



Admiral James M. Loy

Introductory Remarks

Presidential Council on Coast Guard Roles and Missions

February 4, 1999

Amenities:

Thank you, Mr. Downey. I join Deputy Secretary Downey in welcoming you and thanking you for lending your expertise to the important business of the Presidential Council on Coast Guard Roles and Missions.

Connection between Council and Deepwater:

Deputy Secretary Downey mentioned—and many of you were already doubtless aware—that one of the moving forces behind the formation of this council is the Coast Guard's need to re-capitalize the aging fleet of ships and aircraft and the command and control system that perform our missions beyond the coastal zone.

We call this re-capitalization effort our Deepwater project, and it is the largest acquisition project in the history of the Coast Guard.

We are doing all in our power to make our acquisition strategy for Deepwater a model of foresight and prudent stewardship. The need for the re-capitalization is well grounded in a rigorous analysis of the gap between our capabilities and our mission requirements. Future capability requirements derive from our vision document, *Coast Guard 2020*, which describes the operating environment we expect to face in the year 2020 and specifies the mission profile America will need us to perform. We want to complement rather than compete with the Navy, so I signed an agreement with the Chief of Naval Operations establishing the concept of a National Fleet to ensure that we avoid redundancy and maximize inter-operability between Deepwater procurements and Navy assets. Deepwater takes the long view, so our acquisition decisions will be based on total life-cycle costs instead of just initial purchase price. We have rock-solid competition among the best companies in America and stand to get the best integrated systems at the best price.

In short, Deepwater is a reflection of an organization that has engaged in thoughtful strategic planning and careful execution of those plans to date.

Even so, the spirit of stewardship and fiscal responsibility has quite properly prompted a desire to get independent validation of the future mission expectations for the service before committing to the investment that Deepwater requires.

Thus, the necessity for this council arises not from any void in the Coast Guard's strategic planning, but from the combination of the energy with which we have made our plans and the proper instincts toward fiscal responsibility that major investments raise in all of us.

CG Welcomes Roles and Missions Council:

There may be organizations that would resist such policy review as you will undertake. The Coast Guard is not one of those organizations.

To the contrary, we welcome your rigorous scrutiny.

(1) All Organizations Derive Benefits from Periodic Examination.

First, I recognize the value that accrues to any organization from an independent, objective analysis of where it is headed.

Peter Drucker recently wrote about a trait he discerned in some of the greatest leaders of this century. Truly great leaders can see the world as it is, not as they would like it to be. Drucker posits that this trait is less common than we might expect, but he does cite Alfred Sloan, who built General Motors to a position of market dominance, as a positive example. Drucker attributes part of Sloan's success to his practice of spending time on the sales floors of auto dealerships, listening to real-live customers and sharpening his awareness of the market where the battles were really played out. Sloan was determined to base his executive decisions on the reality of the market, not on some more comfortable but illusory dream.

In much the same way, I welcome the judgment of this commission as to whether the environment and mission profile envisioned in *Coast Guard 2020* present the world that really will be or the world that we would just like to see.

Desiring what is best for the long-term benefit of our country, it is more important to make the right decisions than to have our first analysis confirmed.

(2) CORM will focus attention to nexus of LE authority and military capability.

That said, I do have confidence in our strategic planning, and so I also welcome your examination because I believe your conclusions about the Coast Guard's future mission profile will inevitably highlight a full range of pressing national issues. You will find further that these issues are most effectively addressed offshore at the fortuitous intersection of the Coast Guard's law enforcement authority and military capability. These issues—deterring the smuggling of drugs, aliens, and weapons; preserving our

depleted fisheries; enforcing environmental laws; protecting our national liberty; and others—call out for a robust and capable Coast Guard.

(3) CORM will affirm Coast Guard's leadership in good government practices.

Also, I welcome your examination because I am proud of the Coast Guard's leadership in the Vice President's Reinvention efforts and in the implementation of the Government Performance and Results Act and the rest of the "alphabetic" initiatives that I collectively refer to as the revolution of results-based government. Deepwater is but one of many examples of the Coast Guard's diligence in giving the taxpayers the best possible return on their investment in us. You will find many other examples as you conduct your study.

Understanding the Coast Guard [Infrastructure; multi-mission essence; history]:

You've been asked to do nothing less than assess the Coast Guard's proper role in government and in American life. You have a daunting task.

One of your early challenges will be to come to terms with the range of services that the Coast Guard provides for America. A good place to start is by talking to our colleagues and customers; the other state and federal agencies with whom we cooperate; the industries whose safety we oversee; the public that receives the benefits of our services. I'm certain you will find a long list of positive testimonials about what we do today, how we do it, and its value to America. The key extension of this challenge is the future requirements these colleagues and customers can illuminate.

(1) Field Infrastructure.

Your task would be more daunting still if not for the fact that your work will follow previous Roles and Missions studies. Fortunately, many of the questions you will ask have been asked before. Their answers are illuminating.

In the 1962 roles and missions study, the Secretary of the Treasury concluded that "many of the Coast Guard's multiple functions were transferred to it during national emergencies under the hard logic of expediency; there was nobody else who could do the job right then. With imagination and flexibility, the Coast Guard fitted each new task into its pattern of operation."

Let's consider the two points raised by that accurate characterization of how we have accrued responsibilities and what we have done with those responsibilities. How has the Coast Guard been able to accept these missions when nobody else could do them? How has the Coast Guard been able to fit each task into its operations so smoothly? The two questions have the same answer.

Coast Guard executives and academicians have variously tried to construct an all-encompassing METAphor that adequately conveys the multi-mission nature of our service. One white paper written by a local research institution came close when it compared us to a Swiss Army knife: small, useful, multi-purpose.

We are a lot like a Swiss Army knife—in the sense that we surprise people once they look past our small exterior and discover the tremendous breadth of utility that we have crammed into such a compact and efficient package.

Even well informed private citizens and government executives are amazed when they learn the full range of value that the Coast Guard provides to the country. Many know of our Search and Rescue and Law Enforcement missions but are surprised that we also maintain 50,000 aids to navigation along all our coasts, waterways, and overseas territories. Then they encounter other missions like recreational boating safety and realize the safety challenge in enabling millions of people to take to the waters each year with the minimum loss of life and property. (They also find out we're held to very high standards as exemplified by the *Morning Dew* case in Charleston, on which the NTSB is conducting hearings this morning.) Likewise with dozens of our other important functions—commercial fishing vessel safety, radionavigation, oil pollution prevention and response, ice breaking, humanitarian aid after natural disasters and human tragedies like TWA Flight 800.

Where the Swiss Army knife analogy breaks down, however, is in the portrayal of the relationship between our many missions. The Swiss Army knife doesn't convey the interdependence, the synergy, or the flexibility that are at the heart of our multi-mission nature. On a Swiss Army knife, each utensil stands alone and can be clean and sharp regardless of the condition of the other utensils. The knife can be used for only one purpose at a time, and the effectiveness of each utensil is independent of the others.

The Coast Guard doesn't work that way. Diminishing the capability for any one mission would degrade the infrastructure used by most other functions.

Removing buoy tenders and aids to navigation from Coast Guard control, for example, would degrade the Coast Guard's capacity in port security and mobility, maritime law enforcement, search and rescue, pollution response—and it would preclude the other unique contributions of our multi-mission buoy tenders, such as engagement efforts and support of counter-drug operations in the Caribbean.

Those questions I asked earlier—the ones about how we can take on jobs that nobody else can and creatively fit them into our pattern of operation—come down to the single issue of field infrastructure: our operational network of cutters, aircraft, boats, strike teams, marine safety offices, motor lifeboat stations, and the command and control networks that hold them all together and direct mission execution.

Field infrastructure is the reason that nobody else can do the jobs that continue to be handed to the Coast Guard. Field infrastructure is the reason that we were able to absorb additional responsibilities for nominal incremental costs. That's why I'm so interested in making sure we invest appropriately in that infrastructure.

(2) Multi-mission Nature.

That infrastructure makes us an integrated whole.

If we were a conglomerate, we could talk about divesting particular business lines with the stroke of an executive's pen. Let's say for example that General Electric didn't like the growth prospects of its industrial diamonds division. Jack Welch could tack a "for sale" sign on the facility, entertain offers, negotiate a price, and transfer the entire operation—plant, equipment, management, sales force, everybody who has anything to do with industrial diamonds—to the new owners. 99% of the GE employees would never know the difference until they read the next annual report. Overall company performance wouldn't miss a beat.

It wouldn't work that way in the Coast Guard. Consider what it would take to divest just one of our smallest missions, the International Ice Patrol. We took on the job of warning shipping of iceberg activities after the *Titanic* sank because nobody else could do the job right then, and we've had it for more than eighty years. If we were to transfer that mission to another governmental agency or department, what would happen?

The first thing that would happen is that the capability to do the job would instantly evaporate. The International Ice Patrol has a few thousand feet of office space and a few rooms full of computers and communications equipment. It doesn't have any C-130 aircraft to conduct surveillance flights. It doesn't have any ships. In fact, it doesn't have any patrol capability at all. That capability comes from our existing field infrastructure.

The second thing that would happen is that the people would disappear. Most of the people at the Ice Patrol are military personnel who came from Coast Guard operational positions and expect to return to other Coast Guard jobs. Their identity is Coast Guard. The Ice Patrol is merely their duty assignment.

And the third thing that would happen is that the support elements that provide human resources, information technology, spare parts, and financial reports would disappear. The International Ice Patrol depends entirely on our field infrastructure for those support systems.

Thus, if we were to spin off the International Ice Patrol, we would find that the International Ice Patrol doesn't really exist as tangible assets on a balance sheet. It is simply a function the Coast Guard performs.

It is possible that there are some functions in our inventory that can be divested. It is equally possible that functions performed elsewhere now could profit in efficiency if done by the Coast Guard. There may be functions that should be handled by states or other agencies within the federal government. But for the most part, the creativity and flexibility with which we have assimilated our functions—those functions that nobody else could perform—has produced an organization that is almost organic in nature. Removing individual missions is like lopping off the hand from the end of your right arm. The arm's usefulness is diminished, and the hand profits little from its new autonomy.

I urge you to develop a keen appreciation of the implications of the reality of the extraordinary leveraging of our capital plant on the behalf of the American people. It is important that you do so because the continued effectiveness of that leveraging requires sustained investment in that infrastructure.

(3) March of history.

Previous study groups have seen this organic integrity of our service. You will see that the Coast Guard did not reach its present form or acquire its present mission profile through historical accident. We are the product of 209 years of thoughtful consideration of how best to fulfill the government's maritime responsibilities to its people.

The Coast Guard's mission growth has paralleled the growth of the nation's maritime interests. Ours has been a history of accretion, a history of a growing nation confronting one emergent maritime need after another. With each crisis, America looks around, sees only one agency capable of handling the job, and entrusts the mission to the Coast Guard. Each time, the Coast Guard accepts the new challenge, performs it with its distinctive stamp of quiet efficiency, and folds it into its inventory of multi-mission capabilities.

This historical trend has deep roots and a strong trunk. It began in the eighteenth century when anti-slavery patrols and tariff collection were assigned to the Revenue Cutter Service—because nobody else could do them. It continued in the nineteenth century when nobody else could assume responsibility for search and rescue, marine inspection, quarantine laws, anchorage regulation, protecting seal herds, and enforcing the Chinese immigration act. In the twentieth century there was nobody else to arrest rum runners during prohibition, to perform convoy escort duty, to deal with the flood of immigrants from Cuba and Haiti, to enforce marine environmental laws, or to conduct maritime drug interdiction.

And the twenty-first century? More of the same. The nation will continue to grow. Its inter-connection to the rest of the world will magnify the importance of an efficient and safe marine transportation system, of security from terrorist attack and criminal enterprises, of preservation of living marine resources, of protection of the marine environment, and of the continued preservation of our national liberty.

Everything points to increased demand for a strong and vital Coast Guard. When maritime crises arise, somebody has to be able to do the job. We intend to be ready.

I predict that your analysis will lead you in the same direction.

Conclusion: Find a way to pay for what you recommend:

I'll leave you with one final challenge. As important as it is to assign governmental functions to the agencies and departments that can most efficiently perform them, it is every bit as crucial to establish mechanisms within the administration and on the hill to pay for those functions.

Past analyses of Coast Guard roles and missions have seized on the unique ability of the Coast Guard's military discipline and multi-mission capability to advance a broad range of national maritime interests.

That multi-mission productivity is our greatest strength as a service providing maritime services to America. It also represents a significant challenge for budgetary support. For as long as I've been aware enough to watch—over twenty years—the Coast Guard has suffered from chronic under-capitalization and from not being a good fit in the categories the executive branch uses to build annual budgets or in the ones the Congress uses to authorize and appropriate.

To reverse the METAphor, the Coast Guard is both fish and fowl. Our assets and activities support national security, law enforcement, environmental and transportation interests. Our budget processes need to recognize and support that reality.

Ladies and gentlemen, I am enormously proud of what we do for America. I considered bringing a handful of the testimonials to service that I receive every week from people whose lives the Coast Guard saved. I considered bringing in our Vice President's Hammer Awards. I considered telling you stories of Coast Guard heroes past and present. I considered a fancy slide show with pictures that are truly worth thousands of words.

Instead, I will let your work over the course of the next few months convince you that the Coast Guard is about the best investment the taxpayer makes.

Someone who spends forty years of his life with an organization does so because he becomes one with it. I love the Coast Guard deeply. I believe in what we do. I'm convinced your research will help you understand why.

Thank you for your attention. Semper Paratus.

