



New York Council of the Navy League

"An Historical Case for the Deepwater Re-Capitalization"

Admiral James M. Loy

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Amenities:

Mr. Condit. Distinguished guests. [Other extemporaneous personal acknowledgements.]
And the many friends of the sea services in the New York Council of the Navy League.
Good evening.

It is always a joy to be with the Navy League, and I am especially grateful for the opportunity to address the National Navy League's flagship council here in New York.

Wherever there is a Navy League Council, I am indebted to it for its generosity and consideration in helping to take care of the local Coast Guard men and women. Here in New York, the commander of Coast Guard Activities New York says that the New York Council is a terrific partner. You've sponsored awards for sailors of the quarter and year, adopted the cutter *Sturgeon Bay*, and you're arranging a holiday dinner program for sailors whose duty keeps them away from their families.

For these good deeds and for your terrific support of the Coast Guard Art Program, I was pleased to present the Coast Guard Meritorious Public Service Award to Vic Gainor at the Navy League's national convention this summer in Seattle. He tells me that he does most of these good things by himself, but I know better! I'm also grateful for the work done over the years by Bob Ravits.

My dear friends, Dan Foley, Don Howe, Bill Kloner, Ed Claxton, Tex McCreary, and your sterling advisory committee. You all made my time here on Governors Island enormously rewarding, and, were it not for the Altoona, Pennsylvania, Council, this would clearly be my home town council!

Let me also add my personal congratulations to this evening's award recipients: Mr. Picard, Dr. Tarter, Mr. Ricks, and Captain de Vries.

One of the great things about the Navy League is that you speak the language of all the sea services. It's not something that we should take for granted, even in this era of joint operations.

Take for example the word, "Secure." It's a simple word, but it means something different to all the services. If you tell an air force officer to secure a building, he'll go out and buy one—a nice one . . . probably near a golf course. Tell an Army officer to secure a building and he'll dig a trench around it, pile up some sandbags, run some concertina wire, and march sentries back and forth in front of it. Tell a Navy officer to secure a building and he'll cut off the electrical and plumbing systems. And if you tell a Marine Corps officer to secure a building, he'll charge forward and kill everybody inside it. But if you tell a Coast Guard officer to secure that same building, he'll gingerly step over the bodies, turn off the lights, lock the doors, and hurry home in time to watch "Baywatch."

Introduction--Deepwater: What is it?:

My subject tonight is a project that is crucial to the future of the Coast Guard.

Deepwater. The term is our shorthand for an acquisition project called the Integrated Deepwater System. Its purpose is to provide the Coast Guard's long-term law enforcement and national security capability in the open ocean environment for the first third of the next century. It heads a very short list of personal priorities I have set for my tenure as Commandant.

The General Need for Deepwater Assets:

Many people, even those well acquainted with the sea services, are not aware of the extent of Coast Guard operations that occur beyond the coastal environment. They fairly pose the question, "Why does a Coast Guard need a Deepwater capability?"

We recently worked a case that illustrates the need. About five weeks ago, an oil slick—10 miles long and two miles wide—was discovered about ten miles off the coast of San Mateo, California. Tar balls started washing up on shore near Half Moon Bay. It was a big spill—up to 30,000 gallons of an oil and oily water mixture.

Through some very good detective work, we identified the culprit, a 700-foot tanker that had departed San Francisco about the time of the spill. The tanker, we determined, was bound for Honduras.

A Coast Guard C-130 aircraft searched and spotted the suspect tanker off Central America. A 378-foot high endurance cutter broke away from other duties and intercepted the vessel 200 miles off the coast of Guatemala. We boarded it and escorted it to Balboa, Panama, where a team of investigators awaited. The case is now in the hands of the lawyers, so I'm sure everything will work out just fine.

The event demonstrates the Coast Guard's need for Deepwater. One moment we were conducting normal operations in and around San Francisco Bay; the next moment we found ourselves plunged into a coordinated air-surface-shore operation that stretched from Northern California to Central America.

This summer, we processed some intelligence on illegal high-seas drift-netting and were suddenly engaged in five international chases that extended all the way across the Western Pacific Ocean before we seized some of the suspect vessels and the Russian Border Guard Service caught the others. All violated the UN moratorium on illegally fishing with High Seas Drift Nets.

These are just a couple example cases. Such activity is routine for s in the Exclusive Economic Zone and on the high seas all over the world. Collectively, they show why the Coast Guard needs an integrated system of Deepwater assets to accomplish its missions on the high seas.

The Historical Case for Deepwater:

When I speak on the subject of Deepwater, I usually do so in the context of our projected responsibilities. It's a forward-looking approach. There is, however, also a historical perspective. Let me draw a few key moments from Coast Guard history and describe the right way to re-capitalize our Deepwater assets.

Most people who know a little bit about Coast Guard history know that the organization that grew into the Coast Guard came into being in 1790 when Congress authorized the construction of ten revenue cutters. Our first mission was to convince mariners that evading customs—which had been a patriotic duty during the war for independence—was no longer a civic virtue.

This part of the story is well known. Less widely known is how those ships were procured and what became of them.

Alexander Hamilton, the Secretary of the Treasury, resolved to construct these cutters for \$1,000 apiece. [Pause] I don't think that this nice round number was the result of a particularly rigorous analysis. [Pause] The low bidders got the contracts. [Pause] Do I need to tell the rest of the story or can you figure out the ending for yourselves?

The "we need 'em now and we need 'em cheap" acquisition strategy produced predictable results, which, when combined with meager maintenance budgets, quickly yielded a fleet of worn out cutters. Nine of the ten had to be sold off at auction within ten years. The longest serving cutter lasted only thirteen years. My youngest high endurance cutter today is twice that age already!

The cutter *Massachusetts* was particularly disappointing. The largest and most expensive of the initial cutters, the *Massachusetts* proved to be such a dull sailing craft that it was sold within a year. Today, of course, *Massachusetts* preserves this inexact correlation between performance and cost by continuing to field the Boston Red Sox.

Because there was no U.S. Navy in 1790, these cutters were the only armed vessels that the United States possessed. Thus, when England and France went to war and the United States needed to enforce neutrality by suppressing privateers in the Quasi-War with France, we got the job.

Unfortunately, the small and lightly armed cutters had been built as single-mission platforms. They could chase and catch most merchant vessels, but they had neither the power nor the speed to overcome more determined opposition. They had some successes, but there were some pointed failures as well. In 1794, a small British ship lying in Nantasket Roads refused to submit to boarding. The revenue cutter captain's only recourse was to file a report with the local Customs office. It may have been a forceful report, but it hardly struck a blow in defense of our newly won sovereignty. Another cutter found it lacked the speed to keep a French privateer from sailing out the Delaware River from Philadelphia.

Because the original cutters hadn't been designed to accomplish these new missions, our country had to undertake second emergency shipbuilding program less than five years after the first one.

Other important junctures in Coast Guard history are also instructive.

As America was drawn towards involvement in World War I, the Navy considered how best to exercise its new statutory authority to take control of the Coast Guard in time of war. The Navy found us to be a service that had operated independently for 125 years without ever giving much thought to fitting into a larger organization. It took considerable rushed effort to blend the Coast Guard's particular mix of people and vessels into the Navy's wartime effort.

A generation later, the Coast Guard was called upon to establish the Ocean Weather Station Patrol in early 1940. In those days, transatlantic flights depended on weather observations relayed from merchant ships. When the war started, merchant ships kept radio silence, leaving the airlines without the weather information they needed to continue operating transatlantic flights. The Coast Guard was given the job of making open ocean weather observations and relaying the information to aircraft. Unfortunately, we didn't have any ships available to post on station. To meet the new mission, we terminated another viable mission—the Grand Banks Patrol—scrambled to put the appropriate gear on cutters, and got them out in the middle of the ocean to help the planes.

That same year, we were pressed into service on the Greenland Neutrality Patrol. This time also we didn't have the right cutters available, so we sent the cutters *Campbell* and *Duane*, which were not well suited to the mission. These twin-screw ships soon proved they had no business maneuvering in Arctic ice by sustaining damage to their propellers.

As a history teacher, I draw several related lessons from these apparently unconnected events.

From the rapidity with which the first cutters fell into disrepair, I draw the lesson that quality is remembered long after initial price is forgot. That's why our Deepwater acquisition decision will consider total life-cycle costs—purchase price; maintenance, personnel and operating expenses; even disposal costs. We're building ships and aircraft to serve America for an entire generation.

From the inability of those first cutters to absorb their first additional missions, I draw the lesson that we need to think broadly and boldly about the range of capabilities that might be required. The Coast Guard always has been America's multi-mission maritime agency of first resort. We always attract the new jobs. That's why we spent so much effort up front analyzing the capabilities that our ships and aircraft are likely to need. We will build flexibility for new missions into our systems.

From the damage sustained by the first cutters on the Greenland patrol, I draw the lesson that we need to consider carefully the environments in which our assets might operate before we build them. That's why our Deepwater project will proceed with an informed analysis of projected operating environments.

From the haste to build new ships for the Quasi-war and the scramble to cover the new Ocean Weather Station mission, I draw the lesson that there will always be a readiness component to the Coast Guard's national security responsibilities. Resources that are stretched thin in peacetime will prove inadequate in wartime. Two hundred years ago, ships could be bought and built very quickly, and national security threats developed slowly. Today, it takes longer to buy and build ships, but significant threats can arise and intensify very quickly. The inventory of our fleet must be adequate to respond to contingent mission requirements.

From the confusion that attended the Coast Guard's absorption into the Navy at the beginning of World War I, I draw the lesson that we need a clear line between Navy and Coast Guard responsibilities. That's why Admiral Johnson and I have agreed to develop the concept of a National Fleet—to avoid redundancy and to allow the resources of our respective services to complement each other. It's also the reason that we are building inter-operability with the DOD into our Deepwater cutters and aircraft.

The sum of all of these lessons is that we have chosen the correct path for the Deepwater acquisition, the path that is most consistent with our stewardship responsibilities, the path that makes the best business sense, and the path that best serves our national security.

Status of Deepwater:

Deepwater is moving forward.

In August, we awarded contracts to three industry teams—led by Avondale Industries, Lockheed Martin Government Electronic Systems, and Science Applications International Corporation.

These teams, as well as an independent analysis government contractor, now have until November of 1999 to recommend a system of components, provide both total system and individual platform costs, estimate improved mission effectiveness, and submit a tiMETable for platforms acquisition.

Conclusion:

We're moving ahead, but we're not home free.

One might think that the need for new Deepwater assets would be self-evident when most of our cutters are older than most of our people. But that is not automatically true.

Many people whose opinions matter simply are not aware how many Coast Guard operations occur far from the coast or how many of our contributions to national security that take place in blue water.

They do not understand the diminishing returns and higher long-term maintenance and personnel costs of keeping old ships operating well beyond their expected service lives.

We must also make it clear that we have no viable options other than Deepwater. You may have heard of the possibility that the Navy could transfer some of their assets to us and that we could perform Coast Guard missions with cast off FFG-7's and Cyclone class 170-foot patrol boats.

We've accepted cast off naval vessels before, so we know all too well the shortcomings of the "paint it white, add a stripe, and call it a Medium Endurance Cutter" acquisition process. Manpower intensive and maintenance intensive, the FFG-7's have no role in the Coast Guard fleet; the PC-170's represent only a single-mission stop-gap solution. They don't bring us closer to an integrated system of capabilities. They are not the answer to our Deepwater missions of tomorrow.

The answer to our Deepwater mission requirements is to maintain steady progress and sustained funding for the Integrated Deepwater System acquisition project.

As the "civilian arm of the sea services," the Navy League understands these things. I ask for your help in spreading the word—both about the need for Deepwater and the prudence of our chosen course to keep the Coast Guard . . . Semper Paratus.

Here on the home front in New York City, thanks again for the Council's terrific support of the Coast Guard units and people in New York. It's always great to be in the greatest city in the world surrounded by the greatest supporters the sea services could hope for.

