

# Sea-Air-Space: Shipbuilding, Industrial Base Concerns Come to the Fore for SECNAV, Congress



New Secretary of the Navy John Phelan addresses the audience on the final day of Sea-Air-Space. *Photo credit: James Peterson*

Fourteen days into his tenure as the 79<sup>th</sup> secretary of the Navy, John Phelan said he plans to focus on three things: strengthening the shipbuilding industry and defense industrial base; creating an accountable, adaptable warfighting culture; and improving the health, welfare and training of Department of the Navy personnel.

“My number one priority as SECNAV is readiness,” Phelan said in a breakfast address on the last day of Sea-Air-Space. “I

wake up every day focused on our readiness, our ability to fight, and a modernization strategy going forward.”

For decades, the United States has enjoyed the benefits of being the world’s pre-eminent maritime power, he said, but that lack of competition, a bureaucratic inertia and a rigid adherence to the “old way of doing things” has led to complacency, he said.

“China constructed more ships last year alone than we have since World War II,” he said. “Our adversaries are not waiting on us to get our act together.”

Fourteen days in, “I may have underestimated just how complex this job is,” he said. “As everyone in the room knows, leading the Department of the Navy is anything but easy, but I didn’t come here for easy. I came here to solve problems.”

Among those problems are shipbuilding backlogs. Phelan has already visited the government shipyards in Connecticut and plans to visit the rest, public and private, to help understand the scope of the issue.

When he sat down with the shipyard workers, he was struck by their dedication and sense of mission, Phelan said.

“I said to them, you’re not just building ships. You’re contributing to our national security, and the president and I thank you for that. In my view, investing in people is as critical to our success as any weapon system or fighting strategy. We’re facing a serious shortage in our shipbuilding workforce, which is stressing our performance schedules, exacerbating the strain on our current forces, therefore leading to extended deployments” that put stress on the crews.

“These challenges are not hypothetical. They affect the lives of our Sailors and their families who feel the weight of these pressures every day. The Department of the Navy, working closely with industry, must offer a clear vision for the

future of our shipbuilding workforce, one that includes career growth, competitive compensation and a strong sense of purpose,” Phelan said.

Acquisition reform is a perennial challenge for the Department of the Navy and the military at large. Phelan, with a background in business, said he wants to understand why the processes move so slow and why some programs cost so much.

He cited the construction of military barracks that cost \$2 million per key, when his company was able to build a luxury hotel in Hawaii for \$800,000 per key.

“In the coming weeks I’ll review our acquisition systems and identify how we can streamline and reform them. I’ll work across the department and especially with industry to find solutions,” Phelan said. “We’ll restore and maintain operational readiness, fiscal responsibility. In order to do so, I’ll rely on experience and insight from the people around me. I’m not interested in echo chambers. I want honest perspective and real results. General Patton said if everyone is thinking alike, someone’s not thinking.”

Asked how he plans to revitalize shipbuilding and growing the maritime industry, Phelan pointed out he’s still new on the job.

“I would say to that question, stay tuned. I’m on day 14. I intend to meet with all of our major contractors, and those who would like to become contractors. I think we have to really ensure that we have a huge, strong base, but we also have competition. And I think we need to provide that by expediting some of our processes and making it easier.”



Members of the House Armed Services Committee address the issues facing the maritime services. From left: Moderator Bryan Clark of the Hudson Institute and Reps. Trent Kelly, Jenn Kiggans and Rob Wittman. *Photo credit: James Peterson*  
**Congressional Insight**

Some members of Congress with defense oversight duties spoke shortly after Phelan and said rebuilding the defense and shipbuilding industrial base means rebuilding the workforce and giving them steady demand signals.

Reps. Trent Kelly (R-Mississippi), Jennifer Kiggans and Rob Wittman, both Republicans from Virginia, and all of whom are members of the House Armed Services Committee, appeared on a panel and said there are options to revitalize shipbuilding and the industrial base.

“I think that the speech that you just heard from the secretary of the Navy, and what he reiterated from the president’s direction to him, was shipbuilding, shipbuilding, shipbuilding,” Wittman said. “I love it. But the key is, you

have to get left of that enterprise. And being to the left of the enterprise means if you're going to do shipbuilding, shipbuilding, shipbuilding, it starts with workforce, workforce, workforce."

The Office of Management and Budget needs to give contractors the ability to move money payable at the end of a contract to the beginning to boost workers' salaries and make the jobs more competitive, Wittman said.

"And listen, Congress can do that, but I can tell you by the time the Congress gets through the NDAA [National Defense Authorization Act] and appropriations and it gets in the hands of the Pentagon, that's a 24-month window. Today, it could happen immediately by OMB allowing in those contracts for that money to be moved to the left."

Kelly said the workers also need a steady demand signal, not working on multiple ships one year and none the next.

"We've got to have consistency," Kelly said. "... If you don't have a consistent demand, you can't pay workers, you can't make infrastructure investments, you can't do any of that."

Kiggans and Kelly also said the Navy shouldn't be so quick to decommission ships at a time when it needs more to counter the burgeoning Chinese navy.

"I need the Navy again to come out and say, I want every ship I have. We're keeping our older ships. Every single one of 'em. Now is not the time to be decommissioning ships that we just sent on deployment," Kiggans said.

Kelly blamed Navy officials for ignoring congressional directives to keep ships in play.

"We should not retire a ship, any ship, if we don't have a replacement. Any," Kelly said. "... And I'll tell you, I've seen this ... but a lot of times when we tell the Navy you're not

retiring a ship, the answer is, is we'll just make sure it's broke and we'll just say it didn't work, and see, we told you. So, there is no effort to actually make that piece of equipment work. It's, we don't want to do it and we're going to ignore you, Congress, we're going to ignore you, president, we're just going to make sure that it doesn't work.

"We have got to be committed to making sure that everything that we have can be operational at a moment's notice and that we keep them operational and that we keep training those crews."