

Remarks by the Honorable Ray Mabus  
Secretary of the Navy  
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Admiral Pete Daly, thank you so much. I'm happy to be here with you. I'm going to talk just for a little while, and then I'd be happy to answer your questions. I want to thank Pete Daly and the Naval Institute for all that you do to support the debate and the discussion of professional naval issues.

The mission of the Institute – I'm quoting here, and I'm sure you know it better than I do – is to dare to read, think, speak and write in order to advance the understanding of sea power and issues critical to national defense. And today more than ever we need that kind of daring thinking, that kind of new approach. We need innovative ideas; we need creative solutions.

I want to say a couple of words about two speakers you've already had, Randy Forbes and Tim Kaine, from different sides of the political aisle. All three of us agree wholeheartedly that we need to keep a great Navy and great Marine Corps, that the national defense strategy going forward is and will be a maritime strategy, that in order to do the things that America needs to do in order to give the President the options we need to give any President, that we have to do the things in the Navy and in the Marine Corps to be there, to have that presence, to have that ability to answer whatever call comes.

And so in that light, Tim Kaine, like me, is a former governor. And I heard his answer to one of the questions being, as governors, you don't have the luxury to not pass a budget. You just

don't. You don't have the luxury to say, we'll get to it. At some point you don't have the luxury to just kick the can down the road.

I mean, the Mississippi legislature meets for 90 days, 90 calendar days. Happiest day of any governor's year is the day they go home. But they do have serious deadlines, and if a bill doesn't pass, it's dead. If it doesn't get out of committee by a certain date, it's dead. If it doesn't get off the floor by a certain date, dead. If it doesn't get into conference by a certain date, dead. But my point is that governors all across the country, legislatures all across the country pass budgets on time. And we may not like the budgets, but they're on time. They pass laws on time – or not – but they get the business done.

And so I'm going to talk about a couple of things today: my understanding of seapower, how critical it is to our national defense and the strategy that we need to employ with it, but also how the current fiscal situation and state of play may impact that.

Now, I've had a very unique and incredibly privileged view of the Navy and Marine Corps for the past four and a half years as Secretary, and I want to share part of that perspective with you today. The value of the Navy and Marine Corps is as apparent today as it was at the start of our country. Enshrined in our Constitution is the instruction to Congress to provide and maintain a navy; there's a reason that they included "maintain." At that time, the Navy was a tangible and permanent signal of our independence and our presence on the world stage. Throughout our history, the Navy and Marine Corps have been called upon to act in both war and peace.

And today, the Navy and Marine Corps plays an even larger role and a more vital role on that world stage. The framers of the Constitution understood that we had to maintain a constant and persistent presence. It had to be, in the words of the Constitution, maintained, and that's presence. Presence is what the Navy and the Marine Corps is all about.

Presence is Oliver Hazard Perry scrawling, "We have met the enemy and they are ours."

Presence is all the great battles in Navy and Marine Corps history, from the War of 1812 and those great battles, like the one on Lake Erie, through Mobile Bay, through the Atlantic warfare of World War I, the Pacific warfare of World War II, Chosin Reservoir, Vietnam, the first Gulf War, Iraq, Afghanistan. And in each of those – in each of those – the American Navy has maintained control of the seas, and guaranteed freedom of navigation in between those wars and peaceful free trade. And by doing so, the Navy has underwritten an unprecedented growth in the world economy.

As the President said in September, for nearly seven decades the United States has been the anchor of global security. And I think the use of anchor is very appropriate in that statement. We respond to every crisis, when the nation calls. We respond, whether it's high end combat, whether it's irregular warfare, whether it's humanitarian assistance and disaster relief.

Just recently in the Philippines, as Typhoon Haiyan moved toward the Philippine Archipelago, our naval forces tracked the progress of that storm. And when it hit, the George Washington Strike Group was already at sea and ready to follow it in. In the aftermath, we had Marines on the ground a few hours after the storm hit. We had C-130s and MV-22 Ospreys bringing in early

aid and surveying and assessing the damage. And within just a few days, we had a dozen ships and hundreds of aircraft in the Philippines.

Now, it's one of the things that we do, and we are very good at it. The humanitarian assistance and disaster relief that the Navy and Marine Corps provide is not just in these high-profile, like the Philippines or the tsunami in Japan or the earthquake in Haiti. We get a request on an average of once every two weeks for some humanitarian assistance or disaster relief somewhere in the world. We're the only country that can do that, nor frankly the only service that can do that.

I went to Haiti several years ago, right after the earthquake there. The port was destroyed; the airport was seriously damaged. So Marines on an amphib just landed on the beach, and they went ashore. They didn't need a port; they didn't need an airport. They went in and began delivering aid.

Now, Marines being Marines, when people crowded around them asking for aid, a Marine gunnery sergeant jumped up on some – on a pile of debris and said, OK, we're here to help, but everybody's going to be polite. Get in line and we will hand out food and provisions and medical help. And everybody did. A Marine told me to line up, I'd pretty much do it too. But it shows how flexible the force is. It shows how quickly we can get there.

And it also shows that our ability to respond, whether in combat or in humanitarian assistance and disaster relief, isn't determined by overflight rights, isn't determined by permission to base,

isn't determined by how quickly we can mobilize or how quickly we can get ships from the U.S. to a place. We don't take up one inch of anybody else's soil. We come from the sea, and long after the guns fall silent, or long after the bell rings, we're there.

We're not there just at the right place at the right time; we're there all the time. And you can see that. You saw it this fall in Syria; when there was a possibility of military action, we already had ships there. We didn't have to surge forces. We didn't have to come from anywhere. We were already there.

So how do we keep that ability? How do we keep that presence? Well, I've divided it into four things – and in this acronym-obsessed town and building that I work in, four Ps – people, platforms, power, partnerships.

In this age of technological marvels, our people matter more than ever. You can have the greatest ships, the finest aircraft, and it doesn't matter, if you don't have the trained and experienced people to drive them, to fly them, to operate them. People matter. Unlike any other military in the world, we push responsibility and we push authority down. We expect from junior sailors and junior officers great decision-making. We expect them to do these incredibly complex jobs, and we expect them to do it every single day.

One other story. I went on the Ronald Reagan about three weeks after the tsunami in Japan. The Ronald Reagan and her strike group had responded to that tsunami. My briefing was given by a lieutenant JG and a second-class petty officer. And I was sitting in a roomful of – you can

imagine – admirals and captains. And the reason they gave me that briefing was they were the ones that were in charge of setting up the relief mission. They were the ones that were – made sure that the right things got on the right aircraft, in the right order, going to the right places. And they used the same techniques that they were going to use, and did use, in combat operations over Afghanistan.

But that's how we push responsibility down, and that's where we expect people to be able to make those decisions and to know what those decisions ultimately mean and why they matter. So in this age of great technology, people matter more than ever.

Platforms. At some point, quantity becomes a quality all its own, and we've got to have those big, gray hulls on the horizon. In the last four years, and I'm very proud of this, we have arrested the decline in the fleet. On 9/11 2001, the U.S. Navy had 316 ships. By 2008, after one of the great military buildups in American history, we were down to 278 ships. And in the four years before I got there, the Navy had put 19 ships under contract. Now, that's not enough to either arrest the decline in the fleet or, frankly, to keep the industrial base going.

Since I've been there, we have put 60 ships under contract, with a smaller top line, and we've done it just by things like competition, things like multi-years and block buys. Things like firm, fixed-price contract.

You know, my father owned a hardware store in Ackerman, Mississippi, a town of a thousand people in Choctaw County, Mississippi. My father was the cheapest human God ever put on this

Earth. And when I was running for my very first office, State Auditor of Mississippi, I met a guy in Wiggins, Mississippi, and he said, “you Raymond Mabus’s son?” And I said, yes, sir, I am. And he said, “well, I’m going to vote for you. And if you’re half as cheap with the state’s money as your daddy is with his, we’re going to be fine.”

Well, let me tell you, in terms of buying things, I am my father’s son, and I am going to drive a hard bargain. We owe industry certain things. We owe them stable designs. We owe them mature technology. You don’t design a ship while you are building. And if some new, gee-whiz technology comes along, put it on the next block. Put it on the next ship. Don’t interrupt the building cycle. And third, we owe them transparency in what kind of ships, how many and when we’re planning to build them.

But in return, they owe us some things. They owe us the investment in infrastructure to do these builds. They owe us investment in training of the shipyard workers. And they owe us – if we don’t change the design and if we don’t change the technology, every ship of the same class ought to cost less than the one before it. There ought to be a learning curve. And on platforms as diverse as the DDG-51, the Virginia-class submarine, and the LCS, that is what is happening.

Power. Energy and power are central to our naval forces, because we’ve got to have them to get our platforms there and to keep them there. Energy is a national security issue. Oil prices surge every time there’s some instability somewhere in the world, whether that country produces a lot of oil or not. When Syria happened, a country which is not a significant oil producer of any kind, the price of oil popped up to \$107 a barrel. And traders call this a “security premium.”

Well, this security premium, over the past three years, it has cost DOD \$5 billion over what was budgeted for fuel. It's cost the Navy and Marine Corps \$2 billion over what we had budgeted for fuel. Now, there're not many places to go get \$2 billion in the Navy and Marine Corps that's unbudgeted, that you did not expect. The only two places are operations and training. So you fly less, you steam less, Marines go to the field less. Or, if the bill gets big enough, you have to start taking it out of platforms.

And I don't think either one of those is a good choice. I think there ought to be a third choice. And even if the United States does produce all the oil and gas that we need domestically, it still is the ultimate worldwide commodity. You still will not be insulated from these global price shocks. Every time somebody threatens to close a chokepoint, every time there's instability somewhere, oil is going to spike. And every time it goes up a dollar a barrel, it costs the Navy and the Marine Corps \$30 billion for that one dollar.

So we've been doing some things. One of them is I've set some energy goals for the Navy, and we're going to meet them, that by no later than 2020 at least half of all our energy afloat and ashore will come from non-fossil fuel sources. Now, we demonstrated the Great Green Fleet at RIMPAC in 2012. Took a carrier strike group. The carrier's nuclear, but every ship in that strike group and every type of aircraft that flew off the carrier – the ship sailed on a 50-50 blend of biofuels and aviation and Marine diesel, the aircraft flew on a 50-50 blend of biofuel and jet fuel.

And you know what the big news was? No news. We put the biofuel in our normal logistics chain, put in on an oiler, which I guess is misnamed, and took it out to the fleet. The only difference that people could see, maybe, is that it burned a little cleaner, that there wasn't quite as much gunk on the engines after.

Now, I got yelled at because it cost a good bit to get this biofuel. And it did. It was a very small amount, 450,000 gallons, and it cost \$26 a gallon for the biofuel. But under something called the Defense Production Act, if we've got a defense need that the country cannot meet in scale we can partner with people to get it to scale. We now have signed contracts with four biofuel companies to deliver us biofuel, 170 million gallons a year starting in 2016, for under \$3.50 a gallon – which is less than we're paying for petroleum today.

We're also doing a lot of work in energy efficiency on our bases, on our ships. We've got the first hybrid ship at sea, the USS MAKIN ISLAND. She had a \$33 million fuel budget on her last deployment; she spent 17 million dollars and brought the rest of the money home. And that was impressive.

But the most impressive thing was when I visited and talked to one of the engineering duty officers. He said, that's right the technology is impressive, but the thing that really has started changing the culture is you've got third-class petty officers coming up and saying, I got an idea how we can save some energy. I got an idea how we can save some fuel. He said, that's what we're doing on MAKIN ISLAND. And that's what we're beginning to do around the world.

Partnerships. The new defense strategy says that we ought to do three things: focus on the Western Pacific, focus on the Arabian Gulf and focus on building partnerships. That's a description of the United States Navy and Marine Corps.

We are uniquely suited to going in and building partnerships, to coming from the sea, doing training, doing humanitarian assistance, doing all the things you do, and then leaving – not asking for basing rights, not asking to stay on a permanent basis. But no one navy, no one military force, can do what we need to do globally alone. And by partnering and by being interoperable and by knowing how each other operates, by knowing through exercises and actual operations how we work, when the next crisis comes we're always better prepared.

So those are the four Ps. I listened to part of what Tim Kaine said, and I hope we are close to two things – a budget deal and a defense bill, an NDAA. Because the way we're going, it puts everything at risk. The way we're going puts at risk all the progress we've made; it puts at risk the ability to provide that presence; it puts at risk the options that we give the president. I want to talk about that just for a minute.

Sequestration says; just take a chunk out of every single line item. It does not allow you to put money against strategy. It's just a dumb way to cut. And almost as horrible, particularly for the Navy, are continuing resolutions. There hasn't been a budget passed on time since 2005. Just think about that. Not a budget on time since 2005. I have never seen a budget on time since I've had this job, for the last four and half years. And when you've got a continuing resolution, strange things happen.

We can't put a ship in a shipyard, because it's a new start. If we're going to spend more money building a ship than we did the previous year, when we reached the previous year's amount of money, we have to stop. It makes no sense. So I hope that they reach a budget deal and I hope that it does give us some certainty. Because that's the main thing you're looking for, is some certainty. I know others complain about sequestration and continuing resolutions; I want to make it very clear that I'm not talking about the fact that we should not spend less on defense; we should.

The American people have the right to expect that, after we come out of two very long wars, that we will spend less on defense. But what I am saying is that you ought to do it in a smart way; you ought to do it in a way that supports strategy. It shouldn't be with a blunt object, and it should be with a thought of what kind of force do we want, what kind of force do we need, what will the force be able to give this country in terms of presence, in terms of options for the President?

The Navy and Marine Corps have an amazing history. For 238 years, we have answered every call that the country has asked of us. And we will continue to do that. Work like what you do at the Naval Institute will help us do that. And it is my hope – and, in fact, is what I'm obligated to do, is my charge as Secretary – to do all I can to ensure that the options that the Navy and Marine Corps give the President are there, not just for this President, but for future Presidents as long out as we can see.

For the life of this republic, since before the Constitution, the Navy and Marine Corps have proven themselves to be an agile, professional, adaptable force, forward-deployed. And there are no true homecomings for sailors and Marines. Once we come home, we turn around and go back out.

People that join the Navy and the Marine Corps want to see what's over the horizon. They want to see what comes next. They're willing to sacrifice time with their families; they're willing to sacrifice to do that. And by doing that, they protect us all. With this forward deployment, with this presence, we remain the most responsive option to defend, to represent, to protect the United States of America. And we have to endeavor, even in these difficult and uncertain times, to keep it so.

So from the Navy, Semper Fortis, Forever Courageous.

From the Marine Corps, Semper Fidelis, Forever Faithful.

Thank you all.