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# Successful Naval Strategy in the Pacific: How We Are Achieving It How We Can Afford It

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John Lehman

**I**n his classic review of modern strategic thinkers, Peter Paret wrote that successful strategic thought “is inevitably highly pragmatic.” This fact gives the history of strategy its unique rhythm of alternating success and failure. The innovations of one generation decline into the dogma of the next. The insights that assure success in one era become the blinders that bring failure a generation later.

To be successful, strategy must be constantly evolving because the world is constantly evolving. Changing conditions, new challenges and available resources all contribute to the necessity for the continuing renovation of strategy.

Nowhere are these observations better illustrated than in the Pacific. If we could resurrect somehow the statesmen of the fifties, they would find themselves on familiar ground in much of Europe. The strategic realities of their day are little changed today. In the Pacific, however, they would rub their eyes in disbelief. No other region of the world has harbored so much economic, military, and political upheaval.

First, consider the economic developments that have changed forever the image of the Pacific nations as slowly developing societies mired in the transition between traditionalism and modernization. Today, some 35 percent of all U.S. trade is conducted with this region. Between 1970 and 1985 this trade grew tenfold and since 1980 East Asia and the Pacific has surpassed the European Economic Community as our primary regional trading partner. The American economy is deeply interwoven with the Asian-Pacific economies.

Second, while this dramatic story of economic progress unfolded, equally important military changes occurred, especially during the years after the American drawdown from the Vietnam War. At the very time when the most prosperous and populous nations of the Pacific were looking toward the United States, our naval power suffered a slow and steady decline. In dramatic contrast, the Soviet Pacific Fleet enjoyed a relentless expansion.

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The Honorable John Lehman is the Secretary of the Navy.

Today's Soviet Pacific Fleet is that nation's largest, encompassing more than 400 surface combatants and 130 submarines, second only to the Northern Fleet in capabilities. It is far larger than the U.S. 7th Fleet, its nominal rival in the region. In fact, in terms of full-load displacement, that is, the number of tons a ship/fleet displaces when fully loaded out on a combat footing, the Soviet Pacific Fleet is more than twice the "size" of the combined U.S. 7th Fleet and Japanese Maritime Self-Defense Force.

Third and finally, the political map of the Pacific has been fundamentally altered, making the once trendy notion of American retrenchment dangerously irrelevant. With the growth of the Soviet threat, the aggressive actions of Moscow's Vietnamese ally and the remaining dangers from North Korea, American commitment to the peace and stability of the Pacific remains paramount. Five of America's eight mutual security treaties are with Pacific nations: Japan, South Korea, the Philippines, Thailand, Australia, and New Zealand. And the emergence of the Sino-Soviet conflict has transformed both the global and regional balance of power.

In the face of these changes, the United States found itself burdened by the naval dogmas and capabilities of an earlier time. The shrinking U.S. Fleet, down from 1,000 ships in 1970 to about 479 a decade later, depended upon the so-called swing strategy to sustain its credibility. Thus, a growing crisis in Europe would necessitate the "swinging" of the Pacific Fleet to reinforce U.S. naval assets operating off the European Continent. Paradoxically, this strategy was being endorsed by the Carter Administration at the moment of its total obsolescence. Changing trade patterns, political developments and the growth of the Soviet Pacific Fleet made it clear that our naval forces were simply insufficient to meet what had become a three-ocean challenge.

Our new economic and security interests in the Pacific demanded changes in both the size of the fleet and our global strategy. The United States simply had to possess sufficient naval assets to deploy simultaneously to the Pacific as well as the Atlantic theaters, for no alliance could survive a military plan that began by abandoning crucial allies. And contrary to some pundits, we were not shifting from a "Eurocentric" policy to an Asian primacy. Today, more than ever, the security of America is bound up with both the alliances of the Old World and the growing relationships of the Pacific era.

Let us descend now from the higher elements that shape our strategy to our actual force planning.

### **The U.S. Navy in the Pacific**

The 7th Fleet is our forward Western Pacific fleet, which meets our commitment to Japan, Korea, the Philippines, Australia, New Zealand, and Thailand, and in the critical straits of Southeast Asia, as well as the Indian Ocean. In wartime, we would need to deploy five carrier battle groups to the

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7th Fleet, two battleship surface action groups, and four underway replenishment groups. In peacetime, we average over the year the equivalent of one and one-third carrier battle groups in the Western Pacific. That, of course, helps us maintain a peacetime fleetwide operational tempo that provides for at least 50 percent time in home port for our people and their families.

We do not have a separate fleet in the critical area of Southwest Asia, the Indian Ocean, and the Persian Gulf, although some have proposed the recreation of the 5th Fleet for that purpose. In peacetime, we have the Middle East Force of the Central Command and elements of the 7th Fleet, normally a carrier battle group.

In wartime, we plan for two of the 7th Fleet carrier battle groups to meet our commitments in the Indian Ocean, Southwest Asia, East Africa, the Persian Gulf area, and Southeast Asia. Notionally, a 7th Fleet battleship surface action group and one underway replenishment group would also be assigned to operate in these areas.

The 3rd Fleet has responsibility for operations off Alaska, the Bering Sea, the Aleutians, the Eastern Pacific, and the Mid-Pacific region. In wartime, there would be considerable overlapping and trading back and forth between the 7th and 3rd Fleets. This happened in the Pacific during World War II. To cover that vast area, we must assign two carrier battle groups and one underway replenishment group.

Clearly, the deployment of these fleets and maritime strategy of the United States are critically dependent on both regional political relationships and forward bases. The latter are particularly important in the Pacific region where the sustainability of our military presence in the Indian Ocean and the waters of Southeast Asia depends upon permanent base support. And in this context, two specific issues will affect U.S. policy and naval strategy in the Pacific region for the remainder of the century: the Philippine bases, and our naval policy towards the People's Republic of China.

### The Philippine Bases

The Subic Bay/Cubi Point naval complex, in conjunction with other naval facilities in the Philippines, serves as the logistics hub for all ship and aircraft operations in the U.S. 7th Fleet's area of responsibility. Its naval supply depot is the largest of its kind outside the continental United States. The Ship Repair Facility at Subic Bay provides sophisticated maintenance support for all ships deployed to the 7th Fleet. High-quality, live-fire weapons training areas also serve to maintain the combat readiness of fleet units.

However, the greatest advantage of the Philippine bases can be found in their critical geostrategic location. They sit astride the major sea lines of communication that link Northeast with Southeast Asia, the Pacific with the Indian Oceans. Our allies, particularly in Northeast Asia require unrestricted

access to and from these waterways for the maintenance of their economies. The importance of freedom of the seas to our Pacific allies becomes evident when you consider that 89 percent of the oil Japan needs to sustain the world's third largest gross national product passes through the South China Sea.

Of course, the establishment of a permanent Soviet air and naval presence at Cam Ranh Bay in 1979 has emphasized the value of the Philippine bases to America's strategy in the Pacific. The Soviets use the Cam Ranh facilities as a major staging complex for their Pacific Fleet submarines, surface ships and aircraft. It provides them with an ice-free port from which to monitor and possibly interdict international shipping along one of the world's most critical trade routes. From this location also, the Soviets can threaten all of our friends in Southeast Asia, the southern coastal areas of China, and reconnoiter or strike U.S. and allied air and naval forces operating in the South China and Philippine Seas.

Our current military base agreement with the government of the Philippines becomes indefinite in 1991. Subsequently, the agreement can be terminated, with one year's notice, by either party. I remain confident that the Filipino people will recognize the crucial contribution made by these bases to the mutual security of both the Philippines and the United States.

### U.S. Naval Policy towards the People's Republic of China

America's national interests are served by a stable China that contributes to the peace of the region and active improvement of our relations will advance that process. China is a friend not an ally. Our developing defense relationship with China is and will be based on common security interests, not on a formal military alliance.

The United States can help China's defense modernization if we are clear about our purposes and realistic in our expectations. As President Reagan put it, "Our intention is to provide China with the capability to defend itself more effectively against the common threat to the region." We must also recognize that China's long-term modernization program will emphasize economic growth at the expense of immediate improvements in conventional defenses. And, we should approach our role in this task with a sense of balance. To quote the President again, "the U.S.-P.R.C. military relationship helps develop and maintain China as a force for peace and stability in the region and the world, while not posing a threat to other U.S. friends and allies in the region."

The United States and China share a common sea—the Pacific Ocean. We share common interests in safeguarding this region from Soviet aggression. Military cooperation, as friends rather than allies, will be conducive to maintaining the peace in both Asia and the Pacific.

The U.S. Navy has therefore adopted three approaches to China's modernization of its maritime defense forces. First, we are conducting high-

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level dialogues which commenced during my visit to the P.R.C. in 1984 and have continued. Second, we are engaging in functional military exchanges, most recently a PASSEX between units of our navies in the South China Sea. Third and finally, we are discussing technological cooperation to improve China's defenses against external threats in its coastal waters, specifically measures that strengthen China's surface ship antisubmarine warfare capability.

We are well aware of the burdens of history in our relationships. And we are also well aware of the differences between us.

But in maritime affairs perhaps more than most other areas, there is a clear interest in common. Both nations recognize the reality and significance of the Soviet Navy's postwar expansion to an offensively oriented blue water force capable of supporting the Kremlin's global military reach. Both nations' navies operate in close proximity to Soviet naval forces every day. Familiarity with the potential of the Soviet Pacific Fleet breeds a well-deserved respect. It also provides special impetus for both of us to advance efforts towards cooperation and greater navy-to-navy ties.

To sum up, the changing realities of the Pacific have provided the stimulus and the opportunity to revise our global maritime strategy. We are forging new relationships and deploying new forces to deal with the challenges presented by the Soviet Fleet, the Sino-Soviet conflict and economic developments. All of this is being done without abandoning our historic commitments in the Pacific or elsewhere.

No scheme, however well-founded, and no strategy, however well-conceived, can succeed without the resources. I have told you how we are achieving a successful new strategy in the Pacific. Now I must tell you how we can afford it.

### Affording a Successful Naval Strategy

Let me draw an analogy from our experiences in the Pacific. Our older strategy simply collided with reality and unless we wanted the national interest to come off the worse for the collision, we had to change. The same thing has occurred in the past five years in defense management and procurement. After a decade of neglect, the Defense Department under the leadership of Secretary Weinberger was charged with improving our defenses quickly and efficiently. Very shortly after taking office, we all had to confront reality. The old ways of doing business at the Pentagon were simply not up to this task.

The most urgent objective was to purge the managerial formulas and traditions that have made the Pentagon the largest example of socialist thinking outside of the Kremlin.

Amongst all of the "bad news" on this subject agitating the latest advocates of reform and reorganization, I want to report some very good news. After

five years of often unsung work, the changes promoted by Secretary of Defense Weinberger have begun to break through the GOSPLAN mentality:

- A reversal of the trend toward centralization with its attendant remote bureaucracies.
- New discipline and accountability through management by the service secretaries.
- Real reform in the development and procurement process that is yielding truly more “bang for the buck.”
- A quickening response by industry that has given us greater competition, higher quality and lower costs.
- Growing bipartisan support for statutory changes, such as those recommended by the Packard Commission, that would add further momentum to the trend.

Let me be more specific about the area I know best, the Department of the Navy. We have made several fundamental changes in the way we do business. First, we have sought true competition, not merely the appearance of competition, through source selection followed by decades of monopoly production. We have pursued a policy of establishing second sources in every appropriate program. We have raised the percentage of competition in our shipbuilding from 15.7 percent in 1980 to 86.6 percent in 1986, producing an average of \$1 billion in cost underruns for each of the last four years.

Contract savings from this new competitive approach in shipbuilding have been enormous. The most recent contract we signed, for a follow-on Aegis cruiser, was \$900 million. Four years ago, these cruisers cost more than \$1.2 billion each, and the “experts” projected that their cost would reach \$1.6 billion by the end of 1985. It did not happen, however, because we brought competition into the program. Savings to date on the Aegis shipbuilding average more than \$197 million per ship under budget.

This list goes on and on, but in total our shipbuilding account, between FY83 and FY85, saved the U.S. taxpayer \$4.4 billion. Similarly, in our aircraft account, \$1.2 billion in savings was realized through competition, breaking three decades of uninterrupted cost escalation in naval aircraft procurement.

Other reforms in our business practices include emphasizing fixed-price contracts, getting control over our lusts for gold-plating, achieving program stability unprecedented in peacetime history, insisting on contractor discipline, accountability and quality assurance, and curbing our tendency to chase R&D rainbows.

Is this a revolution? Only a system as convoluted as the one we inherited could describe the application of common sense and basic management principles as revolutionary. Let us consider, for example, the tentacles of a congressional-executive bureaucratic octopus that favors the status quo regardless of how absurd and costly the consequences. The 1,152 feet of library shelf space for acquisition laws and regulations, 3,183 House and

Senate subcommittee staff members, 7,600 congressional lobbyists, 17,963 congressional staffers, 45,000 MilSpecs, date requirements, management systems, and contract terms and conditions all argue for the comfort of the familiar: the bureaucratic frame of mind whose hallmarks are caution, concern for regularity of procedures and the absolute fear of decision. The formidable forces arrayed against change and acquisition reform seem to have but one creed: "Never Do Anything For The First Time."

It is this environment that Cap Weinberger has sought to transform. And this is what makes the findings of the Interim Report of the President's Blue Ribbon Commission on Defense Management such a welcome breath of fresh air, clearing the atmosphere of many of the odorous nostrums purporting to know what is "wrong" with defense.

If implemented, the Packard Commission's recommendations would result in the most far-reaching changes in management philosophy since the Department of Defense was created in 1947. It strongly endorses such basic principles as personal accountability and shortened lines of communication. It advocates correctly that policy should be promulgated at the center but executed by those closest to the problems. And the Commission's reforms would give the Secretary of Defense the wide latitude and flexibility in organizing his office that he needs to accomplish his purposes. These are indeed revolutionary if you believe that more centralization, more bureaucracy and more congressional oversight are the ways to "solve" the defense "problem."

Now here is the good, even the best news. The overall defense industry has responded to our management initiatives with growing enthusiasm. The results have been beneficial to both their stockholders and the U.S. taxpayer.

Even more important, we are getting perhaps the best quality product in recent memory on the waterfront. The Aegis anti-air warfare cruiser is revolutionizing air defense of the battle force. The *Perry*-class frigates working with SH-60B helicopters are providing us with the most potent and cost-effective above-surface antisubmarine warfare platforms in history. The 91 to 0 kill ratio the Israeli Air Force achieved with our equipment over Syrian MIGs in 1982 attests to the effectiveness of our air-to-air missile inventory. Our recent flawless operations in the Gulf of Sidra and against Libyan terrorist targets on shore demonstrates our capabilities against very sophisticated air defenses.

In over 30 years of operations since the *Nautilus* first went to sea in 1955, our nuclear propulsion program has expanded to 148 ships, including 135 submarines, 9 cruisers and 4 aircraft carriers. We now have over 3,000 reactor years of operating experience, and in spite of the very high operating tempo of these ships, there has never been a reactor accident involving one of our nuclear propulsion plants.

To sum up, reviewing what we have done in both the Pacific and the Pentagon, we have successfully revised both our military and procurement



strategies. The evidence is in the ships, the planes, the weapons, the men and the morale. The proof is in the numbers, the underruns, the competition. Yet despite this record of progress, our achievements today are at great risk.

The Packard Commission declared that an adequate military capability depends, in their words, on "a sense of shared purpose prevailing in relations between the Executive Branch and the Congress, and between government and the defense industry."

Such a "shared sense of purpose" may be difficult to foster when we have self-serving headline seekers proclaiming the entire industry is nothing but "a new generation of welfare queens." As Churchill observed, "Where there is a great deal of free speech, there is always a certain amount of foolish speech." If we are to progress, however, we must simply break with the "lynch mob" attitude that so often characterizes discussion of defense procurement issues these days.

We must also break with another lynch mob attitude, the frenzy associated with this year's budget cutting. If I may quote Churchill again, "You cannot ask us to take sides against arithmetic." The arithmetic of the budget deficit, however, is not the only arithmetic to consider. There is the arithmetic of waste from boom-bust cycles in defense spending. There is the arithmetic of the growing Soviet threat. And then there is another arithmetic, the calculus of concern in the Pacific for our intentions.

Today we have a strategy that sustains deterrence not only because it deploys logic but also because it deploys forces ready and able to fulfill it. When the rhetoric of commitment collides with the reality of unreadiness, however, peace becomes the victim. The cruelest arithmetic of all lies in the numbers of lives lost and resources squandered when deterrence fails. Ultimately, this is the most crucial equation in the budget debate.

A successful strategy has been developed. We can afford it. Let us not be blind in the moment of our achievement.

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This article is a version of a lecture delivered to the 1986 Current Strategy Forum at the Naval War College.

