

Remarks by the Honorable Ray Mabus
Secretary of the Navy
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Phil Dunmire, thank you so much for that introduction and thank you more especially for all that you have done for the Sea Services, for the Navy League, as this is your last Sea Air Space as President. It's been a real pleasure to get to know you and see all the work that you and everyone at the Navy League, and the people here today, have done. You are some of the most dedicated Navy supporters, and I want to thank you for your hard work in supporting the Navy and Marine Corps.

It has been an honor to present the Navy League's safety awards. The efforts of these individuals and these units have helped ensure our readiness and helped preserve the force. So to those who got the awards: Bravo Zulu.

This is my fourth time to speak at Sea Air Space, I just barely missed it my first year, and I always look forward to coming here because the people here are really knowledgeable and care deeply about our Sea Services. Now, usually by this time the CNO, CMC, and I have had the great pleasure of discussing next year's budget before at least one Congressional Committee. But today we find ourselves in a very different situation.

Everybody here knows the fiscal circumstances that we face. Sequestration has happened. For the Navy and Marine Corps, sequestration means we have to cut 4.3 billion dollars this year, in the last six months, from our operations and maintenance accounts and 6 billion dollars from our

investment accounts in just that half year. Now, we've taken steps to manage these cuts, we've slowed down our spending rate and we've curtailed everything but mission essential travel and administrative costs. But going forward into fiscal year 2014 we face a lot of unknowns.

One thing, though, is known: the Department is going to face more budget cuts. Our fiscal future has two separate issues. By the way, I'm sitting here talking about the budget and the CNO comes and talks about LASERS. That's just wrong. Make a note, next year I get the cool equipment and he has to do the budget.

So you've got these two issues. On the one hand you've got the budget limiting measures like the Budget Control Act, which was signed in 2011, and cut \$487 billion from the Department of Defense over 10 years.

Now, the American people sure do expect us to spend less on defense after we come out of more than a decade of two ground wars in central Asian theaters. And we, as I said, frankly should expect more of these. But these reductions allow us to find some efficiencies, to root out overspending and waste, and to match dollars to strategy.

The budget the President released earlier today sets out an additional \$115 billion in defense reductions, again over the next ten years. These cuts, though, are concentrated toward the end of that time, giving us opportunity to plan and to create a sensible ramp to achieve these savings.

The Senate budget resolution cuts an additional \$250 billion from defense, and even though it is not quite as back-loaded as the President's, still gives time to make informed, if hard, choices.

That's on the one hand. On the other hand is sequester. As it's written, and as it is in effect today, an additional \$500 billion will be cut from defense over ten years, in equal amounts every year, with precious little strategy.

So everybody's position going forward – the President, the Senate and the House – is that cuts to defense should be smarter and smaller. But if an agreement isn't reached, if Congress doesn't come up with a solution, then sequester, which neither Congress or the President wants to continue, will continue. Taking no action is an action all in itself.

One more thing: in the four years I have been privileged to be Secretary, not once, not once has a normal budget been passed on time for the start of the fiscal year, and we've operated for some period under a continuing resolution. A CR does mindless damage to the Navy and Marine Corps in different ways from sequestration, but serious damage nonetheless.

So in this environment, I want to echo the sentiment expressed last week by our Secretary of Defense at the National Defense University. If we are smart about how we manage and lead during this difficult time we will continue to be the most formidable military force on the planet. Secretary Hagel delivered some important guidance in four areas for Department of Defense that I think the Department of the Navy has been following and is following.

First, DoD has to take a critical look at overhead. The money we spent not just to do the mission but just to do business. In the Department of the Navy we have had success reducing our overhead and increasing our productivity. But we've got to keep doing that to ensure that we are running the Navy and Marine Corps effectively and we are being efficient with our tax payer dollars.

Second, we have to ask tough questions about the military capabilities that we need today and ensure that our force structure and modernization plans are directly and truly aligned with our defense strategy. We are fully engaged with the Strategic Choices and Management Review ordered by Secretary Hagel.

Third, we must remember that isolationism just isn't an option. We are the world's only global navy. The United States Navy and Marine Corps are our nation's Away Team, and we have to be forward deployed in order to defend the American people and protect our national interests.

Finally, when we find changes that need to be made we have to go beyond tweaking or chipping away at the margins of existing structures. Pruning the edges is just not enough. We have to be willing to fashion entirely new ways of doing things.

I'll give you a quick example of that last point: There's a picture of one of them right behind me, the Littoral Combat Ship and the contracting process for that.

When I got to this job, we had two variants of the ship. One of each variant was in the water as first of class, experimental ship and one of each variant was being built. We bid out three more ships a couple of months after I came into office, and the bids came back unsustainably high. We couldn't afford them. So I made the decision that, even though we wanted both versions, even though each version gave us something different, both of them met all the requirements. And so we had a competition between the two, and the outcome was going to be based mainly on price. The winner would get 10 ships and deliver a technical package to the Navy. With that technical package we were going to bid out 9 more ships to a second shipyard to keep competition in the program.

Now over the course of the next year, as negotiations went on, the prices for both ships came down 40 percent. I went back to Congress and asked if we could buy them both, and Congress agreed. Because of our ability to change course, because of our ability to recognize that we needed to do something different, we ended up being able to buy 20 ships instead of 19, and still saved 2.9 billion dollars in the process.

Getting locked into things just because it's "the way it's always been done" or "we've never done it that way" is not a rationale, it's an excuse. For 237 years the Navy and Marine Corps have provided the American people with the agile and flexible force needed for their defense. If you joined the Navy and Marine Corps it usually means you've already got that adventuresome spirit, you want to see what is over the horizon. That same spirit makes leaders in the Navy who look for new and innovative solutions. Because of this we encourage our officers and leaders to

think about alternatives and new ideas and we speak with groups like the Navy League to hear about your concerns, your questions and your suggestions.

Facing today's issues is going to require us to balance our resources against our responsibilities. We're going to have to make some hard decisions and be strategic in our thinking and planning. I tried to develop a framework of four priorities to guide us as we face these questions: people, platforms, power, and partnerships.

People always come first. Our sailors and Marines are our most important combat payload. We worked hard over the past year to provide them, and their families and our critical civilian workforce, with the support that is vital to their personal and professional success. I announced the 21st Century Sailor and Marine initiative just over a year ago and we have made some important steps toward improving the resilience of our force. The goal of 21st Century Sailor and Marine is to cut across these stove-piped programs that support our sailors and Marines and their families. We are focused on readiness to ensure we can get our mission done, protection from sexual assault and suicide, safety to maintain the force, a culture of physical fitness, strength through inclusion and diversity, and the continuum of service to smooth the transition of those returning to the civilian world. We want to provide more to individuals and their families and give them a single point of access to get the support they need. A Navy full of successful sailors will be a successful Navy.

Vice Admiral James Calvert, who got two Silver Stars as a submariner in World War II, once wrote that "as important as ships are, naval history is made by men." He was right; our people

are the most vital asset in our services. I would just change one thing about that statement: today naval history is made by men and women. Yes, you should applaud for that. Well before the January announcement of DoD's policy change on women in combat roles, the Navy was leading in this area. Our first group of female submariners has already been on deployment and in November of last year, the first group of these trailblazers earned their "Gold Dolphins." Next we are going to start placing women on attack submarines, and soon after that, opening opportunities on subs to enlisted women.

The Naval Academy, our ROTC programs, and Officer Candidate School are all receiving historic levels of diversity in their applications from across America. We have re-established ROTC programs at Harvard and Yale and Columbia, and we've established them at Arizona State and Rutgers. This will help us draw the most diverse and accomplished junior officers that we have to have. We will continue our leadership role in this area and ensure that the Navy and Marine Corps reap the benefits of an inclusive force with a broad range of backgrounds and a broad range of experiences to bring different perspectives to the challenges that we face every day.

After people is Platforms. From the moment I took office as Secretary of the Navy, shipbuilding and making certain that our sailors and Marines have the right platforms for success has been a priority for me. On September 11, 2001, the U.S. Navy had 316 ships. We had 377,000 sailors. By 2008, after one of the great military buildups in American history, we had fallen to 278 ships and 49,000 fewer sailors. We are executing a plan that has arrested the declining number of ships and soon the fleet will begin to grow with more, more capable ships.

In 2008 the Navy placed 3 ships under contract. Since December 2010 we have contracted for 47 ships. The budget and the plan we are submitting to Congress brings the fleet to 300 ships before the end of this decade. Now this is a critical turn around, especially since our defense strategy is now maritime and it is centered on the Western Pacific, the Arabian Gulf, and building partnerships. That's central issue of the United States Navy and Marine Corps and what we can do.

One specific type of platform the Navy and Marine Corps are focused on are unmanned vehicles and systems. In October of last year we established Unmanned Helicopter Reconnaissance Squadron 1, the first dedicated rotary-wing UAV squadron in the Navy. That squadron will train sailors on the MQ-8 Fire Scout, which has seen combat in Libya and Afghanistan and which has operated from the Gulf of Aden to across the Pacific. Across the entire spectrum of military operations an integrated force of manned and unmanned platforms is the future. We're going to continue our push for aviation, surface, and subsurface unmanned systems into the fleet.

Third is Power. Energy will continue to be central to our Navy and Marine Corps. From wind, to coal, to oil, to nuclear, the United States, the United States Navy has always led in the energy field. As we continue to move forward we will continue to improve our use of energy because it makes us better warfighters. That's the reason we're doing it.

Last year, last summer, we demonstrated the Great Green Fleet at RIMPAC off the coast of Hawaii. I had the opportunity to visit the ships of the strike group, and by the way I flew in a

helicopter fueled by bio-fuel and av-gas, to see our sailors in action. Those sailors understand this energy imperative and the operational benefits that they are going to receive from alternative fuels and efficient systems. Now I know that there are still a few out there that say that energy and power are not core Navy interests. But you know what? That's not what history shows us.

At the end of World War II the Navy embraced a pretty revolutionary idea that nuclear power could be used to drive ships. At the time skeptics were everywhere and challenged everything: safety and size and practicality. They were completely wrong and now after six decades nuclear power is still giving us an edge in carriers and submarines.

Today the Navy is leading the next great change in energy with alternative fuels and efficiencies. The Great Green Fleet was a step along the way. Another step was taken last fall when DoD issued a multi-stage solicitation under the Defense Production Act. The solicitation seeks to construct or retrofit, public-private partnerships, multiple commercial-scale next generation bio-refineries, geographically dispersed across this country, and capable of producing cost-competitive, drop-in biofuels that meet our military specifications. We are close to the end of this process and we are optimistic about the results. The Navy helped bring cost competitive nuclear power to the United States is the Navy that is doing this with the next generation of energy and a lot of other alternative energy initiatives.

Energy also extends to the battlefield ashore. To help address the problem of energy security the Marines started their Experimental Forward Operating Base, or ExFOB. Solar blankets to power radios, LED lights for tents, solar generators for power at forward operating bases, have made

our Marines more efficient and have made their packs lighter on patrol. Today everyone from snipers and Special Operations teams to infantry and artillery units are employing ExFOB-proven gear.

Last year here at Sea Air Space I talked about power as a strategic issue, but it's also important that we recognize energy as an operational liability. We're going to continue to work on developing more efficient systems for our platforms because it provides a force multiplier. As anyone who has been aboard a ship that left station to conduct a replenishment knows, there are operational impacts to how our ships, aircraft, and submarines consume energy.

The USS MAKIN ISLAND is a great example. She's got a hybrid electric drive and it has a crew trained in energy conservation. This new Amphib returned from her first deployment in 2012 and only spent 18 million of the 33 million dollar fuel budget. She needed fewer refuelings at sea and she spent more time on station because of these initiatives. When I got to go visit MAKIN ISLAND I had an Engineer, a Mustang, tell me that the most exciting part wasn't the new technology, it was the culture change. Our sailors and junior officers got it. They understood why this is important, and they were the ones providing new ideas, they were the ones driving this change. The Navy is changing in this area and it's changing for the better.

The final of my four Ps is Partnership. RIMPAC sure wasn't the only exercise that we held in 2012, it was just a small part of the partnership development that is a key tenet of the defense strategy. Providing maritime security across the global commons requires a lot more than any single nation is able to muster, especially during tight economic times. Building partner capacity

helps distribute the burden and responsibilities based on alliances, shared values and mutual trust. The Navy and Marine Corps are naturally suited to develop these relationships. Now, trust across the globe cannot be surged when you've got a conflict if it has not been established in times of peace.

2012 had many examples of our security cooperation and partnership missions. With the Philippines we expanded the annual BALIKATAN exercise to include 20 nations from the Association of South East Asian Nations or ASEAN. The exercise was held in the South China Sea and focused on Humanitarian Assistance, Search and Rescue, and helped develop interoperability with a lot of partners. Early in the year I got to visit the High Speed Vessel SWIFT and the embarked units from the Naval Expeditionary Combat Command and the Marine Corps in Panama who were working with our friends and partners on SOUTHERN PARTNERSHIP STATION. Also, later in the year I had the privilege of going to the closing ceremonies of KHAN QUEST, that's spelled K-H-A-N quest, a multinational exercise in Mongolia that started a decade ago as a bilateral training opportunity between our Marines and the Mongolian armed forces and this year included forces from ten different partner nations.

These kinds of missions take place all over the globe on an almost daily basis. When we're doing our job it usually means that we're a long way from home. That's why during my time as Secretary I have traveled literally hundreds of thousands of miles, and to 96 separate countries, to visit our sailors and Marines. I have conducted over 350 All Hands Calls and other ways to talk with and to sailors and Marines around the world. When I'm there I also make sure that I meet with the leaders of our partners. I am proud of this travel, as hard as it is, and I put it on the

Navy website, everywhere we go. If I could personally thank every sailor and Marine on station for what they do for all of us, I would do it. I don't know if it is possible, but I can try.

I will tell you that countries around the world recognize the value of our Navy and forward deployed naval forces as much as we do. In the coming years we're going to be moving more of our ships and their crews forward. We're going to be basing four DDGs in Spain for ballistic missile defense patrols and security cooperation in European Command and Africa Command. By forward basing these four, they take the place of ten ships if we were rotationally deploying them from the United States. Similarly, we are going to station four of our new Littoral Combat Ships in Singapore to work with our partners and help to develop maritime security in the vast littorals of the Asia-Pacific region. We will be using these LCS's differently too, with the ships remaining in place while the crews rotate. Our Marines are also partnering with armed forces and countries across the globe. We will continue to develop these relationships using, in the words of the defense strategy we now operate under: a "low cost, innovative, small footprint approach."

The four priorities; people, platforms, power, and partnerships will continue to guide our approach to the complex questions that lie ahead for us. We're going to innovate, think, and lead our way through the issues we face today.

The Navy League, and all of you gathered here today, are a crucial part of the maritime team in the United States. There are so many times that the 99% of Americans who do not serve in uniform don't understand what our sailors and Marines do. You help enormously with that. Your

engagement with the people of America is an important part of helping us to tell our story, and helping the American people understand the importance of their Navy and their Marine Corps.

From the time that the United States was just an idea, the Navy and Marine Corps have protected the American people and defended our interests around the globe. From combat operations in Afghanistan to humanitarian assistance on the streets of Staten Island following Sandy, in 2012 our sailors and Marines accomplished the mission time and time again. They remain the most powerful expeditionary force the world has ever known, capable of as our first President, George Washington said, “everything honorable and glorious.”

Thank you.