

## **Secretary of Navy: Why Our Fleet Is Growing After Years of Decline**

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### **Size and capability equal global presence, and our multi-billion dollar contracts are actually saving taxpayer dollars**

What should Americans conclude when they hear conflicting claims about the U.S. Navy being too large or shrinking too much? History and the facts prove those claims wrong. Indeed, this administration is aggressively rebuilding our fleet to surpass 300 ships before 2020, and that effort is critical to our security and our economy.

The size of our fleet matters because we live in a maritime-centric world. About 70% of our planet is covered by water; 80% of the earth's population lives within an hour's drive to the sea; 90% of global trade is seaborne; and 95% of voice and data are carried via undersea cables.

Since the end of World War II, the U.S. Navy has kept international sea lanes open around the world. We've protected trade and commerce not just for ourselves and our allies, but for everyone. Today, \$9 trillion in goods are traded globally by sea, supporting about 40 million jobs in the U.S. alone and benefiting nearly every consumer on earth. With numbers like that, the health of the world's economy depends in large part on the United States Navy and Marine Corps.

There is an inarguable link between rising prosperity and civil stability, but that's just one of the direct benefits Americans enjoy because the U.S. Navy, America's Away Team, is doing its job across the globe. That presence—on, above and beneath the seas—reassures our allies and deters our adversaries. And, if conflict comes, we will fight and win.

We are also ready to respond to humanitarian crises, as we do repeatedly around the world, most recently in Nepal, the Philippines, Japan and Haiti. Closer to home the Navy and Marine Corps responded after Hurricanes Sandy and Katrina. It is what Americans do, what we have always done.

In every case, from high-end combat to irregular warfare to disaster relief, our naval assets get there faster, stay longer, we bring whatever we need with us and we act without having to ask anyone's permission because our ships are sovereign U.S. territory. The Navy demonstrated the significance of this capability when the only strikes for the first 54 days of the air campaign against Islamic State militants in Iraq and Syria came from Navy F/A-18 Hornets off the USS George H.W. Bush in the Arabian Gulf. Land-based fighters could not participate until host nations approved.

That is *presence*—the unrivaled advantage that the Navy and Marine Corps team uniquely provide our nation. People and platforms can be surged, but you cannot surge trust and there is no “next best thing” for building trust other than being there. Maintaining that presence requires gray hulls on the horizon.

On Sept. 11, 2001, our fleet stood at 316 ships. Fewer than eight years later, despite one of the great military build-ups in American history, the fleet had declined to 278 ships. It's true our focus in those years was on two ground wars, but our shipbuilding program had been neglected. In the five years before 2009, the Navy put just 27 ships under contract, not nearly enough to keep our fleet from shrinking, and not enough to keep our shipyards going. In the next five years, we put 70 ships under contract.

While challenged by constrained budgets and continuing fiscal uncertainty, we've done this with business fundamentals: increasing reliance on fixed-price contracts, block buys and multi-year procurements; having stable designs and mature technologies; and hard, but fair, bargaining.

In April 2014, the Navy awarded its largest ever contract by dollar value, an \$18 billion, multi-year contract for 10 Virginia-class submarines. The savings we realized with this contract were more than \$2 billion, effectively giving the Navy 10 subs for the price of nine.

With two shipyards building our DDG-51 destroyers, in 2013, instead of bidding out two ships, we bid three. Each shipyard received one ship and the low bidder the third ship. The difference between the low and high bids also was taken out of the high bid's profit. We're saving \$300 million per ship by doing so. This formula was repeated in 2014 when we bid out nine ships under the same rules with comparable savings. Interestingly, one shipyard won the first time, the other the second, showing the great benefits to competition.

Our newest type of ship, the Littoral Combat Ship, a large, fast, shallow draft, modular ship, has two variants built by different yards. The first four, LCS 1-4, were contracted before 2009, at an average ship construction cost of \$548 million. We now have 19 ships authorized and appropriated under the FY10-15 block buy contract at an average ship construction cost of \$337 million, thanks to competition and facility improvements at both shipyards.

These business practices are helping build our fleet, while saving taxpayer dollars. And the work is increasing and stabilizing America's shipbuilding and ship repair industry, which provides more than 400,000 direct and indirect jobs and contributes more than \$36 billion to America's gross domestic product. Shipbuilding enhances and strengthens economic security and national security.

Beyond the platforms themselves, we must also maintain our technological superiority with the systems and weapons we put on those platforms. The Department of the Navy has, throughout history, always paved the way for innovation, driving new technologies such as the switch from sail to coal, coal to oil, and using nuclear power as propulsion. We pioneered the use of computers, carrier aviation and precision-guided munitions.

We continue to innovate from within and to seek out new technologies from industry. 3-D printing, directed energy and unmanned systems are among many and varied capabilities we are exploring and moving from the lab to the warfighter, to ensure we hold that technological advantage.

And today we're getting more out of our ships. All of our ships are multi-mission platforms, ready to meet anything that comes over the horizon. On any given day, we have about 100 ships forward deployed, meaning they are far from America's shores in places like the western Pacific

and the Arabian Gulf. This is the same number we had forward deployed 20 years ago when the fleet had 400 ships instead of the approximately 300 we have currently. Regardless, today we have more firepower, more capability, and more capacity to do whatever is necessary on the world's oceans than we did 20 or 40 or 100 years ago, and we are increasing this power dramatically because of the new ships coming into the fleet.

Certain things are beyond debate. First, we are the only nation willing and able to ensure freedom of the seas; the U.S. economy – and the world's – depends on our doing just that. Secondly, in order to protect sea-lanes, reassure allies and deter potential foes, we must have a fleet that is big enough and capable enough to do so, and that fleet must be forward deployed constantly. Third, after years of decline, our fleet is growing and will reach the required size in less than five years. Fourth, ships take a long time to build and are on the seas for decades; the fleet size we are living with today is the result of decisions made ten years ago or longer, and by building our fleet, we are making better decisions for those who follow us. Lastly, shipbuilding is a unique skill that is hard to acquire, and that, once lost, is very hard to recover.

Some like to say that our fleet is declining in size or compare the size of the today's fleet to what it was at some point in history. These assertions discount the fact that ships today can do far more than those of any other age. And while such statements may advance political or personal agendas and grab headlines, they demonstrate a fundamental misconception, whether willful or innocent, that we cannot afford, and do a disservice to our Sailors, Marines, shipbuilders, industry and, most importantly, to America.

Statements like these embolden our potential adversaries, undermine the confidence of our allies, and are completely wrong. The U.S. Navy and Marines are the most formidable expeditionary fighting force the world has ever known, providing our nation with invaluable presence around the world. By continuing to increase both the size and capability of our fleet, we will ensure that it remains so.

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