

TRANSCRIPT

Defense Writers Group

A Project of the Center for Media & Security
New York and Washington, D.C.

Adm. Michael E. Mullen
Chief of Naval Operations
March 14, 2006

THIS IS A RUSH TRANSCRIPT AND MAY CONTAIN ERRORS. USERS ARE ADVISED TO CONSULT THEIR OWN TAPES OR NOTES OF THE SESSION IF ABSOLUTE VERIFICATION OF WORDING IS NEEDED.

A: [in progress] When I came back to town I laid out three priorities. One was to sustain the readiness levels that we had which I think were in pretty good shape, and I saw that when I was in Europe. So it wasn't just that we had put money into it, but I saw some execution out there. Secondly was to build the fleet for the future. Third was to make sure we've got the strategy right for our people.

So I spent a lot of time the first several months I got here, BRAC was just being generated, the results of BRAC were coming out; QDR was in full swing; and part of that was to really look at, to build the fleet for the future piece. So we spent a lot of time, an extraordinary amount of time on that to look at the analysis, and it involved what capabilities we thought we needed for the future, and specifically what the warfighting requirements were that those capabilities would fill, then try to put that in the shape of what it looked like was affordable.

There's been an awful lot of discussion in both the QDR and publicly about that which resulted in a future fleet that gets to about 313 ships, and it's balanced. That really is a key word for me. It's balanced. Basically debated that inside the QDR and then the QDR endorsed that which I considered to be strong, very important just because of timing.

Then it was to some degree embedded in the '07 budget, although when I showed up the '07 program was done and it was really the fall that we put the budget together, so a great deal of the work that had put the '07 budget together had already been done before I came.

So we're immediately in the '08, looking at the '08 program while we're defending the '07 budget on the Hill.

The next big step for me inside the program is to look at naval aviation.

The construct is similar to what I'm talking about in ships, but what we did in ships which is look at the capabilities, look at the warfighting requirements, and look what we can afford and figure out how to best balance that for the naval aviation laydown of the future. I've made part of that shipbuilding piece, because I really feel strongly, that is the biggest challenge that I had, was my intent to put the resources in and hold them in in shipbuilding. Clearly the challenge is going to be balancing the rest of the accounts, if you will, in terms of how we pay for where we want to go.

So right now we're in the midst X When I say we, the staff has done a lot of work on this already. I am starting to spend a lot of my time on the aviation side to see what it looks like and to see what the challenges are, but my intent is to do that through the '08 build as opposed to have it done in a month or have it done in a month or two. So there's a lot of time left in the '08 program to figure all this out.

Probably the biggest, not unlike ships, many of the aircraft are wearing out so probably the biggest challenges I have are one, to get the MMA on line and get the P-3s on. They're old. They're venerable aircraft that have done and are doing incredible work and that warfighting requirement and the capability that it brings for the future, in the future that I see, particularly for the maritime patrol side of that, is pretty significant. That's why MMA is so important.

The other is to get the JSF program out and on-line. And I consider that to be as significant a challenge as any because of the, I can obviously still buy F-18s, although that is not at the top of my list. I am concerned that we deliver JSF on time because that's a first day of the war stealthy, increased payload, increased range aircraft that I think the nation's got to have coming off the decks of its aircraft carriers.

So those are the two big pieces. There are clearly other pieces of aviation that also we will be looking at, but of the things that I've looked at so far those are the ones that I think are the biggest challenge and how to get that right for the future.

Q: What about long range strike and what used to be called JUCAS? I don't know what it's called now.

A: It is UCAS as we modified the program. The structured program we had with the Air Force and the Navy before. And while certainly the program is different because the Navy is now going to take the funds that we had in that joint program and work towards the unmanned carrier capable jet over the next 10 to 15 years, we are not walking away from the underpinnings of that joint program, still working with the Air Force. So the benefits of what the Air Force is going to be investing on its side. General Moseley and I are committed to working together to make sure we both benefit from that.

Q: This is going to repeat a little bit, but there are four programs that seem to be in limbo or worse right now X JUCAS, BAMS, EP-3 replacement, and of course the alternative engine program. Are those inter-related in any way? Could you give your best prognosis or your priorities on those?

A: If they're inter-related in one area they certainly are inter-related in investment. That's the challenge that we all have, to get the investment of this right.

BAMS, I'll talk to them X

Q: Maybe BAMS and EP-3 replacement.

A: The EP-3 replacement is something we're looking at and how we best do that. Obviously you're aware of what happened with the ACS piece. So understanding that requirement, understanding the capability and the capabilities that could deliver that X those in the Navy and those outside the Navy X is something we're working our way through right now.

In the adjustment to the program, we obviously put money into sustain the EP-3 in order for us to figure that out. So we are in the process of working our way through what that capability will be for the future, specifically with the EP-3, and how that gets done. Options could be we continue to do it. There are other options where we don't do it. There isn't any prognosis on that. There's no predetermination one way or the other whether that is some place we will continue to have airplanes or not. We're just not there. I'm not there yet.

The issue of BAMS, the unmanned piece, the ability to have the persistent, what we are terming the unblinking eye, that kind of capability sustained wherever we want to but in the battlespace, is really key, and BAMS will come along and right now it's coming along at about the same time that the MMA is. That's roughly five years from now timeframe. My prognosis for that is that there is a very healthy future for unmanned aircraft with respect to how naval aviation is going to go. But it is not, I've seen nothing and no indication that we would be totally unmanned or totally manned. I think again we'll be in a balanced situation.

JSF, to me, it's about the JSF. In other words, my concern is for the JSF program and delivering it on time. Back to what I said. I need the payload, I need the range, I need the stealth, I need that capability. A piece of that is clearly this alternate engine.

It was a decision that was reached jointly with the Air Force. It did happen after I got back so I was there for that. It's one that as I look back to the engines, as far back as the B-52, they're single engine aircraft. That doesn't mean obviously they fly with just one engine, but they are single engine manufacture, and the history of that is pretty positive in terms of results. The times where we've competed those, the results have not been particularly outstanding.

So it was a combination of the testing that's going on right now for the 135 engine which has

gone well, and it hasn't flown yet and I understand that, but it's bench tested very well. The risk reduction that's been achieved through the F-119 engine on the F-22. The history which shows that it's not, that there wasn't much there when we did this before except investment. And the payoff, the analytical underpinning for this that shows from a payoff standpoint you don't get there X If you get there at 15 to 20 percent in terms of what you reduce your overall cost, if you get there it's 20-25 years out. If you get there it's pretty big.

So it was that reasoning in addition to it was almost a \$2 billion investment, back to this competition for resources, that the decision was made to recommend that we eliminate that engine.

Q: You indicated that you were at least considering the idea of turning that EP-3 task, the signals intelligence task, over to the Air Force or to some sort of joint organization?

A: It's not predetermined. I'm willing to look at options which include not doing it. I have no predilection towards that. But again, when we're reviewing where we're going and how we do things I think it's pretty healthy to look at all options and that's what I'm doing.

Q: Is there any attractiveness to you to dovetailing off the MMA program into a X

A: I wouldn't discount that option either. It's sort of full range. But it's back to the '08 piece. I've got to work my way through that and really look at the analysis to see what the best way ahead looks like.

Q: See you next year. [Laughter].

Q: I have I guess a more strategic type of question for you about China. In the QDR, the public document, the QDR talks about China being at a strategic crossroads. I'd like you to, as best you can, quantify something for me. How much does the threat from China or the anticipated threat from China drive your budgets, your war games, developments of tactics, procedures, and drive the development for weapons requirements?

A: You want me to quantify that?

Q: Is it a little X

A: In terms of how I would describe, it's fairly significant, and I think it's fair to say that it's growing. And the QDR, the thrust of the QDR that spoke to the shift, for the Navy to shift its carrier force to six operational aircraft carriers, to shift 60 percent of its submarines which we've announced as I'm sure you've seen, I think that is the right direction. That is a maritime part of the world. The Pacific's a big ocean, so my view is we need more maritime forces out there. It is a maritime domain in which that security and stability and in that region is very important.

One of the things we all ask ourselves about China is where are they headed? I think Admiral Fallon has spoken to this very well since he took over, he talked about deterrence and detente; he talked about an outcome X and I'm somebody that believes this as well. Obviously the outcome I seek is one of peace and security and stability. There are just a lot of questions about the significance of the Chinese investment in missiles, in submarines, in ships, in technology, in capabilities, that make you wonder why so much so fast? And clearly, putting ourselves in a position, what I would call a strong deterrent position, is very important. So that's kind of what the QDR vector was.

Back to the maritime piece, the Navy is a big part of any kind of engagement out there. We've been out there for a long time. So in that regard it is growing and it is significant but it is not exclusive. This is a global. We have a global navy, a global challenge in the future that isn't just located there.

Q: Senator Warner and others have talked about China building up way too much force to protect itself. It's more of an offensive capability. In the last six months do you see a trend line there that they're building up offensive forces to possibly invade Taiwan? Is that how you see it?

A: I'm not sure I'd talk to the last six months. But clearly in the last several years they are investing a significant amount in their defense capability. And the intent, their stated intent appears to be, as you describe, for defense. Certainly they have, it appears to me to be a capability which extends well beyond that.

The other big driver for me as a Chief of a service here is to watch their economic both development and expansion. It is at least as I've studied this, their investment to do something like that, to invade or take over Taiwan, doesn't make a lot of sense that they would do that. That's where I'm sitting, it's not obviously where they're sitting. And so the expectations, and I think just recently the recent discussion in the papers with what President Chin has talked about and the response has been a measured response that sort of supports that view, from what I can see.

Q: Following right along on that, the plan to move a sixth carrier to the Pacific, what's your timeline on that? And is that dependent on picking a forward base, Hawaii, Guam? Or is it likely that it would shift to one of the West Coast ports and then the advance port come later?

A: I have lots of aircraft carrier X There are issues surrounding the aircraft carrier force that I know you're aware of, one of which is, is it 11 or 12? Clearly 12 is what we have today. Eleven is what we submitted for approval in the '07 budget so we're going to have to work our way through that.

To me it is important, and it's back to sort of where I started, how do you balance both the capabilities you're trying to generate, the measured risk, with the investments?

So the outcome of the '07 budget is very important to me and my recommendation there is to decommission the Kennedy.

Secondly, there are five operational aircraft carriers on the West Coast right now including Kitty Hawk in Japan. Kitty Hawk will be replaced by George Washington in '08.

The next time that I expect we will move an aircraft carrier will be the Vincennes. She just came around into her three year overhaul. She will move to the West Coast. So when she finishes that. That's the '09-'10 timeframe. I believe that's when that will occur and we'll have six operational carriers out there.

Where they will be and where they will live is really to be determined. Clearly with the challenges, and I just visited Guam. Guam has enormous infrastructure challenges. You've seen the recent discussions about upwards of 8,000 Marines and their families going out there. There are enormous infrastructure challenges there. We estimated not too long ago that it would be four to five, as I recall, four to five billion dollars to invest in Guam to have an aircraft carrier and an air wing stationed out there. The same was true for Hawaii in terms of the investment there. It wasn't as much. It was \$2 to \$3 billion, as I recall. That's a real consideration for how we do this.

The other piece that drives this and will drive me throughout this is the strategic imperative, where do you need your forces? Where do you need them to respond? What are the timelines to which you need to respond? That in the end will clearly drive my recommendation in terms of where we put those ships.

Q: Sir, you have been stating that you want to get submarine hulls down to a cost of about \$2 billion each, a copy. In your shipbuilding plan it appears that still the average price going out to future years and beyond is about \$2.5 billion, maybe a little bit more than that.

Industry would like you to start building ships a little bit earlier. Do you see that maybe to get that cost down you may have to move the ship down from 2012 to maybe 2009, 2010 at the earliest?

A: No, I don't. We worked, as I indicated, we worked for a long time to get this shipbuilding plan on the Hill. If I were to pick one characteristic about this shipbuilding plan, which is most important to all of us, it is stability. We have both internal to Navy for years played with our shipbuilding plan, even after we generated it. I want to not do that to the absolute maximum extent possible. Not just for me, but for everybody involved in shipbuilding, making significant moves in that plan will have a tendency to unravel it. That will in fact preclude the kind of stability that I think we need.

When you build X The submarine thing is particularly important because when you say start in '09, that's the principal year, but it requires about a billion dollars of investment, about \$800 million, in the two years before that, in order to start in '09. Again, if I started in '09, so I'd put

\$800 million in '07 and '08. If I start in '09 then I'm in the two per year which is another two billion, I add two billion for two or three years, depending on what I could make. So it becomes somewhere around a \$6 or \$7 billion investment that in my view strongly destabilizes the plan we just put up there.

So moving it ahead to '09 which is as early as just financially anybody could do it because of where we are in the '07 budget, it's a non-starter for me. What I said in the hearing the other day, and I'll reaffirm here, is back to this '08 review. I am looking at options but I don't see any viable option to significantly move the submarines ahead. I recognize part of getting to two billion is getting to two. But I need to have as much pressure brought on the ability to reduce costs as I can until I can, at that point, know it's going to be two billion a year. I've said if it's \$2,100,000,000, that's not close enough.

Q: Admiral, do you have an idea whether the Navy is actually going to purchase the Osprey for its old fleet or whether it would go with traditional helicopters, hopefully?

A: It's the first time I've ever heard that raised. It's the first time I've ever heard the idea that the U.S. Navy would be flying Ospreys.

Q: You've never heard that before?

A: I've never heard that before.

Q: The program has for years counted 48 Navy Ospreys in its cost model.

A: I'm just telling you X [Laughter].

Q: In all your time at ONA you never heard X

Q: Below your pay grade.

A: No. I'd have to go do some homework on this to understand it. Clearly as a part of the overall Marine Corps number or the numbers we would buy for the Marine Corps, I'm assuming it was on the right hand side of that, but I haven't.

Q: Maybe a third X

A: So long X

Q: X supposed to get 48 for logistics X

A: No. Sorry. I can't know everything, Otto. [Laughter].

Q: To follow up on that. Do you think it's then perhaps unwise for the program to continue counting 48 aircraft in its cost models that you're not even sure the Navy's ever going to buy?

A: Clearly, if a program is doing that and there's no possibility that we would ever buy them, that wouldn't be wise. But obviously I was not aware of that so I'll have to go look at that and see.

Not unlike what I said before, if there's wisdom there in terms of us doing that in the future, but it's going to be a ways off. If we're talking about the NV-22s by completing eight ten years from now and that's where we'd be, that's what we would be looking at it. Obviously it hasn't been on my horizon, and clearly I would need to look at that capability and requirement. Somebody has. And validate it.

Q: We'll leave the record open, as the Senators say. [Laughter]. Chris, then Dale Eismann.

Q: Admiral, on Thursday once again the Projected Forces Subcommittee is going to have a hearing on shipbuilding and one panel will have cost analysis experts from GAO, CRS, CBO and CSBA. That happened last July, as you're well aware, at the DDX hearing. Of course last July all four of them were unanimous in their estimate that the cost of DDX would be significantly higher than the Navy's estimates. Those who have spoken out on it consistently say that the Navy's shipbuilding plan will cost considerably more than the Navy's estimates. You're well aware of this, and of course you hear it coming back at you in ways like Senator McCain last week.

Can you speak a little bit about maybe the sense of frustration that the Navy feels? The outside analysts seem to be quite consistent and unanimous in their estimate that the Navy's cost estimates are too low, and you are pretty consistent in your defense of those. It's got to be a bit frustrating, though. Do you think that your true story is getting out there? Do you have an observation or a reaction as to why does this situation continue?

A: I guess my observation is that we don't have a very good track record for the last decade or so in terms of controlling costs, so I think it is fine for people to be skeptical of whether I can deliver this. I accept that.

That said, this isn't just something that I put on the table as an idea. We've really put structure behind this, we've put a lot of work behind this, we think we understand an awful lot of the drivers with respect to why the costs aren't controlled, similar to what Senator McCain said the other day. And we need to control those.

We've actually worked pretty hard with those analysts. We haven't tried to hide anything about what our assumptions were and what their assumptions were. And as I indicated in testimony the other day we've narrowed that gap considerably. Some of those assumptions about what the future DDX will cost or what the future SSBN will cost are assumptions that we just differ on, and we will have to see in time. The plan, the '07 budget, has been on the Hill for a little over a

month. Now I've got to deliver on this, I understand that. So I guess I wouldn't term it frustration. It's part of the coin of the realm in Washington that we have these things. I have a lot of respect for O'Rourke and Labs and Bob Work. So I listen to them, we engage them, and we want to make sure they understand what the Navy's doing on this and that I understand where they're coming from and I recognize that as a challenge.

The \$13.5 billion in '05 dollars is not an easy goal and I'd want to have something to shoot for. But I want the whole system, everybody that's interested in building ships from me X that strategic relationship. From the Navy through OSD to the Hill to industry to have an understanding of where we are and to work together on that. I think we can deliver that where we have not been able to do that in the past based on structure, based on understanding, based on a plan that is stable.

Q: You think you can deliver the \$13.5?

A: Yeah. I think I can deliver them X Certainly we can deliver them at those cost goals. That's what we're really shooting for. And I know you know Chris, I've talked about this before. We took \$266 million off of DDX. That was over a billion in the program. We are going to review every major program in that regard, not just ships, because of growing requirements which cost us all money. That's where I'm coming from.

Q: But you haven't revised the public cost estimate for DDX have you? It's still \$3.3.

A: At this point, but we will because that's really where it was in the budget. But clearly we've taken those requirements off the ship for which we had to pay in the first case on the lead ship \$266 million. So it will come off.

Q: So you will reduce that.

A: Yeah. Yes, we did. We did.

Q: Let me ask you, Admiral, first of all to clarify for me your answer to Otto's question about West Coast carriers, then I want to ask you a question about East Coast airplanes.

On the West Coast carriers, were you saying that if the Congress, were you suggesting if the Congress says you cannot decommission the Kennedy you'll not be able to afford to have six operational carriers in the Pacific.

A: No.

Q: I thought I heard a linkage there.

A: No, but the carrier issues, really what I was just saying. Otto asked me about carriers. The

lead issue for me on carriers right now is Kennedy and resolving that in the '07 budget. There are a host of other carrier issues including the one he asked about which was getting one homeported on the West Coast. You know on Kennedy specifically, and it's back to the challenges of where are you going to invest your resources, that that is a \$2 to \$3 billion retention issue. To keep Kennedy through '11 is a \$2 to \$3 billion cost to the Navy that I think would be better put in the future force, specifically in shipbuilding. I can handle the risk for 11 carriers.

Q: The East Coast airplanes. You've said in the past that you're encouraged by what the state of Virginia and Virginia Beach have done in terms of keeping Oceana as the East Coast master jet base. The Virginia legislature is now adjourned. It appears that they've done everything they're going to do.

Apart from the BRAC determination, which I understand is not in your court, it's in the IG's court, but are you comfortable now that if the BRAC says you can stay at Oceana that that's where the Navy would like to stay?

A: I'm encouraged by the actions that have occurred, particularly in Virginia Beach. They have worked hard to move in the right direction. I am still, and you and I have discussed this many times, I am still concerned that if encroachment continues in any way, shape or form down there, that it will eventually force us to a new location.

As you indicated, the DOD/IG is really in charge of the outcome at this particular point in time. But I'm encouraged, as I indicated, that it's moving in the right direction there. I am where I was post-BRAC which was supportive of Oceana as the place for us for the future, given there isn't any more encroachment.

Q: What's the way forward on getting [inaudible] on average about \$2.4 billion down to \$2 billion? What are some of the initiatives the Navy has to take [inaudible]? And what message are you giving Northrop and GD in general about making sure quality of their vessels is exceptional as opposed to having problems [inaudible] two years ago and [inaudible]?

A: I think leading, to speak specifically to LPD-17, I went to two ships when I came back as CNO. One was San Antonio to look at the ship and the other was Kennedy. Also to talk to the crews. I wanted to look them in the eye, get a good feel for them and gain, which I did, a great deal of confidence that both those crews could carry out the mission, one of which was to deliver a new ship and the other which obviously, in an uncertain environment on Kennedy, to sustain what we had. I was strongly moved by those exceptional crews.

Also my belief is San Antonio is going to be a great ship. Clearly they've struggled and there's a long history there. I don't need to review that. But I believe that ship's going to be a great ship, a very capable new ship in the fleet as it is becoming now.

Clearly we've struggled at times with the contractor in terms of delivering ships on time and

some of the quality of the work, but the oversight piece that we've got in place I have a great deal of faith in. So the problems we have in LPD-17, for instance, were fixed and they were fixed by the company. I personally have engaged the company at senior levels and been assured that they know they didn't do that well and they need to not have it repeat. That assurance is important to me, clearly, from the leadership.

I've not seen any major quality issues in Virginia or in Texas, and yet we've struggled a little bit with those two lead ships as we have a tendency to do with lead ships, but I don't see anything that would raise concerns for the long term viability of those ships or that program.

What I have tried to do to put the companies in a position to get down from 2.5 to 2 is to stabilize. Basically stabilize. I intend to review the requirements on the Virginia to see if there's anything not unlike DDX, but I don't want to raise any false hopes, which would allow us to help in that cost reduction, but I don't want to raise any false hopes. It's harder to do on a ship that's commissioned, or a class where you're already commissioning ships than it is a ship that's still on the drawing boards, if you will, but it's not impossible and we're going to look at that.

What I can tell you is we're going to bring all forces, and I've engaged Delores Etter on this, who's John Young's replacement as RDA, we are bringing all forces to bear to get that cost down.

I am encouraged by what I hear from the shipbuilders. I'm encouraged by what I hear from the NAVSEA. I'm encouraged from what I hear from Admiral Donald at NR. And we're working hard in OPNAV to try to reduce these costs or reduce the investment requirements.

All of that is headed in the right direction. I've got to see who's going to deliver.

Q: In the next two or three years do you want to see the price come down to like 2.3? Just so by the time you reach 2012 you've shown some progress.

A: The key for me is 2012 can I pay 2 a year. No kidding, can I get it for \$2 billion a year. Everybody's involvement in that, including my putting a second submarine in which gets us there. So in that regard I'm part of the solution set as well, but until I know for sure that I'll get there, I'm not going to put that submarine in.

Q: Two billion in '06 dollars?

A: '05.

Q: You mentioned China driving requirements. You haven't mentioned the Persian Gulf. You've got a carrier group there now and it just seems to go on and on and on. Is the assumption in the Navy that you'll have to keep supplying air power there more or less forever?

A: I'd like to think nothing is forever. [Laughter]. Clearly for the foreseeable future having maritime capability and having an aircraft carrier which is the centerpiece of that combat power in a position to be able to respond out there is critical. I don't see anything in the future that's going to change that dramatically.

Not unlike China, in the sense that that's someone that we, when we talk about China one of the things we talk about is a future peer competitor, a strategic competitor, and clearly that potential is there.

A worrisome country as well is also Iran. That is a strategically important part of the world. The U.S. Navy's been out there since the late '40s. The message to me there is that history teaches us we will be out there for a reasonable period of time in the future.

I have concerns about Iran in terms of just what they're doing and what they're not doing right now. The whole issue of nuclear weapons is a great concern. The potential development of nuclear weapons is of great concern to all of us. Clearly from a resource, what the Navy provides in terms of providing, keeping the SLOCs open, the sea lanes of communications open, that's a vital one. That's one of the vital ones in the world. The U.S. Navy has always been a very important player in doing that and I think we will for the foreseeable future. Particularly as their rhetoric continues to escalate and that generates more questions about what their real intentions are.

Q: This is another God's-eye view question and I apologize. The real question we were talking about this morning is how many bells is 8:00 o'clock. [Laughter]. But maybe you can X

A: I used to know the answer to that. [Laughter].

Q: If the United States had to, in a hurry, deal with a contingency where there was a nuclear armed country that was critical and we had to somehow deal with multiple nuclear facilities, what would the Navy, and you had to do it quickly, what would the Navy bring to that and are you comfortable that you've got the capability to handle a situation like that? Thinking of I guess hard target kill capability.

A: Up to a certain point I am comfortable. Clearly the issue of having deep penetrators is one that has been in the discussion for some time. One of the words you used which is important is "have to respond quickly" and it's a great strength of the Navy, a great strength of where we've put our resources in recent years so that in this fleet response plan we can generate an awful lot of combat power very rapidly. We talk about six carrier striking groups, and when you're talking about that kind of a situation you're talking about the major end of our combat power arm and that really would be the aircraft carriers and I'm very confident we could deliver that in a very timely way.

But none of these potential situations are single service in any way, shape or form any more

because it really would be a joint response.

I am confident that in the joint sense we would have what we would need I guess is how I'd say that. I get pretty uncomfortable talking about much more along those lines in this forum.

Q: I appreciate that. Thank you.

Q: Perfect segue. I wanted to go back to long range strike. If you could put some of the Navy systems in context of that and your division of that mission with the Air Force. You've got the UCAS now, the Joint Strike Fighter, the F-18 Super Hornet, also submarines with lots of cruise missiles, and now you're talking about putting conventional warheads on D-5. Philosophically, strategically, are you now reaching beyond the littoral? Are you doing more of that mission than previously you had thought to do? Is that a new strategic direction for the Navy?

A: I'm not sure it's new. When you look back as early as when we sent Tomahawk missiles from submarines and surface ships into Afghanistan in '98, '97. I don't remember the exact year. But that was a land-locked country hundreds and hundreds of miles from the maritime domain and yet speaks to the ability to project power I think from the maritime domain.

When we did OEF, both the Navy and the Marines penetrated a significant distance because at that time it was the only way to access that country for those strikes. And those missions you may recall, and some of the aviation missions, were upwards of 8, 10, 12 hours. That was a whole new way of doing business.

So I'm not sure we're talking about anything new. We are talking about the evolution of the ability to strike from the maritime domain and to go deep. What I have seen us do and I think we'll just do more and more of it, is work with the Air Force with that striking capability based on, and again it's balance. I wouldn't put everything at sea and I wouldn't put everything ashore. I'd want to have a balanced capability so that both the Air Force and the Navy could be relied on in order to respond, depending on the circumstances. There may be one part of the world where the Navy might be more dominant and another part of the world where the Air Force might be more dominant, but in the world we're living in I think the nation needs both those capabilities.

Q: In the QDR was there any specific redivision of that role, or more attention paid to the Navy doing long range strike?

A: No. Not from what I could see. I think there was a consistent emphasis. Clearly the kind of capability, and this gets to the JSF issue, where we get that kind of range and payload, stealth, and deep penetration capability that we haven't had, that we don't have, and even the F-18E/Fs that we're generating right now. That's why that JSF program is so important. That's an example. The missile piece continues. You mentioned the conventional strike capability as well. All of that signals to both speed and precision and the kind of flexibility and adaptability that I think this force will bring in the future.

Q: I wanted to ask you about homeland security. You've talked in the past about working closer with the Coast Guard, having a closer partnership with the Coast Guard. Can you say specifically how that's going to [inaudible] and in what way that may assist port security in the future?

A: Just signed and updated national fleet policy with Admiral Tom Collins. Did this within the last month. In fact had last week on the Hill a brochure that we put together that captured, a couple of page brochure that captured that. Continued commitment.

The area I think we will probably work most closely in is this maritime domain awareness piece and we are making lots of progress, both operationally and technologically. And in that regard being able to share information to create a fused picture of what's going on is really critical.

So operationally I see it. I think strategically we're there. The President's national strategy for maritime security that he signed out earlier this year gives us that direction.

I'll give you a good example. We've had a pirate problem off, we've got pirates in lots of places in the world but most recently off the Horn of Africa. As we looked at potential preparation for that mission X this was before we actually captured the pirates with the USS Winston Churchill recently. But one of the things Tom Collins talked about is they have an awful lot of experience in litigation and what happens when certain people are taken X people who are involved in illegal activities, when they take them aboard and how to process them. So their advice to us on how to do this, even though it's international, halfway around the world, was really significant as we saw this mission evolving.

So we have skill sets which are mutually supportive, in addition to trying to figure out a way as best we can to work together in what we buy, in both his deep water program, and my weapons and ship programs, and aviation programs down the road.

So there's a commitment across all of that to work together.

One of the best examples I talk about in this regard is the JayHawk out in San Diego which is the port security that the Navy and the Coast Guard and basically many other agencies, both local, state and federal, are involved in out there to provide security for that San Diego harbor. It's a great example of how the interagency process can work to help provide the kind of security we need in our maritime ports.

Q: In the maritime domain awareness, would you say the Coast Guard is the principal agency and the Navy is assisting? Or is the Navy the principal agency?

A: I think it speaks to where you are. I think clearly along our coasts, in our ports, the Coast Guard is the principal agency. But when we're overseas, we are. The technology in many cases will be the same, and the tactics, techniques and procedures will be the same.

Q: Admiral, would you elaborate a little more on the integration of the Marine Corps and naval air assets? How does that play into your balancing of the naval air portfolio?

A: Clearly X I was here when we did TacAir integration 2003. We're very committed. General Hagee and I have talked about this a fair amount. We're very committed to continuing TacAir integration. We also both recognize there are limits and we're going to have to set what our priorities are as we move forward in those capabilities. And we continue to do that based on the requirements that we see evolving. The world has changed since 2003, it's now 2006, so adjusting that TacAir integration road map, if you will, will also be important.

We have not worked our way through the specifics of exactly how we're going to do that and I hope to do a bunch of that in this program this year.

Q: I wanted to ask you a question about Iran and follow up on Steve's question. You mentioned your concerns about Iran. I wonder if you can identify the area of Iranian naval warfare capabilities that you think they have improved the most.

A: I'm not sure I'd pick one area. They're working on their submarine fleet, they've worked on their surface fleet, they've clearly got, it's in the public domain, they've done testing of ballistic missiles that continue to range further and further.

Q: Additional types?

A: No. I think the ones that you've seen. We in the Navy have focused a lot and will continue to focus a lot on the number of small boats they have, their ability to swarm. That's why the littoral combat ship is so important to us in order to be able to respond in that environment. And other systems which we are developing to counter that threat. It's across the board kind of thing.

Q: Have they [inaudible] in some areas that are significant?

A: Not that I'm aware of.

Q: On LCS, because we can't let you out of here without talking about LCS. On the one hand, the subcontractors are in line, you've got Sea Fighter for whatever you're using that for. On the other hand questions continue to be raised, [inaudible] a couple of issues back, are we paying too much for speed, how deep a ship can you have and have [inaudible]. Are there any issues in your mind that are still in place with that program at this stage?

A: I think with every program there's always going to be issues. There's clearly X the issue of speed to me, the characteristic of speed and being able to move at that speed is significant, and that is potentially a game breaker, game changer down the road in the environment in which I see ourselves in the future.

In terms of its development, we commission it next July so we're within 15 months, whatever that turns out to be. I'm encouraged by that. I'm encouraged by everything I see about the ship. It is not the be all and end all for the future of the Navy. We have 55 LCSes in this 313 ship plan. That's a significant part of our future fleet, but a 300 ship Navy that's got 150 LCSes is not the answer. It's back to the balance piece.

So I think it brings significant new capability, the modularity, the small crew, the ability to station it in various places in the world, and to get at in particular the undersea warfare and the mine, the mine warfare piece which we have been whacking at getting at for years. So I'm encouraged by just about everything I see about that program.

Q: All right, we're out of time. We'll have to leave it there. Thank you very much.

END TEXT