

TRANSCRIPT

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Chief of Naval Operations
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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.

Q: We're glad to welcome Admiral Gary Roughead, the 29th Chief of Naval Operations; US Naval Academy, 1973; surface warfare officer; several surface commands, one of each type of Aegis combatant; Commandant of the Naval Academy; Chief of Legislative Affairs; many other important jobs. And since last September, CNO. The Admiral is accompanied by the CHINFO, Rear Admiral Frank Burke, and his PAO is Commander Pam Krungsig. You can do a card swap with them when we finish. A lot of questions, important stuff, so keep it tight and if you've got one street-legal follow-up, fine, but no MIRVed questions. [Laughter]. We'll start with Dave Fulghum.

Q: Boeing has supported the idea of buying Block 2 and beyond FA-18E/F and skipping F-35C and going to a sixth generation airplane. Northrop Grumman sort of followed that up saying that sixth generation airplane could be a first generation UCAS. Is there any interest growing in that idea of thinking you might skip over the F-35C?

A: I have no intention to skip over the F-35C. The issue that I deal with in Strike Fighter is the shortfall that I'm going to face in 2016. It begins to set in then as some of the earlier Hornets age out. That's something that we're going to have to look at in POM '10, our budget for FY10, determining how we're going to try to mitigate that shortfall, which for the Navy is, we predict right now that we'll bottom at about a 69 aircraft shortfall. So how do we mitigate that as we bring the F-35 into the inventory? Those are things that we're going to have to focus on. But I don't see a skip over the F-35C.

Q: You might be doing both then. Maybe buy more F-18s and--

A: That's something we'll just have to take a look at.

Q: My follow-up question then is, you brought up that number of 69, the shortfall of

Hornets. My understanding is there's a study that's going to be out in June that says that shortfall is actually 200 or more.

A: There are a couple of numbers. When I say 69, that is the Navy shortfall, Strike Fighter shortfall. When you bring the Marines in that number goes up, but the number of 200 or so, if that's what's been predicted in the study, I've not seen that number. But right now the information I have and the prediction that we have is 69.

Q: Littoral combat system. LCS-2, there's an over-target baseline that's been submitted to Jorgens, the Navy has [inaudible] 25th. How much of an increase is this, and why now after you've told Congress you're going to solidify costs?

A: It is in the mill. It's being handled by the acquisition folks. What the particulars are and the costs, that's what they're working through.

I'm encouraged by where we are with LCS right now. We have LCS-1 going to sea next month. I think that's a significant milestone for the program. Then LCS-2 we expect to have in the water later this year or so. I'm letting the acquisition folks work the target baseline.

Q: I want to press you a little bit. You've been calling this--I know you're not the PM or the PEO, but this comes after you submit a budget, and there's going to be a lot of scrutiny about this. Roughly can you give us a sense of why there's been a cost increase? And more importantly, does this not undercut your case to the Hill that you've got this under control?

A: I think one of the things that we're doing with LCS-2 is it's a relatively new design ship for us. It is bigger than what [Oslo] has built before. It's also structurally I think a little bit more significant. So we're finding some things as we get into it. That doesn't shake my confidence in the LCS, either 1 or 2. And the fact that we are continuing to work on getting the LCS program under control, that's my objective. We'll see where we go with those.

Q: Secretary Winters [inaudible] reviews and said how the process will be done with you and the Commandant getting involved early, in particular the next gen, taking a look at next gen, next contract. Can you talk a little bit about the process that's involved? How is this starting to you, bringing you and the Commandant in at this kind of level early on, starting to look at some of these programs?

A: I really do believe that even though we tend to look at acquisition as something that is under the realm of the Secretary, clearly as we work our way through programs there has to be a coordinated approach. I believe that the surface chiefs have an obligation and a requirement to properly set requirements. I also believe that we, as the programs evolve, need to monitor them to ensure that we're not getting, the term I use, the requirements creep. And what we have put in place under the Secretary's leadership is a process

process whereby at certain stages as we go through the program we are involved in the [inaudible]. The Commandant of the Marine Corps and I are in the process of working our way through the requirement establishment for this next generation of information technology system that we're going to use. I believe it is the way to go. I believe surface chiefs have to play an active role in that. Does that mean I will sit on every board for every program regardless of cost? No. But we're looking at them and clearly next generation is one of the most significant programs we're going to undertake simply because on the 1st of October, 2010, NMCI contract comes to an end and a new one has to be in place. We all know how much we depend on information technology and information management so it's very important to me.

Q: You mentioned something here, in a lot of speeches you've given on the Hill you talk about requirements creep. You've been in the job six months or so but I'm just wondering, are the programs now that you're looking at, where you're seeing that and where you're making the emphasis that this has got to stop?

A: I believe that what we're doing in NextGen is a case in point of the Commandant and I being there to review how we're approaching the attributes of that program. I think that's one place.

As you have seen and perhaps reported on, the analysis of alternatives for the cruiser is one that has been churning within my organization for some time. That's a case where I'm having my staff go back and answer some questions that I keep pushing back with regard to certain aspects of our CGX program. But it also gets into other areas as well. Anti-submarine warfare is a major priority for me, and I've had some reviews going in and looking at what we're buying, what the objective of that program is to be and do we have our resources applied in the right part of what I refer to as the kill chain-- everything from intelligence all the way to the killing of the submarine and being able to review it in that way. I've been spending a fair amount of time with my staff pressing on those issues.

Q: Admiral, you mentioned that you have confidence in LCS and confidence in [Oslo]. Are you familiar with the state of the super ferry that they built for Hawaii, it being in the yard with some structural problems, having been [dinged] by a tug out there? And how does that dovetail with the structural problems that have been identified in LCS-2 in the yard? And where is the status as far as you know?

A: I won't speak for super ferry, other than I know that they've had to interrupt service. I've heard that it's everything from discomfort caused by the weather to the fact that they've had some mechanical issues, of which I don't have the details on that. But I do believe that, and what I've seen in LCS-2 in particular, a ship that I think is a very exciting design for the Navy, and I'm anxious to get it to sea and put it through its paces.

Q: Admiral, there's a certain degree of passion, I would call it, on the Hill to cut DDG-1000, the two hulls and move ahead with CGX. And in the mean time maybe build more

51s that are more capable. I know this isn't what the Navy wants to do. What is your contingency plan? What are you talking about right now if you don't--

A: I think everyone is aware of the program that we have on the Hill, what we've submitted as our program. The point that I have been making as I've been monitoring some of the discussions that are taking place is that in an effort to perhaps advance some other ship classes that the desire to go in and remove money from the combatant line. My public statements, my comments in testimony have been now is not the time to go in and pull money out of combatants. If you look at every ship class that we have under construction, almost in every one it's a new ship class. The Virginia Class is starting to really now get some traction. It's suffering. LPG-17 has settled out after a rather rocky start in LPG-17. The new carrier coming on, the TAKE's coming on. The one area that we're still unsettled is in our combatant line. To disrupt that I think would be very harmful to our future combatant programs and to our warfighting capability. So that's my comment.

Q: Are you confident you can fill that gap if Congress [inaudible]?

A: That's something I'll have to work with the Congress. But the main thing is to not use that as a cash cow to go and do other things.

Q: Admiral, I'm hoping you can share with us some of the thinking among the Chiefs about the feasibility of [inaudible] in Iraq. [Inaudible].

A: I think the deliberations that we have been having, taking briefings from Admiral Fallon, General Patraeus, looking at the situation in Afghanistan will allow us to come together and provide our best military opinion to the Secretary of Defense and the President.

Q: In Iraq.

A: In Iraq. But I think it's all tied together with the force levels as to where do the forces go, what must be done vis-à-vis the health of the force. We're in the process of taking that information in to formulate our best military opinion.

Q: Can you talk about the timing of the election and the pause that's being considered right now in the troop drawdown in Iraq. Is that something that's a concern among the Chiefs? How big a concern [inaudible]?

A: The focus that I have as I deal with this is what is the best course of action for us in Iraq to assure success in Iraq. That's where my focus is. And what are the troops levels and what should we be doing there to make sure we have the highest probability of a successful outcome.

Q: [Inaudible] the Navy [inaudible] not need additional ships. Has there been any effort

[inaudible] additional ships [inaudible] this year?

A: That we didn't need additional ships? We've been saying that we need to get to a minimum of 313. If you are referring to the LCD? Is that what you're talking about?

Q: The [inaudible] what it is and [inaudible]. [Inaudible].

A: I'd say we've not had an adverse impact as a result.

Q: Also [inaudible], for example [inaudible]. Is this something that would be of benefit to you?

A: That's the point that I just made, going after the combatant ships, to take their money and apply it to something else is not helpful. It's something that I've been very clear in saying don't do that, please don't do that. That's the one area that we really need to get our stability established.

Q: Hi Admiral. I was wondering if you could talk a little bit about the cruiser and [inaudible]. [Inaudible]. I've heard that some of the upgrades will impact [inaudible]. I don't know [inaudible] has looked at [inaudible] and how it will fit within [inaudible].

A: The upgrades to the destroyers and the cruisers are absolutely key as far as our ability to attain 313 ships. It also allows us to take advantage of the structure, the hull form, that I believe can continue to serve four additional years. But it's important that we have the relevant combat capability in the ships and that's why the upgrade is so important to not only enhance combat capability, but to do what we must do to ensure that we can extract the life that we want out of those ships.

Additionally, there is no question that our crew sizes have to come down. That's one of the major aspects of LCS, bringing crew size down. That's one of the key technologies in the DDG-1000 that I'm extremely interested in. To take a ship of that size, that capability, to be able to bring that crew down to about 130, 140 people. And it's those technologies and initiatives that we now have to get into the modernization program so we can bring people off of the legacy ships.

We, quite frankly, are not aggressive enough in employing the technologies that allow us to take people off ships. To be perfectly honest, it's largely a cultural thing and we've got to break through and we've got to get our crew sizes down, and we can do it. I'm confident of that.

Q: Do you have a goal in mind?

A: For each one? I do not. But my objective would be to get it down to the number that allows us to maintain combat effectiveness and provide for the safety and security of the ship. We in the past have had some initiatives underway, but they've had a hard time

taking root. In my tenure I intend to be a little on the bold side when we make those moves.

Q: Talking about [inaudible]. Some of your best friends [inaudible] subcommittee [inaudible]. And Gene Taylor has moved the goal going back from the next generation cruiser to LCDs, [inaudible], and now we're talking about an upgraded DDG-51. You folks have been looking at this issue. Obviously the savings of operating nuclear powered, what does that do to your shipbuilding costs? And what does it do to the impact of trying to get to 313 if you have to add that extra up front cost?

A: First off, I applaud the energy initiative and the thought that Gene Taylor is putting into shipbuilding. He and I have both the same objective and that is to build more ships for the Navy and ships that are relevant for the Navy.

We have the legislation with respect to the cruiser or the next combatant being nuclear powered. I do believe that we have to look at the total cost of what we're doing. It's not just the fuel cost and what we would try to avoid in the 30-40 years of the ship's life, but they are much more expensive to build, they are much more expensive to maintain. I believe that the personnel costs associated with nuclear power are going to increase because we have a civilian nuclear industry that is aging out and retiring. That will have to be replaced. If there is an expansion of civilian nuclear power in the country that will place demands on a nuclear war force. That then would mean we would be likely paying more to retain our nuclear technicians and operators. So all that has to be taken into account. You begin to expand to other ship classes and now you're talking significant amounts of money. It's something that we really have to go into with our eyes wide open.

Q: Is there a study underway to evaluate all those cost factors?

A: As we look at the cruiser and the options for the cruiser and because it is in law that we move to nuclear power, that it's part of our deliberation, what we're looking at. That said, as I look to the future and particularly in our combatants. The weapons of 20-30 years from now I think will be very different than the weapons that we're using today. They're going to likely require significant amounts of power. How do you generate that power and not be reliant on having to refuel every two or three days? So there are reasons beyond just cost for us in considering nuclear power. That's where we are.

Q: Going back from your CNO hat back to your Joint Chief hat. You mentioned in answer to Kristin's question that obviously you're focused on how to best win the war in Iraq. But obviously the Chief's, the Title 10 responsibility also has a broader role. [Inaudible] contingencies, trying to figure out the stress on the force because Iraq is hurting the ability to handle the global contingencies. Your land-based colleagues, General Casey in particular but also General Conway and even Admiral Mullen, seem to be increasingly dire about the prospects for the ability of the land force to meet those contingencies. I'm interested to see if you share those concerns, and how that's going to-

A: Right, and as I mentioned to Kristin, it's about Iraq, Afghanistan, it's about health of the forces, your ability to regenerate, train for other types of contingencies. There's no question that the ground forces have been pressed. There's no question that in the Navy there are certain communities and specialties that we have that have been extraordinarily busy and engaged. Special operations for one, explosive ordnance, disposal for another. Some of our medical personnel. So we look at that very carefully and monitoring that health in the force is absolutely key to being prepared for that which may be out there in the future.

Q: Are you able to form an opinion in your mind yet how close we are to the breaking point? Are there things you're watching for that, redlines that we really should not be going in terms of that issue?

A: We in the Navy have set some guidelines as far as how much time people should be home, the dwell time. I think we've been pretty good and we're beginning to see some very positive trends as a result of adhering to those, making some adjustments in the more heavily stressed forces, for example. We're starting to see some changes in retention rates in the case of our medical community which is very stressed. We're seeing increased interest on the part of people wanting to come into that.

I think the guidelines that we have set in the Navy have been appropriate to the operations that we're conducting.

Q: On the [inaudible] issue, are you interested in [inaudible]. Can you elaborate on that a little bit? What are your [inaudible] in terms of your concerns there [inaudible]?

A: I think if you begin to pull money out to put in other programs then the stability that we are interested in, the ability to generate some cost savings from that stability, the predictability that the shipyards need I think is all affected by that. To be able and to disrupt that group of ships to simply book another ship that right now wouldn't even, you wouldn't even begin to build for some time I think is not the right way to go. That's why I made the comment, don't raid the combatants. Let us get some traction and some stability there.

Q: What about moving the money from PDX to [inaudible], or DDG-1000 to, or [inaudible] 51, sorry. The money still would be in the combatant line. Do you have [inaudible]?

A: As we look at the total shipbuilding program that's on the Hill, we put our budget up there and I'm going to continue to work with the committees and with the members to get our combatant, as we say in the Navy, headed fair so that we can get a good, stable program that the shipbuilders can [inaudible].

Q: Admiral, looking at the next decade, there are some suggested capability gaps in the

future in airborne electronic attack, [inaudible] standoff jammer in the Air Force. What is your view on how best to fill those gaps? Does that include perhaps making available on an interim basis some Growlers [inaudible]?

A: As you know, we've sized the Growler purchase to provide for our carrier [inaudible] and the Air Force is to pick up the standoff jammer. I think that is the plan that has to be pursued. If you begin to pull Growlers off of carrier, then that means [inaudible] electronic gap, that capability gap for our air wings. So our program has us buying to the carrier requirement and I look to the Air Force to fulfill the standoff jamming capability.

Q: But [inaudible]? Do you still feel there needs to be some kind of standoff jamming capability, or can the jamming in fact [inaudible] jamming requirements be met with unmanned [inaudible] systems, expendable type of decoys that jam--

A: I tend to be kind of an effects guy, so however you can suppress and negate an adversary's capability, I'm open. But what I'm providing for is the electronic attack associated with my carrier air wings.

Q: Good morning, Admiral. Can you talk at all about your decision [inaudible]?

A: The decision that I made on Friday to relieve Vice Admiral Stufflebeam was one that was based on an investigation that was done by the DoD/IG regarding some events that happened quite some time ago. And the proximate cause for my relieving him was based on a statement that he made to the DoD/IG that the DoD/IG considered to be false. I reviewed the material and lost confidence in his ability to serve in the position of the Director of the Navy Staff. I would also add that the flag officers that we have serving today, and I would by extension include our civilian Senior Executives, our standards are extraordinarily high and they live up to that day in and day out. That all contributed to my decision.

Q: What was the statement the DoD/IG deemed to be false?

A: When I say a statement, it's not just one phrase, but rather a response that he submitted to the investigation.

Q: What was the false information?

A: The statement itself they found to be a false statement.

Q: He's asking you can you comment on the substance of--

A: I'm not going to comment on that because I've turned that over to Admiral Donald to look at everything and come up with a disposition of the case.

Q: Admiral, I want to ask you about basing aircraft on the East Coast. Folks in North

Carolina ran the Navy out of [inaudible].

A: You're being cruel.

Q: Ran the Navy out of a set of sites throughout Langley [inaudible]. People in Virginia and other sites in North Carolina are now trying to do the same thing. I'm wondering what you can tell us about what you're going to do differently this time to try and make that more palatable? And if you can't sell those folks on these sites, what are you going to do long term about training pilots on the East Coast? [Inaudible] clearly is too [inaudible].

A: I think we've gone back, reassessed sites, and we've come up with five. We're going through the process of, the environmental process that we go through, the public hearings and comments will continue on. I would say the most important thing is to continue to emphasize how important that training is for our pilots and air crews. As you mentioned, when [Centris] went in as an outlying field for us, it was in the middle of farmland. It's that darkness, the lack of any kind of visual reference that gives the field value. Because of the growth around [Centris], we no longer have that. Accordingly, we have to have a place where our pilots can go and fly that best replicates the environment they're going to be experiencing when they come aboard a ship in the middle of the night. That's why it's important. That's where we have to continue to work with the communities and look at ways that we can balance the interests of the community and the importance that that has on our training.

Q: If you can't make that case in a really military friendly area like Eastern Virginia, Northeastern North Carolina, where can you make it? How can you get over this [inaudible]?

A: I think we have to in the Navy continue to convey why it's so critically important for us. We just have to be able to make that case.

Q: Admiral, I want to take you back to Iraq and just simply ask you the question about whether you are in favor of the approach talked about of pausing in the drawdown [inaudible] July to reassess the situation before committing to additional reductions. Is that concept one that [inaudible]?

A: I think the approach of assessing where we are, looking at what the trends are, is something that I think is prudent and we'll continue to do that.

Q: [Inaudible] July?

A: I think as we just go into the future, assessing what the trends are and how things look. I base my recommendations on what I see. I'm encouraged by the trends that are there and my hat's off to the troops that are making it happen.

Q: Are you responding positively to my question about, you do favor waiting after July for some period to make that [inaudible]?

A: I am in favor of continuing to assess where we are and then making recommendations based on the conditions that I see.

Q: As you look to recapitalize naval aviation, what are your priorities? Do unmanned aircraft figure into it?

A: Absolutely. I would say that as I look at naval aviation, Mike, the issue that we have to face most immediately is the Strike Fighter shortfall. That's something we're going to have to address in the FY10 budget. But it does include unmanned aircraft. I believe that as we look to monitor the maritime environment that unmanned aircraft are well suited to that. For broad area surveillance, working in conjunction with our new PA aircraft, that's a combination that I find very attractive.

As you well know, the other issue that we're facing in our current operational environment is the fact that we've had to ground a significant number of P3s because of some cracking. Very old airplanes. We're flying the heck out of them. We have to get those back in service as we're bringing the PA on line. Those are the things I'm most concerned with.

Q: Admiral, on the nuclear side, I'm looking at RRW [inaudible]. The Navy obviously is slated to get the first RRW warhead if that program goes forward. Do you anticipate that the Navy will be able to use existing [inaudible] to put that warhead into the [inaudible] that [inaudible]? Or do you think that this will require new production that could increase the cost of--

A: I'm going to be perfectly honest, I don't know. But we'll arrange for somebody to delve a little more deeply into that. It's an area that has not come up as a matter of urgency.

Q: More broadly, what approach do you think you would like to see taken in regard to RRW, given that [inaudible] from the Hill? The way ahead?

A: Even though RRW may be a Navy program, the lead on that is really strategic command and the efforts that they're leading so I'll deflect my questions over to them and how they want to assure the future of the nuclear capability.

Q: Hi, Admiral. [Inaudible] a lot of talk about timelines in Iraq and [inaudible] and what not. I was wondering, [inaudible] from the logistics side, and also knowing what we know on the ground right now, [inaudible] such timelines credible [inaudible]?

A: What timelines are you--

Q: The candidates talking about pulling out all troops within 12 to 18 months.

A: I'm not into the timeline of what will happen at a certain time or another timeline. I think we have to assess what the situation is and make recommendations based on what those circumstances are.

Q: [Inaudible] increased presence in [inaudible]?

A: We have been more active in and around Africa in the last couple of years with what we're calling our Africa Partnership Station. We have been working with the navies in the Gulf of Guinea and other countries in West Africa in developing maritime security enhancements, working with those navies and maritime services, doing some humanitarian assistance, and we will continue those types of activities into the foreseeable future. The Africa Partnership Station I think has been very successful. As you know, it's not just a Navy operation, although we're the foundation for it. Other militaries, other countries, non-governmental organizations are all included in that. Much the same as we do in Southeast Asia and in South America. So I think what you're seeing is our maritime strategy that we unveiled last fall. It's not just a piece of paper, but what you're seeing is us being out and about doing those things that [inaudible].

Q: What [inaudible] to achieve? What is [inaudible]?

A: The strategy is to enhance maritime security in all areas of the world, and working cooperatively with other nations and other maritime services so that we have a better sense of what's moving on the oceans, being able to work cooperatively with other countries so that that information can move quickly back and forth, and appropriate decisions can be made to assure the flows and the goods and services that feed the economies of not just our country but countries around the world.

Q: Any partnership with China?

A: No. China has not been involved in those activities. From my time in the Pacific I'd encourage some humanitarian assistance and exercises and search and rescue exercises and see where China wants to go with that.

Q: Admiral, I'd like to take you back to Iraq. You made clear your priority is assuring success [inaudible] the war has [inaudible]. So what do you see, or do you see [inaudible] maintaining this [inaudible] focus of our interests [inaudible]?

A: I wouldn't say there's been a near total focus on Iraq in the future. We just moved a bunch of Marines into Afghanistan. We have, in the case of the Navy, I have a significant individual augmentee cadre in Afghanistan. Almost all of the Provisional Reconstruction Team leaders in Afghanistan are Navy. Those that are US-led. So I don't consider that a sole focus. We're seeing a shift. There's no question that the fight in Iraq has been going on for some time, but I also have seen trends that indicate that violence is down. So to

say it's a sole focus, I wouldn't.

Q: With [inaudible].

A: From my standpoint when you look at what we in the Navy have done, not just [offensive] operations that I've just mentioned there, but we have two aircraft carriers in the Western Pacific right now, a third one is underway, has just started at this point .And a few years ago, actually post 9/11, we really restructured how we operate the Navy with our fleet response time. And as a result of that we are out and about. We are providing a, some people have called it a strategic [inaudible]. And that's the focus I have on how we operate the Navy today. We are providing those capabilities.

I did say there are some communities I have that are more stressed than others, but we're taking steps and we've made adjustments, and I believe those adjustments have not [inaudible] and some of the other plans that we have. So that's just part of looking at things globally which is the advantage I have, leading a global Navy, to be able to move the forces around and to be able to put them in place where they need to be to support our objectives.

Q: Admiral, good morning. [Inaudible] has already been addressed, sorry I was late, but [inaudible] shipbuilding plan has been widely condemned on Capital Hill, as you know, [inaudible]. [Inaudible]. It's been pretty harsh this year, [inaudible] percent in terms of a year ago. How do you address that without worrying? DO you think the plan now [inaudible] lack of credibility here [inaudible]?

A: The plan that we put forth is pretty consistent with the last couple of years. The only difference is that we modify the cost and took the cost up because we believe that the estimates that we currently have in it are more realistic. In fact I think there have been a couple of folks that said that we're more consistent with what the CEO has predicted. So in a way we've brought that plan more in line with other budget estimates. One of the things we did in the shipbuilding plan this year, if you look at it, we took a 30 year plan and we broke it into a near and far term, because in the near term I can get a better sense of what the costs may be and in the far term those costs tend to start to get a little soft.

So I believe that by repricing the plan, by really being more focused on that period of time when we can be more accurate in our costing predictions, I think has actually enhanced the plan, but I hear what's being said up on the Hill and we continue to discuss it with the Hill. But I think the importance of the plan is the balance we have put in there is the type of Navy we need for the future. So I hear what they're saying, and we'll continue to work with [inaudible].

Q: Do you think it's now realistic [inaudible]?

A: I believe we have been able to better price the plan than what it has been in the past.

There's no question but that we do have some ship classes, the LCS in particular, that we have some cost issues with that resulted in us having to cancel the two ships. But I believe that was the right decision in order to get our cost under control. So I am committed to the plan. I think it delivers the Navy that we're going to need for the future and we'll continue to work internally as well to make sure that we do those things that allow us to best forecast costs and then control costs.

Q: I've been watching this for almost as long as David has. The effect of you're making the pricing, a lot of people say more realistic, a lot of people around town who think of themselves as very strong friends of the US Navy say, as they have said for some years, that there's no way in creation that you're going to afford this thing. Now some part of the Navy message is not persuading them. What part of the story has the Navy not been able to get across?

A: That would be in the ears of the beholder, but I would say the fact that we have missed on forecasting costs in the past has brought our credibility into question, so that when we say this is what the cost is folks will look back and say that's not what happened. It's not just the LCS. You can take a look at the LPD-17. That ship didn't start out exactly in great shape either, but yet that's the ship class that many people want to now start putting more money toward. But I think, to get to your question, it really is where we have been in the past.

That's why the initiatives that the Secretary and I and the Commandant are participating in I think are absolutely key, so that we have better control, better definition, and that we are monitoring the programs as they go forward, and that we don't just go, [inaudible] in the rear view mirror and then we'll only worry about the ones ahead of us. You have to go back, you have to look at the programs, and you have to make sure that you're not adding things to them that are not needed.

Q: Admiral, are you concerned about what's going on [inaudible] this year, and [inaudible] contractors [inaudible] so many new requirements and [inaudible]? How are you going to [inaudible] that?

A: I believe the Presidential Helicopter initiative to the acquisition community and particularly OSD, we are executing that plan but I've not been involved in the deliberations that have taken place within OSD vis-a-vis the requirements.

Q: We can get in just a couple more if they're real short. Otto?

Q: Admiral, an area that's got very little attention in recent years, mine clearing in our domestic ports. Terrorist threats. We had a big plan during the Cold War to clear out, that seems to have dropped by the board, but now is reemerging as a potential threat. The Navy doesn't seem to have at least a program on record to deal with that issue. Have you looked at that? Have you given any thought to what we're going to do?

A: I go back to my younger days when we had plans for the ports and I can tell you that we have had some discussions with the Coast Guard, very preliminary discussions, and also I believe it will also fall into the realm of NORTHCOM that we come together and talk about how we want to address port clearance and port security. So I think you'll see [inaudible].

Q: Admiral, it's been nearly 10 years since Secretary Danzig suggested that we take another look at putting women aboard submarines. I have a female colleague [inaudible] discussed that subject with a number of sailors and found what she thought was a new openness to that idea. She hadn't noticed it in past trips. I wonder if you're going to take another look at that, if you think it's practical, if attitudes have changed now to the point that women could serve effectively on submarines?

A: I've talked about this in the past. We have to look to the future, look at the demographics of the country, look at the propensity for individuals to serve and factor that into how we view the future Navy.

In the case of our submarines, they're very unique machines, as you well know. Any discussion on that has to be one that is entered into very thoughtfully.

Q: Are you ready to add to it?

A: I'm working on some other issues right now. [Laughter].

Q: Admiral, what do you think of Admiral Fallon's participation in the FY article and subsequent resignation [inaudible] throughout the military about the appropriate level [inaudible]?

A: Admiral Fallon made his decision to retire. It was a personal one. I've known Admiral Fallon for quite some time. Worked for him on more than one occasion, actually on more than a couple of occasions. He is a superb officer and he made his decision to retire based on what he thought was the right thing.

I do not see that article being the catalyst affecting officer decisions about whether to serve or whether not to serve. I don't make that connection between the two.

Q: [Inaudible] send a signal to other officers about how much they should [inaudible]?

A: I don't think so. Admiral Fallon made his decision for his own personal calculus and his own reasons. I believe that those who serve should not be afraid of the media. I think that there is a healthy outcome to being able to engage and have a relationship with people in the media and talk about things that are important to the country. And also to be able to talk about things that are important to the young men and women who serve in the military today and tomorrow. I don't see how that article would influence it one way or the other.

Q: Admiral, one quick question about the incident last night [inaudible] with the American cargo ship involved. Can you clarify in any way who fired on whom and is it normal for a Navy security team to be aboard a charter [inaudible]?

A: It is common for the Navy to have a security team on board Military Sealift Command ships, and it is not just in Central Command. When I was in the Pacific we had security teams on board our ships there. The ship, as you know, was awaiting passage through the Suez, was approached by some small boats. As in all cases, went through the steps that we use to determine or attempt to determine attempt. In the judgment of the on-scene commander, the responses were such that led to the warning shots and shots were fired. I've read and had reported to me the Egyptian allegation that there was a death and some personnel wounded. That has not been corroborated in anything that we have or what our people saw, but we're doing an investigation and we'll work our way through that.

But the point that I would make, however, similar to what took place in the Straits of Hormuz, that we vest in the leaders that we put out on our ships or the task groups in the case of this group that was on a merchant ship, the ships in the Straits of the Hormuz were warships, but we vest in them a great deal of authority. We trust their judgment. At the same time we provide some pretty extensive training and simulation and scenarios to allow them to practice this. But when something like this takes place it's the judgment of the individual on-scene--

Q: Meaning the leader of the security team?

A:--that makes the decision. We'll see how the facts shake out.

Q: That's it. Thank you very much, Admiral.

A: Thank you.

END TEXT