'll tell you one more quick story. The Marines who aren't known as probably the most ardent environmentalists you've got out there, but they have embraced this in a way that is just astounding. Because they know that we import more gasoline and water into Afghanistan than anything else and for every 50 convoys, we lose a marine, either killed or wounded. And so if we can make energy where we are, if we can use less energy, so the Marines are doing things like solar, solar panels for their headquarters tents, solar blankets, about this big, that they can power small electronics or radios or GPS. It saves almost 200 pounds of batteries for a marine company plus you don't have to resupply them. It makes – it cuts them away from their supply lines, it

makes them better fighters and it lets them do what they were sent there to do, which is to fight, which is to train, to engage, to rebuild instead of guarding convoys of fuel. And it also when you turn off a generator, you can hear. You can hear far better in terms of what's going on around you.

LAMB: What would be the source of energy then if it's not going to be fossil fuel?

MABUS: Well, expeditionary energy like the Marines we're doing solar, we're doing wind for our bases here even though we're a seagoing service, the Navy has 3.3 million acres of land, 72,500 buildings. We're doing solar, we're doing wind, we're doing geothermal, we're doing hydrothermal, we're doing wave and we're doing a lot of efficiencies just doing the same thing, but using a lot less energy. We're putting smart meters in to find out where energy is going. And we just made the largest purchase of biofuel we think in American history. We've certified all our aircraft, every aircraft the Navy and Marine Corp fly for biofuels. We're doing the same thing with our surface fleet today. We've got an F-18, the Hornet, that's flown 1.7 times the speed of sound using a 50/50 mix of biofuel and aviation gas. We call it the green ...

LAMB: What is biofuel?

MABUS: Well, we're looking at second and third generation biofuels made from algae, made from things like camelina, which is an inedible part of the mustard family and the main source of this big biofuel purchase came from inedible grease that came from Tyson foods, from cooking chicken basically. So we're – we don't have a specific technology in mind, we just need the energy.

LAMB: You haven't mentioned nuclear.

MABUS: Well, the Navy is already 17 percent nuclear and thank you for reminding me of that. All our submarines, all our carriers are nuclear already. So we ...

LAMB: Are you happy with it?

MABUS: Yes, we're very happy with – and the Navy has led this country in changing energy for a long time now. In the 1850s, we went from sail to coal. In the early part of the 20th century, we went from coal to oil. In the 50s, we pioneered nuclear. We were the first service, first people to ever use nuclear power for transportation. And now, we're changing it again. And every single time, from the 1850s to today, you've got nay sayers, they say you're trading one form of energy that you know about, that's predictable, that's affordable for another that's not and you just shouldn't do it. And every single time, they've been wrong and I'm absolutely confident they're going to be wrong again.

LAMB: Give us the numbers. I've got some numbers here about the size of the Navy and the Marine Corp. As Secretary of the Navy, what's under your responsibility?

MABUS: I've got about 900,000 people, that's sailors, Marines, reserves and civilians at work and a budget that is in excess of \$160 billion. So it's a big organization. But it's the most

formidable expeditionary fighting force the world has ever known. Navy/Marine Corp is America's away team. When we're doing our job, we're a long way from home.

LAMB: Can you remember the first time that somebody, either you or somebody else said to you, you should be the Secretary of the Navy?

MABUS: No, I don't, but I will say that I think the people on my ship were probably the most surprised people in the world when ...

LAMB: But how did it come about?

MABUS: Well, I was approached during President Obama's transition and ...

LAMB: What were you doing?

MABUS: I was in the private sector and I had just finished being CEO of a company. I had been working in the private sector since I'd been ambassador and living in Mississippi had a great life raising children and it – I was approached and asked would I be interested in returning to government.

LAMB: Had you been an Obama supporter during the campaign?

MABUS: I had. I had ...

LAMB: Had you campaigned with him or anything like that?

MABUS: I endorsed then Senator Obama in April of '07.

LAMB: And why did you do that?

MABUS: I thought he would be a great president.

LAMB: Where did you first meet him?

MABUS: I met him here, we had mutual friends and sat down and had a couple of long talks with him about what his plans were for the – for America, what sort of campaign he planned to run and I was really taken with him. I thought that with his combination of brains and personality and ability to get things done, that he would be one of our truly great presidents and I have not been disappointed. I went out and I did 300 events for President Obama during the campaign.

LAMB: Did you think during that time that you might want to be Secretary of the Navy? I mean ...

MABUS: No, I didn't do it for that. I did it because I thought he would be a good president and frankly, I had no idea that anybody would ask me to come back into government. It had been a while since I'd been in government. I thought I'd done a good job. I like what – the decisions

you're able to make, the things that you're able to do. I love the military. I've – when I was in and then when I was governor of Mississippi, I was commander and chief of the National Guard. When I was ambassador to Saudi Arabia, big military presence there, I went out to carriers all the time that were in the Arabian Gulf or the Red Sea. When I was ambassador, I had a lot of American troops, soldiers, sailors, airmen, Marines on the ground then from '94 to '96 in Saudi Arabia.

But I had had this love of the Navy and this love of what the Navy, the Marine Corp does for this country and I was asked if I had a preference and this was the preference. I expressed a strong, strong preference for for this job.

LAMB: I want to run a video clip of Bob Gates, the former Secretary of Defense, when you – he was there when you were there, a speech at West Point and get your reaction to what he says.

MABUS: OK.

(VIDEO STARTS)

BOB GATES: The Army must confront the reality that the most plausible high end scenarios for the U.S. military are primarily naval and air engagements, whether in Asia, the Persian Gulf or elsewhere. The strategic rationale for swift moving expeditionary forces, be they Army or Marines, airborne infantry or special operations is self evident given the likelihood of counterterrorism, rapid reaction, disaster response or stability or security force assistance missions. But in my opinion, any future's Defense Secretary who advises the President to again send a big American land Army into Asia or into the Middle East or Africa should have his head examined, as General Macarthur so delicately put it. (VIDEO ENDS)

LAMB: Reaction?

MABUS: Well, we have been saying and the Navy has been proving that we are the most formidable expeditionary fighting force the world has ever known. And I think when you look at the new strategy that the President announced, that Secretary Panetta has been speaking about that we've worked on now for a good while in the Pentagon, with the focus on the Western Pacific, the focus on the Middle East, the focus on being fast and agile and being light and being able to get places fast, being able to win when you get there or do a range of missions using the same people, same platforms. You're basically describing the United States Navy and Marine Corp.

Now I do want to say that we've got to have a great Army. We've got to have a great Air Force as Secretary Gates said. But the maritime challenge is we can go anywhere by sea, we can do anything when we get there and we don't take up a single inch of anybody else's territory. Now we can project power. We can do everything from high end combat to disaster relief, humanitarian assistance to irregular warfare to engagement to as we're focusing on the western pacific, as we're focusing on central command. We can't not engage with Africa, with South America, with the southern Pacific, with Europe and do training, do exercises, do the things that

you do to prevent something from happening or to make sure that you know the people that you're dealing with.

I mean for a lot of people around the world, the only Americans they ever see are sailors or Marines.

LAMB: Why do we want 25,000 sailors and/or Marines in Australia?

MABUS: Well, we don't. It's 2,500.

LAMB: Oh, I thought it was 25,000. Somebody misstated – only 2,500?

MABUS: It's – and it's a rotational force. It ...

LAMB: For how long?

MABUS: Well, I mean when you say a rotational force; they're not going to be based there. We're not going to build a big base in Australia. We're going to – the Marines will come in, do training, do exercises with the Australians, with allies and then they'll get back on their amphibious ships and go throughout the Pacific doing training, doing engagements, doing disaster relief, humanitarian assistance.

I mean we get a request for humanitarian assistance or disaster relief about every three weeks somewhere in the world and our Navy and Marines are the first responders to that almost – in almost every case. But these Marines, as I said, are – we're not going to move 2,500 Marines, their families and everything there. They will be in a rotational posture, but they will be forward deployed in the area where they need to be, where they need to engage, where they need to be to do the things that they need to do.

And along with that, one of the things that Secretary Gates said, we've known that the Marines have been used as a second land army now for a decade and they've been magnificent at it. But that's not the purpose for the United States Marine Corp in its history or going forward

LAMB: How many active duty Marines do we have?

MABUS: Two hundred and two thousand.

LAMB: And how many are in Afghanistan right now?

MABUS: A little over 18,000. It was 20,000 at the peak, few have left, but we've got about 18,000 there.

LAMB: Go to your point about these expeditionary forces, but the use of rescue. What – why does this country spend the kind of money it spent to rescue the one woman in Somalia and the one Danish man? It was an involvement with the SEAL team six plus the Army with the

helicopters, the Air Force with the you know the planes and they jumped in there. I mean what if we'd have lost people in that? Was it worth it?

MABUS: Well I think that what our job is is to give the President the option to do that and when the President makes a decision that it is worth it, that it's worth the risk and this President has been willing to take risk and to go after things that Osama Bin Laden, this rescue and you can keep naming them. But when the President, whoever that president is wants to make a decision whatever that decision is, it's up to us to give him the options to be able to do it and a president has that option. This President has that option to go in and using as you just pointed out, a completely joint force, Navy, Army, Air Force, Marines that are finely honed and can do missions like this and I think that if you asked them, they'd say it wasn't that much of a risk.

But they know exactly what they're getting into and they're the finest trained, the highest skilled people that you will ever hope to meet and they're almost all very low key, very family oriented. They're quite a tribe of warriors. But one argument I have made is that as high as the skill level is for the SEALs, for the other special forces, as great as their dedication and as willing as they are to take risk, as many sacrifices as they make, that's exactly the same level we've got all across our military and particularly the Navy and Marine Corp.

LAMB: You're a former governor, President is a former senator, Secretary of Defense is a former chief of staff at the White House and representative. Here's a little politics, see what you have to say about this.

MABUS: OK.

(VIDEO STARTS) Mitt Romney: The most extraordinary thing that's happened with this military authorization is the President's planning on cutting a trillion dollars out of military spending. Our Navy is smaller than it's been since 1917. Our Air Force is smaller and older than any time since 1947. We're cutting our number of troops. We're not giving our veterans the care they deserve. We simply cannot continue to cut our Department of Defense budget if we're going to remain the hope of the earth and I will fight to make sure America retains military superiority. (VIDEO ENDS)

LAMB: Your reaction, sir?

MABUS: Well, factual reaction. Number one, we're cutting \$487 billion over the next 10 years out of the American military. We're not actually cutting the amount of spending; we're slowing the growth of the amount of spending over the next 10 years. Secondly, that number that we've got the smallest fleet since 1917 came from our chief of naval operations last year in front of the Senate. I mean we've been saying this, but to measure the capability of today's ships versus those of 100 years ago is sort of like saying, well, the superiority of a smartphone is to be questioned because we don't have as many of those as we had telegraph machines 100 years ago. I mean these are incredibly capable ships and the final thing I would say is that on 9/11 U.S. Navy had 316 ships in the battle fleet. When I got there, eight years later, we had 283. So in one of the great military build ups that America has ever seen, our Navy got smaller during that time and we were not building enough ships to do what we needed to do.

Now we have put in plans to Congress and we have been implementing those plans on a year-to-year basis to stabilize the size of the fleet and over time, begin to grow that fleet. But we have the ships in the Navy that we need to be a global force. We have the ships we need to execute this strategy. We have the ships and the people to do everything we need to do for America and I talk to captains and strike group commanders before they go out. And the only – I say the only thing that is certain when you go to sea is that you will face something unanticipated and you have to rely on your training, you have to rely on your innovation, you have to rely on your skill to meet it. And so we can meet anything that comes over the horizon today in any part of the world and this administration has been – the other thing that Bob Gates said in a speech about a month earlier was that the United States Navy was in the best shape it had ever been under this administration.

And we are committed to keeping that. We're committed to stabilizing the fleet and growing it, but doing so at an affordable cost and with the quality and the types of ships that we need.

LAMB: What's the chain of command? The Secretary of the Navy answers directly to?

MABUS: Secretary of Defense.

LAMB: You don't have direct access to the President?

MABUS: Well, in the law, it's a little anomaly in the law that says that I do that – I don't. The Secretary of the Navy has direct access to the President. But I'm not sure that's ever been exercised. But it – I have a – I could not ask for a better working relationship with Secretary Gates or with Secretary Panetta, they are both incredibly bright, incredibly focused, incredibly dedicated people who understand what it takes to protect America and I couldn't – as I said, I could not ask a better working relationship or a better arena in which to work.

LAMB: What does the Secretary of the Navy not have? I mean in other words, under the law, the way it's written, can you tell the chief of naval operations what to do?

MABUS: Yes.

LAMB: Meaning?

MABUS: It's a – here's the way it works, chief of naval operations and the commandant of the Marine Corp report through me. But they also are members of the Joint Chiefs of Staff who directly advise the Secretary of Defense and the President. The three service secretaries, Navy, which has Navy and Marine Corp, Army and Air Force, are charged to recruit, train and equip the force. The combat commanders, the commander in central command which includes Afghanistan or the Pacific command, they are the ones that control the ships at sea, the troops on the ground or whatever, but it is the service secretaries' responsibility and the service chiefs to get the people, the equipment, to buy it, to do the budget, to train, to recruit, to get the force ready and then acting on the orders of the President and the Secretary of Defense when combat commanders request troops or when the President orders troops in to have them ready.

LAMB: We found this video on the – from the Marine Corp. (VIDEO STARTS) Marine corporal Liz Cisneros: With the holidays just around the corner, Secretary of the Navy, the honorable Mr.

RAY

MABUS took some time to travel around Afghanistan.

MABUS: I'm here to see Marines and sailors. I'm here because it's the holidays and they're a long way from home and away from their families. I just wanted to come and visit, wanted to see what they're doing here, what they're doing on the ground, how they're doing, anything they need. United States Navy and the United States Marine Corp, the most formidable, the best expeditionary fighting force the world has ever known. And I think it's important to show people that their families, the whole country remembers them and wishes them well on the holidays.

Marine corporal Liz Cisneros: Before he left, there was one message Secretary

MABUS wanted to give.

MABUS: Happy Holidays Marines. Happy Holidays sailors and come home safe.

Marine corporal Liz Cisneros: Marine corporal Liz Cisneros southern Afghanistan. (VIDEO ENDS)

LAMB: The plane you were on there.

MABUS: V-22 osprey.

LAMB: It had been very controversial over the years. Where does it stand now? And how many are you going to take delivery on?

MABUS: Well, it was controversial about a decade ago. It's now got a great safety record. It gives the Marines an astounding capability. It can get you in and out of places vertically, like a helicopter, but then get you somewhere else very, very fast.

LAMB: Carries how many people?

MABUS: I think a full load is about 25 Marines in the back and that's with all their gear and again it gets them out of danger very quickly. From the ground it gets them in very quickly and it gets them from place to place and it can land on ship. I mean the Marines, as we know, are going to go back to their nautical roots. But I think that's an example of a program that did have some problems in the beginning, those problems have been corrected and the Marines are planning to buy out the whole program. In fact, they are – they're getting close to doing that with the osprey.

But I'd like to make a comment another part of that clip which is exactly what I've been talking about. I mean those Marines, I think the place that I was speaking to the Marines was one of the

combat outposts, a small one in the Helmut River Valley. And you know Marines – the commandant says Marines aren't really happy unless they're dirty and living outdoors and these guys and women go in for seven months. They have been extraordinarily successful as a military operation and they have also been very successful in terms of engaging with the local governor, with the local police, with the local Army beginning to train the Afghans to take over. And when you visit as I got to do, the thing that clip didn't show is that after I made my little talk, I took questions and then stayed and I think shook every hand and talked to the Marines individually. And every one of them to the person can tell you the history of that region, can tell you why they're there, can tell you exactly what their objective is. The Marines have something called the strategic corporal which is that every corporal in the Marine Corp ought to know what his unit, what the job of his unit is, what his job is and how it fits into the bigger picture of the Marine Corp and they are great at it.

A little factoid, the Marines are our youngest force, our flattest force. Most Marines come in spend four years and then go back home and do other things. One hundred sixty three CEOs of Fortune 500 companies or 500 biggest companies, 163 of them are former Marines and most of those were enlisted. So the Marines teach leadership and they go out and practice it.

LAMB: You have said that three of four Americans 18 to 24 years of age don't qualify for the Navy.

MABUS: Don't qualify for the military, that's absolutely correct. Seventy five percent of Americans 18 to 24 don't – do not qualify for the U.S. military because of health issues, mainly obesity, because of criminal records or because of education deficiencies. We don't give waivers very often at all, if at all. For education, you've got to finish high school before you can join the Navy or the Marine Corp. We don't give waivers if you've got a criminal record. The Marines have to shut off their recruiting about halfway through the year because we got so many people ready to join the Marine Corp. The Navy is also – we've got record recruiting and record retention once people are in. But it's a really – it's frightening and it's a statistic that we've got to reverse that three out of four of our young people cannot qualify to defend this country, to have the honor of defending this country and I think that we've got to make sure that – I mean it goes back to what I worked on as governor. We've got a great educational system for everybody and not just for a few, that we've – that we worry about stuff like obesity, like the First Lady is doing now, that we can't maintain a great military indefinitely and we can't maintain a great country indefinitely unless we fix some of these endemic issues like three out four young people can't qualify for the military.

LAMB: How old are your three daughters?

MABUS: Twenty one, 19 and 10.

LAMB: Have they – any of them, I know the 10 year old couldn't, but have the other two ever thought about going into the service?

MABUS: The other two have talked about ways to give back to the country and whether that's military service or something like teach for America or Americorp or some other way. I think

you'll see my older two daughters do something to give back to the country, whether it's the military, I don't know, but I also don't think it matters how you give back.

LAMB: Here is one of the big critics of the military, Winslow Wheeler, on a point and get your reaction.

(VIDEO STARTS) WINSLOW WHEELER: The 11 aircraft carriers are part of our national self-image. I think that's about to change. If Iraq and Afghanistan have taught us anything it's that we're fools to be doing these kinds of things in these countries occupying them and thinking that we're doing them some sort of favor. And my expectation is that along with the change in the vector of the defense budget in the next few years, we're going to see rethinking of just what do we think we're doing out there and what do we need to help us do what we really need to do. And one of those answers is going to be about aircraft carriers.

(VIDEO ENDS)

LAMB: Is he right?

MABUS: Nope. Secretary Panetta announced last – well, two weeks ago when he was on the U.S.S. Enterprise that we're going to keep 11 aircraft carriers. Now there is a law that says we have to have 11 aircraft carriers and – but as a matter of strategy, we're going to keep 11 aircraft carriers and 10 wings, 10 aircraft wings to go on those carriers which is exactly what we've got today. And he was sort of mixing apples and oranges there because one of the things that our strategy says is that we will be able to project power. We will be able to be fast and agile and aggressive where we need to be, very flexible forces, which a carrier is one of the most flexible platforms that we have.

But he was also talking about a ground war in Iraq and Afghanistan at the same time and your clip from Bob Gates, but also the strategy talks about how there will be less emphasis placed on long term ground stability operations. In military terminology, that we will not have the emphasis on stability operations, but we will on being able to project American power in a flexible, agile, small footprint sort of way. Those 11 carriers give us just an astounding array of flexibility and I'll tell you one quick story. Last spring, the U.S.S. Ronald Reagan was heading to do combat air operations over Afghanistan when the tsunami hit Japan. That ship changed course in a matter of hours and headed to help the Japanese.

They used – I went and visited them a couple of weeks later, visited the sailors and the Marines that had done that. They used the same targeting techniques that they were going to use in Afghanistan for – to do disaster relief and humanitarian assistance. They made sure the right stuff got on the right aircraft in the right sequence going to the right place by using those targeting techniques. So they went from going to do a very high end combat mission to doing humanitarian assistance and disaster relief on a dime, just turned, did it and then when that mission was over, went back and did the combat air.

LAMB: But as you know much better than I do, there are three aircraft carriers on the planning – one is being built, the Jerry Ford class and I saw an estimate to the CVN 80 out in what 2018 or something like that, it's going to cost something like \$13 billion.

MABUS: Well, Jerry Ford is CVN 78. The John F. Kennedy will be CVN 79. We haven't even gotten to 80 there.

LAMB: Those are what? Ten billion dollar at least carriers.

MABUS: Yes and I'll – yes, with explanation. As you pointed out, the Ford is a brand new class of aircraft carrier. It's a completely different carrier from the old Nimitz that it's replacing or that it's following. The Navy's plan when these came up in the late '90s, early part of 2000s was to put this technology on in three ships to incrementally change the ship. Secretary of Defense in 2002, Secretary Rumsfeld, said no, we're not going to do that, we're going to put it all on one ship and when you do that, you just raised the risk and raised the chance of price overruns and problems just exponentially. It just goes through the roof.

You've got a new launch system. You've got a new arresting gear. You've got a new power plant. You've got a new hull shape. You've got a new island. And that contract was supposed to have been signed in 2006 because all the stuff that was going on, because we were trying to – they were trying to jam it all in to one ship. That contract wasn't signed until late 2008 and when the contract was signed, the ship was only about 30 percent designed and that's one of the things that has been one of the things we have focused on the most is before we start building a ship, we're going to have a stable design. Before we start building a ship, we're going to have mature technology. If you've got some great technology but it's not going to be ready, we'll put it on the next version of the ship. We're not going to put it on that ship and we're going to try to give industry some view into it.

But because of trying to jam all of that stuff in, there have been some cost overruns on the 78, on the Ford. We are focused very precisely on bringing those – on capping that. I mean there was an article in the paper yesterday or very recently that said that the builder of that ship is going to make no profit on it because of these overruns.

LAMB: Is it a fixed price contract? Or is it ...

MABUS: It started out as a cost plus and while I insist on fixed price contracts in every possible situation, first ship of a class, it's usually impossible to do. But what we've done is just capped things. We're not going to spend more than this. If you spend more than this, it's your money. And you're not earning any profit on it. From now on, all you will be getting is the money that it is costing to build this ship. But there were things outside the ship builder's control, things ...

LAMB: Who is building it?

MABUS: Huntington Ingalls in Norfolk.

LAMB: Why would they want to build a ship like this if they don't make any money?

MABUS: Well, they didn't know that when they went in. But I think that while we need or we've got to have a very strong defense industrial base, very strong defense industry and we've got to maintain that industrial base. We've got to maintain it in R&D. We've got to maintain it in engineering. And we've got to maintain in manufacturing. But that once you take on that sort of thing, we're going to negotiate a contract that is fair to the taxpayers. We're going to negotiate a contract that requires you to do certain things on time, on budget or the taxpayers will not be there to pick up the tab.

LAMB: Let's go back to personnel, here's Ward Carroll, who is the editor of 'Military.com'.

MABUS: OK.

(VIDEO STARTS) WARD CARROLL: Those military people who are on reserve status who are actually in active duty capacity, but technically reservists when they try to stay on, they were told, we don't need you, you can go home. So that's both officer and enlisted. That kind of thing is already happening and the other thing is promotion requirements will get more stringent and so guys, who maybe would have been advanced in previous environments, won't be this time. And failure to advance is reason to get shown the door. So it's going to be tougher to stay in and those who would have liked to have made it a career, may be forced out. (VIDEO ENDS)

MABUS: Well, anytime you get smaller, that happens.

LAMB: How much smaller will the Navy be and when it's all over?

MABUS: Well and what I was going to point out, the Navy has come down over 40,000 sailors in the last 10 years already. When – as you lose those ships that I was talking about in the past decade, you've also lost sailors that man those ships. So the Navy is smaller by almost 40,000 and I think you will see the Navy in pretty much the same size. You'll go up and down by a few thousand, but in the 320,00 range, we're I think at 323,000 today, more or less. That's not counting the reserves.

But we are already having to do enlisted retention boards and officer retention boards because our re-enlistment rate is so high. So and it's to his point, it was beginning to clog up, people were not getting promotion opportunities. And so we've just gone through last fall two enlisted retention boards, one officer retention board and gone through particularly ratings that are overmanned and we've got too many of. We gave everybody a chance to move into a rating that we had too few of. But if they didn't take that opportunity, these boards just went through record-by-record and selected people to separate from the service based on merit, based on how good of sailors they were.

Now they're all great sailors, but it was simply we've got too many, we've got too many at this level, we've got too many in this rating. And so and these are always hard, they're always difficult, but the military more than any organization I've ever been in promotes and manages people based on merit, based on the job that they do.

Now the Marine Corp and I've said this publicly, I've said it publicly last spring to Congress; we know the Marine Corp has to get smaller because they had a surge of 27,000 during the surge in Iraq. They increased their – the number of Marines by 27,000. We know it's got to come back down. The Marines will end up at 182,100, where they will be slightly larger than they were after 9/11, but they will be a completely different Marine Corp than they were in 9/11. Because the Marines, as they were beginning to look at – or as they looked at how to come down, they didn't just say, we're going to take a percentage off, they didn't say we're going to go back to where we were. They said, what Marine Corp do we need for the future and they built one from the ground up.

So you're going to see more Marines in certain areas. You're going to see more Marines in cyber. You're going to see more Marines in special operations enablers. You're going to see more Marines in some high critical things and the Marines are going to get lighter. They're going to go back to sea, to be that expeditionary force and readiness, be a middleweight force able to get somewhere fast and win any fight they need to get when they get there.

LAMB: How big and I shouldn't even use the word, but threat is China ...

MABUS: Well, we ...

LAMB: ... in the world?

MABUS: ... what we would like to do and the President has said this, the Secretary of Defense has said this, what we would like to do is engage with China. What we would like to do is – we don't fear the rise of China or India or Brazil or any of another – any of a number of countries that are growing, that are coming up economically, coming up militarily. That's not the issue. The issue is transparency. Why are you building the types of equipment? Why are you building – buying the type of military things that you're buying? You know we'd like to work together on this. It's in everybody's best interest ...

LAMB: They have ...

MABUS: ... to keep the sea lanes open.

LAMB: They have a half of an aircraft carrier?

MABUS: Well, they have an old soviet or an – that may be wrong. An old Russian aircraft carrier that they've now got at sea and you know we'll see how that works. But they are clearly moving into this area and in the terms of whether aircraft carriers are valuable or not, I think that's a pretty good notion that other people think they're pretty valuable.

LAMB: But every time you see the figure that our military, our Navy's 10 times bigger than – I mean bigger than 10 of the other Navy's in the world and all that, why should we have that big a military given the condition of our financial system?

MABUS: Well, number one, we're the only country that has a global reach and global responsibilities and I think it's crucial that we keep that global, that global reach. The world economy depends on the oceans, 90 percent of all goods flow over the oceans, 95 percent of all communications go under the ocean. And I think we've got a responsibility to do that, to be that global Navy, to be that global military power. But I also think that we've got a responsibility to spend taxpayer's money very wisely, to military obviously cannot be exempt from this draw down and I think that that's what this new strategy points out. That's what the President, that's what Secretary Panetta has been talking about over and over again, the need to get value for your money.

And I'll give you a very Navy example here. You know when I came into office, we've got a new type of ship and you and I talked about it a little bit before, the Littoral combat ship. When I got there, we had two variants, one of each kind were in the water, one of each kind being built and we bid out three new ones. The prices that came back were just unacceptably high. We could not afford it. First ship of the class, you can understand prices being a little bit higher.

LAMB: The price is \$5 billion or \$6 billion.

MABUS: No, no, no.

LAMB: Not that high?

MABUS: It was in the \$700 million dollar range.

LAMB: Got it confused with one of the other weapon systems.

MABUS: Made my heart stop there, Brian and – but I made the decision that these two variants were going to have to compete against each other, even though we wanted both variants, even though we had a use for both variants. And over the next year, the prices came down dramatically, 40 percent or more and I went back to Congress, Congress gave me the ability to instead of – the first plan was we were going to buy 10 ships from the winner, they were going to give us all the drawings, the engineering. We were going to then bid out nine ships the next year to a second yard to keep competition in. Congress gave me the ability to buy 10 of each. So we got 20 ships instead of 19 and we saved \$3 billion. We did it on firm fixed price contracts and the last ship, the 10th of each ship is going to cost about \$350 million. So the last ship will be far cheaper than the first ship.

That's the sort of thing that we need to do. That's the sort of thing in terms of managing the taxpayer's money. Keeping our global responsibilities, but doing so in a way that is fiscally responsible, doing so in a way that's flexible and doing so in a way that these are ships that are modular. We're not going to have to build new ships to do new weapon systems. These are ships that are very fast. They can go in close to shore. They're platforms for unmanned systems whether air or undersea or on the sea and so they are representative of the future, but it's a future that is affordable, but it's a future that is no less capable in terms of the Navy.

LAMB: I think I was talking about the Zemo DDG 1000s. They are a little more expensive. Here is – we haven't got much time, but here you are 23 years ago maybe, let's look.

(VIDEO STARTS)

MABUS: I'm mindful of course that my status is about to change. I was reminded of that pretty graphically at a grocery store a few weeks ago, yes, even governors go to grocery stores and particularly future and former governors do. There was a woman following me around and she had been doing it for quite a while and I noticed she was looking at me and trying not to be obvious, but it was – something was on her mind. And she finally got her courage up and she came up to me and said, "Didn't you used to be

RAY MABUS?" I said, "Maybe".

When you lose, you've got to be able to laugh and you have to have a sense of perspective. And in the last eight weeks, I've certainly been given the opportunity to develop one. (VIDEO ENDS)

LAMB: It actually was 20 years ago, but any desire – and that was when you lost the race for governor in Mississippi. Any desire to run for office again?

MABUS: Not really. I – as I said, being governor of Mississippi was one of the incredibly high honors of my life because I was elected by the people of Mississippi, by the people I lived with and I think I did a good job as governor. I think Mississippi is different and better because of some of the things that were put in place during that time. But I'm very, very happy doing what I'm doing and I'm very, very happy in terms of being able to work with the military, being able to work with – I've been talking about it, sailors and Marines and I don't see any political races in my future.

LAMB: Can you as Secretary of the Navy campaign?

MABUS: No, I cannot.

LAMB: Is that frustrating for an old pol?

MABUS: No. It's – you know it's – as I said there are a lot of cool things and great things about this job, but – and I really mean this, one of the great things about it is that it has to be non partisan. It has to be the interest of the military and the interest of America and not the interest of a political party and I think you see that in the service secretaries. I'm a former democratic governor of Mississippi. John McHugh, Secretary of the Army, is a former republican congressman from New York and Mike Donnelly, the Secretary of the Air Force, was appointed by President George W. Bush.

So it's one of the places in Washington where party lines we work across those and in fact, you don't even know that there are party lines and I think that that's one of the great strengths of the

American military. They're not partisan. They're not – they're there for one reason and that's to protect America and I am just so happy to be a part of that.

LAMB:

RAY MABUS, Secretary of the Navy, we're out of time and I thank you for joining us.

MABUS: Brian, great to see you.

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