

HOULEY Statement 3/26/09

Good morning, Mr. Chairman.

I am honored to be asked to join this discussion, and I am well aware that most of you in this room have been considering force structure issues for many, many years. I also know it is easy to criticize any end result. I certainly have done so over my years of service. Let me first frame my remarks as follows:

- I respect the fact that those in a position of active Navy leadership are better informed than me. I hope that none of my comments are interpreted as a challenge to the Navy's budget request.
- I appreciate that every year brings new special circumstances. Obviously, this year is no exception and the remarkable economic situation makes your decisions all the more important.
- While I know that a discussion of background material is extraneous here, and I have no desire to insult the wisdom of this group, I must apologize beforehand for repeating some obvious facts in this brief statement.

The first is that the Navy's existing force level can be argued to be inadequate or barely adequate, but the oceans are vast; our position of leadership in the free world is clear; and the number of ships we have cannot logically be argued to be excessive. Second, since ship lifetimes can only be extended so far, we cannot solve our problems by painting over rust. Third, the mix of our ships can only be

changed very gradually, and any war or conflict will have to be faced with a “come as we are” force.

No matter what the arguments may be concerning how to prioritize future threats, we cannot delay augmentation of our current fleet numbers or allow continuing deterioration of those numbers through inaction.

Ship construction and modernization is but one of many issues. This Committee knows there is no magic out there, and I have none to offer. But some aspects of the Navy’s challenges, as I see it, are quite clear. I have mentioned one: we have too few ships. Replacements are being built and commissioned at a slower rate than existing ships are being retired. Since nothing is cheap, what can be done? First, let’s go back to those obvious facts I mentioned.

CVNs (nuclear powered aircraft carriers) are more than the backbone and heart of the Navy. They forestall the need for access that can be denied us in many parts of the world for many of the scenarios we will continue to face. They are not only the first asset a President considers when faced with a military challenge, they are one of the few unquestioned resources our nation will require in the future. These ships are enormously expensive and take a long time to build, but they are the essence of force projection --- the ultimate expeditionary force --- and any math required for the Navy budget should begin with CVNs. I would spend my full five minutes on this point but it would be an insult to your intelligence. I have to say I am concerned about this topic. Carriers may be unassailable to budget cuts in my mind, but they *are* very expensive and there are a lot of important people who are desperately looking for money to fund

urgent priorities. This subcommittee has a better chance of protecting carriers than almost any entity. Stand firm in protecting this priority!

Moving on, as a lifetime submariner, I can only thank the Congress for its wisdom in permitting multi-year procurement of SSNs, perhaps the one step that will permit this nation to maintain a force level to execute their many missions with which this Committee has first hand familiarity. The retirement rate of these ships is frightening and you have already taken action to allow the Navy to do the right thing. Our submariners will always take good care of these versatile ships.

Unfortunately, addressing naval challenges through new classes of ships carries a heavy price. Not only do they always cost more than predicted, no matter where the fault finger is pointed after the bill is added up, the money cannot be recaptured until we climb a long distance up the lessons learned curve. We must augment, not decrement, fleet size. Therefore I would emphasize these points:

1. I recommend against additional DDG1000s, not because it will not be a fine ship, but it is too expensive, takes too long to build, and will inevitably lead to a lower total number of ships in our fleet --- the one outcome we cannot permit.
2. I recommend as many improved DDG51's as we can afford. We know how to build them. The value for cost is high. The maintenance is affordable. And we know how and when to make improvements to them.
3. Now, how about LCS? I used to have a nifty set of remarks appropriate only among retired admirals about how dumb

an idea this was. It was not helpful. But guess what? After everyone is done beating everyone else up over the excessive cost, lousy contractor performance; poor coordination; requirements creep; and so on, we finally got two hulls. LCS's will move toward a reasonable unit cost much faster than the next best idea out the chute. Essentially everyone agrees part of the Navy mix must include a lower end ship. Once we get these ships running right, the Navy will converge on the right combination of warfighting modules, and the ships will become workhorses that we can move around the world to address some of the U.S. naval presence requirements that do not require Battle Groups. I'm beginning to wish I had thought up the idea.

In a recent article in Naval Institute *Proceedings*, written in collaboration with Rear Admiral Jim Stark, we made two points I would repeat here. The first dealt with the (Ship) Requirements Process where we talked about doing a better job of controlling the number of good ideas we would like to include in new ships. Adding promising technologies, more robust combat and C4I systems is tempting for obvious reasons, especially given the range of scenarios the ships may face. But at some point it is counterproductive to augmenting the number of ships in the navy. Scrubbing the requirements process is easier said than done, but the key is that once we reach our decision at the outset, we must have absolute control over subsequent changes to those requirements. In our opinion, the authority to approve such changes should be limited to the Secretary of the Navy, but the

important point here is to limit the number of requirements-driven change orders to ship construction costs.

The second point deals with Marine Corps support. This mission is fundamental and none of the variety of military challenges of the past few years has changed that. The number and mix of vessels needed to provide the requisite lift for the Marines has changed in the past two decades. The ships have become larger, more expensive and more capable, while at the same time the number required has declined. Because amphibious ships are employed in combination, they should be judged on the capability of the expeditionary strike group or amphibious ready group as a whole rather than on the size and cost of individual units. This should be a less controversial aspect of the fleet numbers and mix issue than others.

On the subject of acquisition reform, I know we all agree it is important and we would like to address the problems and prescribe the right cures. I hope, however, that before we enact new layers of directives and legislation, that OSD, the Congress and others will talk to folks who have demonstrated real expertise in buying expensive, complicated products from major defense contractors. Expertise is established by records of personal accomplishments, not by the title on office doors. We cannot address acquisition reform by adding more rules and regulations, ostensibly to preclude repetition of past problems. Current regulations are excessive in number and in complication and are one of the sources of our problems, not a solution. We must avoid walking around the real problems and further complicating an already overly complex process. There are a lot of serious

minded men and women who have proved themselves in acquisition and business. Making the system work should be their challenge to address.

You ladies and gentlemen are all students of history. So many of our nation's predecessors in friendly and not so friendly countries have encountered financial pressures akin to ours today. Slowly, they "saved" money by agreeing to fewer and fewer ships with less and less capability. Without apparently realizing they were doing so, these nations eventually gave up their ability to project power in a meaningful manner. Even when the lights go on and circumstances make it obvious that this has happened, they discover that to regain strength of this kind requires a reversal of policies that in the best of circumstances would take many years and be prohibitively expensive. We cannot afford to make this mistake. Our responsibilities are too great and there is no backup plan. This is why I believe that while your challenge is of great importance, it is not incredibly complex. We need augment our fleet in numbers and in capability and limit the introduction of new ship classes and big changes to the maximum degree possible.

Thank you.