Don't Give up the Ships: A Look at a 200-Ship Navy

Summary

On May 22, 2009, Hudson Institute held a conference at General Dynamics Electric Boat facility in Washington, DC that examined the possibility that the U.S. Navy might decline to as few as 200 ships—and began the discussion of the strategic consequences of so significant a change in U.S. global military posture. The purpose of the conference was to begin to stimulate a national debate about the U.S. Navy's uninterrupted reduction in fleet size. Other topics of discussion included the decline in U.S. shipbuilding, the Navy's difficulty in controlling the cost of building ships, the historical precedents for the decline of a great naval power, and the effect on America's position as a great power of being reduced to a second-rate naval one.

Speakers included Hudson Institute Board Chairman Allan Tessler, Congressman Joe Sestak, Rear Admiral, USN, (ret.), Congressional Budget Office analyst Dr. Eric J. Labs, and former Secretary of the Navy John Lehman. The conference concluded with a panel discussion featuring former Deputy Assistant Secretary of Defense for South and Southeast Asia and Naval War College Professor James Clad, Professor Aaron Friedberg of Princeton University, and Hudson Senior Fellow Seth Cropsey, with Hudson Senior Vice President Enders Wimbush as moderator.

Allan Tessler, Hudson Institute's Board Chairman, opened the conference with an introduction that laid out the issues and challenges facing the U.S. Navy today and in the future. As Tessler noted, the U.S. Navy currently stands at about 280 ships, less than half the number that existed during the Reagan Administration. Tessler noted that naval issues have been pushed to the background due in large part to eight years of land warfare in Afghanistan and Iraq. During the same time the People's Republic of China has continued to increase its investments in both the size and sophistication of its navy, one of whose explicit objectives is to deny the U.S. Navy access to the region. As a consequence, the U.S. is being challenged in the Western Pacific as it has not been in 70 years. Though the U.S. public has yet to grasp the extent of this growing threat, America's allies in the region understand it with increasing clarity; Tessler cited Australia's recently announced plans to double the size of its navy as evidence that America's Pacific allies are concerned about the U.S.N.'s future presence and ability to provide security in the region. In closing, Tessler hoped that the conference would promote discussion and draw attention to the nation's enduring strategic interest in remaining a great naval power.

The conference's first guest speaker was Congressman Joe Sestak, a retired Admiral and member of the House Armed Services Sea Power Subcommittee. Sestak posed a challenging question: "is the number of ships really the correct measurement of our naval

power?" He agreed that it was imperative for the U.S. to maintain maritime supremacy, and that the number of ships is important, but he maintained that force posture and force position matter more. Sestak argued for a force position that recognizes the threats and possible threats emerging in the Pacific, citing a rising Chinese Navy as well as the unstable and dangerous regime in North Korea. He noted that the U.S. had been operating on a principal of "acceptable risk" on North Korea for too long and that it is necessary to reassure American allies in South Korea and Japan that the U.S. would maintain stability in North East Asia. To accomplish this, Sestak believes a carrier group should be stationed in Guam to back up the one already stationed in Japan.

Expanding on his ideas for force posture, Sestak explained the need for increased naval capabilities, which, he cautioned, should not be confused with numbers of ships. In particular, he argued strongly for an increased cyberspace capability for American ships that would allow much more accurate and sophisticated tracking and targeting capabilities. He argued that according to studies he had seen, the Navy could meet its goals with only 240-260 ships, so long as it developed increased cyberspace capabilities and proper posturing. Sestak then went on to explain how these capabilities could also be useful in the war on terror and non-proliferation efforts by using sensors to track ships entering American harbors, and to identify the hulls that called at ports in such dangerous states as North Korea.

The next speaker, Dr. Eric Labs, an analyst with the Congressional Budget Office, explained exactly how the U.S. Navy's fleet levels could decline to 200 ships—or fewer. As Labs explained, the Navy does in fact have an ambitious plan to rebuild the Navy through increased ship-building. Currently, the Navy plans to spend on average $26.6 billion annually on shipbuilding between 2010 and 2038. This is well above the $21.6 billion spent annually from 1982-1989 at the height of the Reagan build up, and roughly 2.5 times as much as the $10.8 billion spent each year from 1994 to 2009. Unfortunately, due to the recent economic crisis, a decreased budget for shipbuilding, inflation, and increased shipbuilding costs, it seems unlikely the Navy will be able to sustain this level of commitment to shipbuilding. Thus it will fall short of its goal of 313 ships.

Though the Navy's shipbuilding plan calls for average annual spending of $26.6 billion over the next three decades, its budget request in 2009 included only $14 billion for shipbuilding. Consistent forecasts of increasing budget deficits and national debt suggest that the shipbuilding plan requires a significant increase in money to meet Navy leadership's goals. Furthermore, the plan, as envisioned by the Navy, assumes an average ship building price of $2.3 billion, while the President's 2010 budget request assumed an even lower figure of $1.9 billion. If shipbuilding costs increase, for example to the Congressional Budget Office's prediction of $2.5 billion per ship, this will have a significant effect on the number of ships the Navy will be able to purchase. When factoring in the possibility of a flat budget for shipbuilding, or an increased cost per ship, the size of the Navy could easily shrink to 200 ships or as few as 150.

Former Secretary of the Navy John Lehman discussed what the Navy *should* look like over the coming decades. Lehman summed up his view with three points; the Navy

should look the same to everyone, it should look competent, and it should look elite and glamorous. On the first point, Lehman explained that when other countries consider the U.S. nuclear deterrent, there was little question as to its effectiveness. As regards conventional forces however, not everyone views the U.S. Navy as an effective deterrent. Our allies in the Pacific for example, are anxious at the prospect of the U.S. reducing its presence in the region. As Lehman explained, the U.S. Navy should appear effective and serious to whoever was looking.

Lehman's second point, that the U.S. Navy should look competent, spoke directly to the issue of a decline in the Navy's overall number of ships. "The Navy does not look competent in the management of its resources," he said. Lehman noted that during World War II, the Bureau of Ships was building roughly 1,000 ships a year with a staff of about 1,000. Now, they are turning out only about 6-7 ships per year with staffs of 25,000. Lehman blamed this on the joint requirements culture which greatly enables changing the requirements for ship construction. These constantly changing requirements slow down the process of procurement and drive up the costs. To fix this, Lehman advocated a more streamlined procurement structure with simple line-management and stricter accountability to cut down on change orders and speed up the building of ships. The Navy also needs to engage in a broader procurement process that would include smaller contractors as well as established firms to ensure competition. For the same reason, contracts needed to be reviewed periodically instead of being awarded to a single firm indefinitely.

On his final point, Lehman argued for a Navy, and a military in general, that looked elite and glamorous in order to attract the most talented people. He spoke out against many current practices which were "turning the military profession into nothing more than a trade." Lehman had particularly strong words for the switch from military dress uniforms to less formal attire. He found the practice of wearing fatigues and overalls at the headquarters of the U.S. military command a regrettable indication of a decrease in the U.S. military's status as an elite organization.

The conference concluded with a panel discussion on the implications and consequences of the U.S. Navy's shrinking size. Hudson Senior Fellow Seth Cropsey led off by explaining two historical cases that presented troubling lessons for maritime powers which forsook their strategic focus and maritime capability. The first was Great Britain between the two World Wars. Following World War I, England adopted a defense policy which assumed the absence of major wars for at least a decade, and reduced defense spending significantly. Add to these problems a military bogged down in disputes over mechanization and the utility of tanks and aircraft. Finally, what military forces Britain retained were primarily engaged in imperial defense and conflict prevention in Egypt, India, Ireland, and the Middle East. Like Great Britain, the U.S. should be careful not to lose its strategic focus and war-fighting ability, and should not allow Iraq and Afghanistan to distract from its enduring maritime requirements, whose fulfillment is inseparable from its status as a great power.

Cropsey's second example was Venice in the Renaissance. Venice at one time was the Mediterranean's great naval power and the most prosperous city in Europe. Beginning in the mid 15th century however, Venice turned from the sea. It focused on the internecine land warfare of the Italian city-states and its nobles reached for ever greater landed estates. The U.S, Cropsey argued, has become preoccupied with land-based conflicts in the Middle East and South Asia at the expense of preserving its traditional maritime strength and maintaining its long-term strategic objectives.

The next speaker was James Clad who discussed the implications of a much reduced U.S. Navy on the security of South East Asia. Clad argued that our influence in the region would only extend as far as our presence. If our presence were to be reduced, potential allies such as Vietnam would fail to take us seriously. He explained how a strong naval presence in the region allowed South East Asian countries the freedom to conduct their affairs independently. Though they cannot say it openly, U.S. presence in the region is a shield from Chinese pressure. If the U.S. naval presence were reduced or removed, there is little naval strength among ASEAN countries to fill the void. Clad also cited some positive developments, such as the growing partnership through naval exercises between the U.S. and Indian naval forces, and even the Japanese Marine Self-Defense Force. He also mentioned the annual report to Congress on the Military Power of the People's Republic of China as an excellent analysis, one which proved that Washington was not oblivious to China's steady military build up.

The conference's last speaker was Aaron Friedberg whose presentation examined the dynamics of North East Asia and the growing threat of China's navy. He explained that at least since the end of the Cold War, the U.S. position in the Western Pacific was unchallenged in three key areas: the ability to project power with impunity up to China's coastline, the capability to devastate China with nuclear weapons with a reasonable chance of escaping direct retaliation, and command of sea lines of communication both East-to-West and North-to-South. However, over the last 20 years the Chinese navy has been growing in size, sophistication, and confidence. As the Chinese ability to project power beyond their coastline grows, the spheres of operation of the U.S. and Chinese naval forces have begun to overlap, causing confrontations such as the EP-3 and *Impeccable* incidents.

As Friedberg explained, China's ability to compete in the Western Pacific has increased due to significant investment in its navy and the maturation of an anti-access/area-denial strategy. This includes investment in sophisticated cruise missiles, torpedoes, and ballistic missiles to threaten U.S. surface ships, as well as longer range conventional ballistic missiles and cruise missiles to hold fixed U.S. bases at risk, a substantial increase in its submarine force, and increased anti-satellite and cyber-war capabilities to threaten U.S. communications and reconnaissance. Furthermore, the Chinese are upgrading their missile defense systems and deploying mobile land-based ICBMs and SLBMs in order to develop a credible second-strike capability. Friedberg also noted that the Chinese are vulnerable to interdiction of the vast amount of raw materials, especially oil, that they import from Africa and the Middle East through the Indian Ocean. He also explained that for now, the U.S. still retains an advantage in aircraft carriers, long-range nuclear attack

submarines, and perhaps most important, combat experience. Nevertheless, the major question for U.S. naval strategists and force planners is whether, and if so how, to respond to China's evolving anti-access capabilities.