

Naval Shipbuilding in the 21st Century
A Solution to the Politics of Procurement
By RADM Stuart F. Platt, SC, USN, Ret.

LET THE CHIPS FALL WHERE THEY MAY...

Both the article in Proceedings by Captain David H. Lewis (*No Bucks No Buck Rogers*, May, 2005) and Tim Weiner's recent article in the N.Y. Times (*Navy of Tomorrow, Mired in Yesterdays Politics*, April 19/05) rightly point to the difficulties faced by both our military planners and our industry leaders in providing the American people with the Navy they need and deserve.

Squabbling between Congress, Industry and the Military is not new in procurement, when it involves billions of dollars in spending per year however, it should be a matter of national interest and it should be resolved with the benefit of national debate.

Captain Lewis does present some very workable solutions and as I am the former Competition Advocate General of the Navy, having served in that capacity during the last build up of the U.S. Navy (under President Ronald Reagan in the 1980's), I feel compelled to contribute my own thoughts on the matter.

Most importantly, the President and Commander-in-Chief (and subsequent Presidents) must have the authority and capability to oversee and direct the issue firsthand. Action and direction from the executive branch is now required to bring everyone involved on to the same page. We saw the effect of this first hand in the build up of the 600 ship Navy as proposed by President Reagan.

The United States of America is a maritime nation and the importance of having a healthy shipbuilding industry in our country cannot be underestimated. Five percent of imported goods entering this country come by air cargo, the rest arrives by ship. Further to those needs, to protect and safeguard our commerce at home and abroad and to meet our global obligations, the President requires a strong and capable Navy that provides superiority in blue water and also in the coastline littoral areas. Clear direction and decision regarding these important assets should

not be delayed nor deferred; the problem is well known and well understood. Senators Warner and Levin in particular have a good grasp of the problem and the likely solutions. Congress under the U.S. Constitution has authority to raise armies and provide for a Navy; and with that responsibility comes a difficult task.

An example of the problem, and also pointed out so ably by Captain Lewis, is awarding/allocation of ship contracts, in which the only two companies capable of building capital ships for the Navy are co-operating on, rather than competing for contracts. This is poor economic and national policy.

Some of the reasons given for such an arrangement appear valid at first glance but cannot withstand deep or even moderate scrutiny. America works best in a competitive market and a challenged workplace, and like all industry, the shipbuilders must adapt to cyclical needs. The so-called economic demand curve is not a curve at all. It is a series of points and this is not well understood by industry or Congress outside of those whose immediate responsibilities fall within this complex work. To survive (and profit) in the long term the shipbuilders must be lean and mean. To be lean and mean, they must be provided with long-term contracts, won on merit or best value. These long-term contracts would likely be among the largest ever seen in industry and will benefit all involved by providing fair profit and long term stability in the workplace.

This scenario is unlikely to come about however, without the direct authority and political intervention of the President to encourage the procurement process along: That weight of authority is needed to sort out the current state of affairs. The President is final stop in the Chain of Command and only he is in position to be able to give clear and firm direction to the Secretary of Defense and to get Congress onside on this critical matter. It is, if nothing else an issue that is worthy of national debate.



About the Author

Rear Admiral Stuart F. Platt SC, USN, Ret. Was appointed by President Ronald Reagan as the first Competition Advocate General of the Navy. He also oversaw the contracting of all new warships of the United States Navy during the most recent rebuilding of the Navy in the 1980's, including aircraft carriers and nuclear submarines. RADM Platt is also the author of the critically acclaimed book "The Armament Tide - ReArming America" ISBN 1-894694-17-1 Granville Island Publishing