

Remarks by the Honorable Ray Mabus
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Thank you all so much for having me. It is an honor for me to be with you today. One of the things that impresses me about what we get to do is the incredible partnership between Navy and organizations like yours. These relationships between industry, between your leadership and deck-plate workers, and our uniformed and civilian Navy people, is one of the great strengths of the system that we operate under. That cooperation, but also the natural sort of give and take between us, is pretty healthy and results in the innovative thinking that keeps the United States Navy in front of the world when it comes to innovation technology and design. So thank you for being part of that teamwork and thank you for inviting me here today.

I'm going to start with a pretty simple proposition. In order to ensure our success as a nation, America has to have a great Navy. This is something we have known for over 200 years, because we are fundamentally a maritime country.

Looking back to our Founding Fathers, 227 years ago Alexander Hamilton wrote Federalist Paper Number 11. In it he connected the commercial and economic success of the United States directly with the existence of the Navy. He considered the Navy critical not only for protecting our shores, but also for protecting our interests and our citizens around the world. And he wasn't alone.

You read about the founding of the Republic and John Adams, James Monroe, and Thomas Jefferson all wrote about the importance of having a Navy. George Washington said that without

a Navy success was uncertain, but with a Navy we could do everything “honorable and glorious. We protect our commercial interests and we give the President the ability to respond to any international crisis. The Navy was so important that those Founding Fathers enshrined it the Constitution. The Constitution says that Congress has the authority to raise an Army, but it has the responsibility to “maintain a Navy.”

When America has called, the Navy and Marine Corps have always been there. 200 years ago Old Ironsides was battling the British in the War of 1812, 150 years ago Admiral Farragut was coming up through Mobile Bay during the Civil War, 100 years ago we were getting ready to do convoy operations and anti-submarine missions in the Battle of the Atlantic, 70 years ago we were in the Pacific island-hopping toward Japan. For those 200 years, up until today, the Navy and Marine Corps have been ready to fight and to win our nation’s wars on the sea, and from the sea.

But, there is a whole lot more to the mission of the Navy and Marine Corps. We not only deploy in times of war, but equally in times of peace. There are no permanent homecomings for Sailors and Marines. Throughout history we have provided that presence around the world, that presence that protects our interests, that presence that gives our leadership options. Whether fighting pirates and protecting trade off of Indonesia in the 1830’s, or doing it today off of Somalia, presence is our purpose. The Navy and Marine Corps are there to deal with the unexpected. Our presence around the world allows us to keep Americans safe, and our interests secure. Today that still includes our vital economic interests.

As most of you know, 90% of world trade moves at sea. So even if you live in a landlocked country you’re dependent on the world’s oceans. We talk about an internet connected world, and

satellites. In these days of an internet connect world, 90% of all the voice and data goes under the ocean, through cables. Only a very small amount actually goes into space through satellites.

We live, as you are all readily aware, in an age of globalization and worldwide trade. The shelves of stores like Target and Walmart are stocked through “just in time” delivery with products that come from all over the world. Estimates show that our major port facilities in the U.S. contribute about a billion dollars a day each to our gross economic activity. That’s a billion, with a B. Our commercial and economic success as a nation is still tied to the sea and the maritime considerations that our Founding Fathers worried about are even more crucial today.

For seven decades the United States Navy and Marine Corps have provided that stability and safety for the international trading system. You can make a pretty good argument, and I do, that the reason the economies particularly in Asia are doing as well as they are is because of the United States Navy. Because we have kept the sea lanes open. We have kept freedom of navigation free for anybody engaged in peaceful trade. As President Obama said last summer, we have “been the anchor of global security.” We benefit from this enormously economically. But the rest of the world benefits, our partners and allies, and they recognize this and help us maintain that security.

We’ve had a lot of examples in recent years of the value of our sea services. It runs the full spectrum. Working with navies from around the world we have just about eliminated piracy around the Horn of Africa. Every time that North Korea starts threatening to shoot a missile at or over Japan or at us, we’ve got our Ballistic Missile Defense ships are already there. We don’t have to surge any ships. We don’t escalate by sending ships in the area.

A few months ago when the Philippines were hit by the super typhoon we had Marines on the ground within hours, and we had a dozen Navy ships there within a few days. The Navy and Marine Corps continue to fight on the ground and in the air in Afghanistan and we do Special Operations missions with the SEALs and MARSOC throughout the world.

We're ready before a crisis occurs, we're ready at day zero, we're ready before there is any threat to international security. Our job is to be in the right place, not just at the right time, but all the time. Forward deployed, trained, there, ready for whatever comes over the horizon, ready for any orders that we get. That is what makes us unique, that presence. That presence that we provide the country.

There are four things that make our global presence possible. They are the four things that I concentrate on: People, Platforms, Power, and Partnerships. Each of those four P's has an important role to play. Today, obviously, I want to talk about platforms.

The ships we are all building today will be a part of our fleet for decades. Our oldest ship and aircraft designs in our fleet are approaching 50 years of service today. Sailors who haven't even been born yet are going to sail on the ships that are laying the keels of. With ships like the USS Freedom and USS Independence Littoral Combat Ships, with their shallow drafts and ability to operate in areas that otherwise are inaccessible to us, a lot of these ships are going to be the only contact with America that some foreigners will ever have.

I talked a little bit about the dual roles of the Navy and Marine Corps, our responsibility on the one hand to fight and win, and on the other hand to provide presence and security during times of

peace. In order to fill both these roles we've got to have platforms, the ships, with capabilities across the spectrum of naval warfare and maritime operations.

Earlier this week we announced the contract to build the next block of Virginia Class attack submarines. Ten subs over five years for a total of \$17.6 Billion. The largest dollar value contract the Navy has ever issued. Today we own the undersea domain. The sailors of our Submarine force are known as the "silent service," but we need to not forget how important they are to every capability we have.

This program, like a lot of our shipbuilding programs, is a big success. From keel laying to commissioning is taking a little bit more than 2 years. The production management, the efficiencies that Electric Boat and Huntington Ingalls and their subs are doing is incredible. When we commissioned USS Minnesota last fall, under construction she had over a thousand shipyard craftsmen and engineers working directly on her. She is the most advanced submarine in the world. The next block, Block 4, will be even more advanced.

Because we did this in a multi-year buy, ten ships in five years...I'm going to digress here for a second. Some of you who have heard me speak before have heard me talk about my Dad, who may have been the cheapest person that God ever saw fit to put on this Earth. He threw nickels around like they were manhole covers. He thought it was an absolute compliment to be called cheap. I am his son. Those ten boats, because we did it as a multi-year, we saved \$2 billion. So basically, we're getting ten subs for the price of nine. That's pretty good.

The size of our fleet matters because quantity has a quality all its own. Those of you who have heard me speak before have heard this number, but I'm going to keep repeating it. On 9-11 the

United States Navy had 316 ships. By 2008, after one of the great military build ups in American history, we were down to 278 ships, and sinking. In the five years before I took office, the U.S. Navy only put 27 ships under contract. In the first five years, and three weeks from now will be five years since I took this job, we've put 70 ships under contract, with a smaller top line. At 27 ships over five years you couldn't maintain the size of the fleet, you couldn't maintain the industrial base. We are growing the fleet again and by the end of this decade we are going to be back over 300 ships.

We've been talking about acquisition excellence and acquisition tools. Our focus is on everything from requirements, to design, to construction efficiency, to total life cycle costs. We introduced initiatives to spend smarter and more efficiently through competition, through multi-years, through block buys, and frankly by just driving harder bargains.

I think you all know me well enough, I have said that we expect basically three things. One is a learning curve so that every time you build another ship like the one before, the costs ought to go down and the number of man hours should too. Second, we've got to have total visibility into those costs and they have to be scrubbed all the time. And third, appropriate investments in workforce and infrastructure have to be made.

But, we've got our part of the bargain to uphold too. We have three things. Number one, we must keep designs stable. You don't design a ship while you're building it. Seems pretty simple, but it hasn't always been the case. Don't make any major changes to it during construction. Second, if you get a new whiz-bag, gee-whiz technology in the middle of construction, wait until the next ship to put it on, or the next block of ships. Don't let the perfect be the enemy of good enough. Finally, we owe you a realistic shipbuilding plan. How many

ships are we going to build, what types of ships are we going to build, when are we going to build them. And realistic expectations in terms of what Congress is going to fund.

Now, I put out a lot of numbers. But here's another one. Our shipbuilding budget is a little over 2% of the Department of Defense's budget. With 2% we build a Navy. So when sequestration comes along, or budget cuts, and you're looking to cut, or let's put it in the positive, you're looking to add a ship or ships but the bill payer has to come out of another shipbuilding account, that makes no sense. We have a maritime strategy. You can't rob Peter to pay Paul. You can't grow the fleet if you're pulling money from one program to put it in another. We get a Navy for 2% of the cost of defending this country; that is a deal. It's one of the most amazing deals I've ever heard of. And we ought to take pains to defend that pretty small amount of money that comes for building our ships

So we're doing stuff like these very high end things like these attack subs but we're doing things across the spectrum as I said. Just last week I was in Yuma, Arizona where I named the USNS Yuma. It's a High Speed Vessel. These ships, built on catamaran hulls that can operate in shallow water and are very fast. It has a flight deck that supports day and night flight ops from both manned and unmanned aircraft. And it's got a whole lot of space inside.

That space inside is part of what makes these ships so important for our future. It gives our Marines and our Sailors an opportunity to come up with new and innovative ways of operating. They are going to move Marines across the vast distances of the Pacific. They are going to operate with our allies and they are going to help train our partners. They'll deploy on the Pacific coast of South America and to the Caribbean to counter illicit trafficking and work with our friends to the south. They're going to be some of the places that our Special Forces leave

from to do their job. We're going to put our first Rail Gun on a High Speed Vessel for at-sea testing, because the open architecture allows us to do some pretty interesting things.

The Navy and Marine Corps have critical relationships with industry and with the American people. The people that work for your industry are skilled, they are experienced, they are innovative and cannot be easily replaced. So we've got to provide stability and predictability to that industrial base so that we can have the ability to build that future fleet and keep the technological advantage that is so important to us.

In 2013 shipyards provided 36 billion dollars to our Gross Domestic Product. A lot of times our shipyards are either the biggest, or almost the biggest, employers in their state or in their region. I was the Governor of a state with a shipyard that was the biggest employer in the state. 300 shipyards in this country provided more than a hundred thousand jobs and \$7.9 billion in income to the workforce. Shipyards are on the coasts, but the economic impact is on all the fifty states.

One of those 4 P's I talked about is partnerships. Usually when we talk about partnerships it is about our allies and friends around the world. But we also have a critical partnership with the American people and with the shipbuilding and defense industries. The teamwork between our uniformed warfighters, our Navy and Marine Corps civilians, the leadership team in Washington, and with you, with industry, is central to our success as the world's greatest expeditionary fighting force.

All of this reinforces two fundamental truths that I think I have learned as Secretary. One is that American technology and innovation lead the world, from those first six frigates which were new

designs with new materials, through the days of the Ironclads, to today's nuclear powered attack submarines and carriers to those JHSVs. We owe a lot of the combat advantage that they give us to the people in this room. So for grateful Sailors and Marines, and a grateful country, thank you.

The second thing I've learned is that the heart of our Navy and Marine Corps, the priority that we've got to have as our most important, and the thing that gives us the edge no matter what the situation is the skilled, the dedicated, the patriotic, the always courageous, always faithful United States Sailors and United States Marines.

From the Navy, Semper Fortis, Always Courageous.

From the Marine Corps, Semper Fideles, Always Faithful.

Thank you.