

NATIONAL PRESS CLUB NEWSMAKER LUNCHEON ADDRESS BY ADMIRAL THAD ALLEN,
COMMANDANT OF THE UNITED STATES COAST GUARD

MODERATOR: SYLVIA SMITH, PRESIDENT OF THE NATIONAL PRESS CLUB

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MS. SMITH: Good afternoon, and welcome to the National Press
Club. My name is Sylvia Smith. I'm the Washington editor of the Fort
Wayne Journal Gazette and president of the National Press Club.

I'd like to welcome club members and their guests as well as
those of you who are watching on C-SPAN.

We're looking forward to today's speech, and afterwards I'll ask
as many questions as time permits from the audience.

I'd now like to introduce our head table and ask them to stand
briefly when their names are called.

From your right, Christopher Fotos, the web managing editor of
Aviation Week & Space Technology Magazine; Ellie Stables, homeland
security reporter for Congressional Quarterly; Marc Raimondi, director
of communications for Harris Corporation and a new member of the
National Press Club; Rear Admiral Mary Landry, assistant commandant
for Government & Public Affairs and a guest of the speaker; Jeff
Bliss, homeland security reporter for Bloomberg News; Vice Admiral
Vivian Crea, vice commandant and guest of the speaker.

Skipping over the podium, Angela Greiling Keane, Bloomberg News

and the chairwoman of the NPC Speaker's Committee -- and skipping over our speaker for just a moment -- John Donnelly, defense and foreign policy reporter at Congressional Quarterly, a member of the Press Club board of governors and a member of the Press Club Speaker's Committee, who organized today's luncheon; Rear Admiral Gary Blore, assistant commandant for Acquisitions and guest of the speaker; Geoff Fein, Navy and Coast Guard writer of Defense Daily; Matt Johnson, homeland security reporter for Congressional Quarterly; and Joe Anselmo, senior business editor of Aviation Week & Space Technology Magazine and a member of the Press Club Speaker's Committee. (Applause.)

Next month marks five years since the Department of Homeland Security took shape.

It was one of the biggest reorganizations of U.S. government, second only to the creation of the Defense Department after World War II. In that winter of 2003, the memory of the September 11th terrorist attacks were painfully fresh in people's memories. Congress melded together numerous government agencies, including the Coast Guard, into the single, Cabinet-level Homeland Security Department. The hope was that the new department would bring greater focus to efforts to protect the U.S. from another attack. Little did anyone know at the time that that attack would come two years later, in 2005, in the form of a hurricane called Katrina, which struck the coasts of Louisiana and Mississippi, as we all know.

Today's speaker, Coast Guard Commandant Admiral Thad Allen, was on the front lines of each of these historic events. On September 11th, he was getting a physical exam when the planes hit the towers. He swung into action, leading the effort to seal off ship traffic at every major East Coast port in the attack's aftermath.

And in 2005, it was Admiral Allen, then the Coast Guard chief of staff, who took over for the director of the Federal Emergency Management Agency, FEMA, as the lead federal official responding to Katrina. The Coast Guard played a huge role in that effort, pulling some 33,000 victims from rooftops and overpasses.

But that's what the Coast Guard does. Every day, it saves 14 lives. It rescues people in distress at sea. It seizes drugs. It helps clean up oil spills. Since September 11th, the Coast Guard's responsibilities as a branch of the military have also increased.

Admiral Allen has been Coast Guard commandant since May 2006. Even as he has overseen a Coast Guard that is profoundly busy, he has also been the steward of an almost constantly reorganizing Coast Guard. Besides integrating into the Homeland Security Department, the Coast Guard has also reshuffled its organizational deck internally. And nearly a year ago, the Coast Guard took over a massive program to modernize its aircraft, ship, computers and communications gear, the Deep Water Initiative, after it became clear that the contractors that had previously run the program had proven wanting in their oversight. It's understandable that President Bush has compared Allen to the Energizer Bunny.

Please join me in extending a warm National Press Club welcome to

Coast Guard Commandant Admiral Thad Allen. (Applause.)

ADM. ALLEN: Well, my thanks to the National Press Club for having us here today, and we really appreciate it. My leadership team's already been introduced, so I won't do that again here, but it is a remarkable opportunity for me to be here today and talk with you all and take your questions.

I would note that the advertised topic of the remarks today are Honoring Our Past, Not Operating in it, Modernizing America's Coast Guard to Meet Growing Demands. And while I'm delivering these remarks at the National Press Club, they could easily be the same remarks that I've made at all-hands meetings all over the Coast Guard -- not only myself, but Master Chief Skip Bowen, who is with us today as well -- since the time that I became commandant. I say to you, and I have said to the men and women of the Coast Guard, that I believe that we are at an inflection point in the history of our service, and I'd like to explain why today.

First, the spectrum of hazards and threats that we face has never been broader, from transnational threats like illegal immigration and drug trafficking to more radical weather patterns, changes in Arctic ice coverage, to long-term conflicts with radical extremists, to the challenges of securing our cyberspace. We operate in a world of increasing vulnerability, with more diverse hazards and in an era of persistent conflict.

We also face the added challenge of rapid growth in our maritime transportation system, which involves more than 20,000 U.S. and foreign vessels that conduct more than \$800 billion worth of trade annually in this country.

And within this system there have been fundamental shifts in markets and technology that require us to think and act differently. Examples include the increased transportation by vessel of liquefied natural gas, increased offshore oil and gas exploration, the ever-increasing size of vessels and the number of passengers in the cruise ship industry and the expanded coastal and inland towing vessel industry.

Second, we face these challenges operating the oldest fleet of Coast Guard cutters and aircraft in our service's history. In fact, we decommissioned the cutter Storis last year after 64 years of service, and we'll decommission Acushnet next year, as she reaches her 64th birthday. And just recently, Acushnet suffered a major casualty to a propeller and shaft and is currently out of service. And last week the cutter Rush had to divert from a search and rescue case south of the Aleutian Islands and return to home earlier this week because of failure of hull plating. For the civilians in the room, that means taking on water.

We face similar challenges in sustaining our aging shore infrastructure, our inland buoy tender fleet, and our two polar ice breakers, all of which are old and are getting older, and we need a plan to move forward.

Third, many of our internal backroom or business processes have

become outdated, overtaken by new practices and information technology, or require new or different skills and competencies. And specifically, I'm referring to our financial, logistics, maintenance and human resource systems. Further, our acquisition organization, until recently, was not properly structured or staffed to acquire the complex systems needed to replace our aging assets.

Finally, our experiences in a post-9/11 and a post-Katrina world have made it clear that we must preserve what is a very delicate balance between our missions to ensure America's maritime safety, security, and stewardship of the environment are maintained. This is made all more difficult by the fact that we operate in a zero tolerance for failure environment under glaring oversight.

We must have command and control and mission support structures that focus on and optimize mission execution. Collectively, these conditions and forces create what I have called a cause for action -- when I've talked to my senior leadership or at all-hands meetings -- a cause for action to create a Coast Guard that can effectively meet the mission demands of the 21st century, and hardware and human-ware that

is flexible, agile, and adaptable, a Coast Guard that is more sensitive and responsive to changes in mission demand signals, a Coast Guard that is structured internally to focus on mission execution and support required to execute that mission.

So whether you call it modernization, transformation, realignment or all of the above, we're about to set on a course to change the Coast Guard. The effort is approaching a two-year point and the midpoint of my tenure as commandant. We have made great progress, but we have more to do.

But let us acknowledge upfront, change is hard. As an example, let me provide you the details of a report that would trouble any senior leader regarding a high-profile ship building program. The report states that initial construction costs for this new fleet of cutters will be much higher than projected.

Delivery will almost certainly be delayed, and the cutters will not perform all the functions they were originally designed to carry out. In fact, an earlier attempt to reconfigure the vessels was so poorly done that we were forced to remove her from service without gaining any value for the taxpayer money invested.

The report concludes that some internal Coast Guard technical authorities fear the new vessels will not be able to operate at all, and that the reputation of the service and the commandant are at stake. It also highlights the severity of the criticism within the Coast Guard itself. And, in fact, during machinery trial, the captain reported up the chain of command, never has a vessel left a port so badly qualified to encounter seas.

A disturbing report, to be sure, but it would be difficult to question the author, because he died over a century ago. The report was written in 1845, when the Coast Guard's predecessor, the Revenue Marine, was attempting to shift from sail to steam. And although we're going to keep our sail training ship, the Eagle, in our

inventory just to hedge our bets -- (laughter) -- we no doubt did the right thing in 1845 by moving from sail to steam, despite what was perceived at the time to be an insurmountable challenge with an organization that was deemed to be incompetent to carry it out.

Nonetheless change, change is hard. One of the reasons that it's hard is that we often wait for a cause for action, or other externally driven activity or event, to change us. And we are certainly doing that now in the Coast Guard, but a real commitment to change lies in an organizational culture, core values and structure. And real modernization is committing to make a series of future investments over time to meet the changing and growing demands we face. In the world in which we live and operate, we must create a change-centric service that is capable of continual adaptation.

Now, let me summarize our progress to date for you. Let's first look at our hardware. Earlier this week, the president presented a budget that includes \$9.3 billion to sustain the Coast Guard's vital missions related to maritime safety, security and environmental stewardship. The president's budget also supports our plans for continuing a steady-state recapitalization of the Coast Guard's hardware, our aging cutters, aircraft, boats and shore infrastructure.

As many of you know, we have one of the world's oldest fleets. The average age of our cutters is more than 35 years. And in July last year, we reached a milestone in acquisition, that will help us better manage these challenges, when we stood up a new acquisition directorate under the leadership of Admiral Blore, who's on the dais with us today.

The new directorate is a one-stop shop responsible for managing a \$27-million investment portfolio that includes over 20 major acquisition projects, including the Deepwater program office. With the support of Congress, we'll add 65 more positions to that directorate this next year. Despite the challenges highlighted in the Deepwater program in the past year, we've made noteworthy progress in getting the program back on course. We are beginning to see the results of our hard work to include program management and oversight.

Perhaps nothing is more telling than the fact that our first new Deepwater ships and aircraft are at sea and are in the air. The flagship National Security Cutter, *Bertholf*, set sail for the first time in December to complete machinery trials. Today, the *Bertholf* is under way, beginning builder's trials, leading to a comprehensive set of series and tests that will lead to delivery this summer.

And consistent with my commitment to get the best possible product for the future, we've asked the Navy's Board of Inspection and Survey, or INSURV, to conduct acceptance trials to accept the *Bertholf* and identify any major deficiencies that must be corrected prior to delivery.

Our second national security cutter, the Coast Guard Cutter *Waesche*, is more than 40 percent complete and is scheduled to launch this spring. In addition, we will award the contract for a new patrol

boat, a fast-response cutter, very soon, and we will soon begin to build two more national security cutters.

Within aviation, we've accepted delivery of three new HC-144 Ocean Sentry maritime patrol aircraft and have started construction on five more. We've also completed upgrading our entire fleet of 95 HH-65 Charlie Dolphin helicopters with more powerful engines. And that was completed last year.

As we begin to introduce these more capable ships and aircraft into the fleet, we are upgrading and modernizing our legacy fleet of ships and aircraft to extend their service life and make them more effective until they can be replaced. We've added new sensors and communication systems aboard 39 of our medium-endurance cutters and 12 high-endurance cutters to date. And our project to sustain our legacy fleet of 110-foot patrol boats of both classes and both classes of medium-endurance cutters is on schedule and within budget. I believe this represents clear progress and we're moving in the right direction. And while we're not out of the forest yet, we are cutting down trees.

Beyond the Deepwater program, we are investing in a broad range of recapitalization and modernization programs to enhance our ability to rescue those in distress and to identify, detect, track and respond to a wide range of maritime threats and hazards. This year we will invest an additional \$73 million in our Rescue 21 National Maritime Distress System to install towers and equipment in four additional regions around the country.

With every successful rescue and life saved, this new system -- we are taking "search" out of search and rescue system.

We'll also begin replacing hard-driven 41-foot utility boats, the workhorse of our coastal search and rescue program for more than 40 years, with modern, more capable multiple-mission response boat

mediums. And we will significantly enhance our ability to collect, fuse, share and protect intelligence and information by investing more than \$40 million in new and ongoing maritime intelligence and analytical programs.

It is important to note that these changes in the Coast Guard go far beyond hardware. We must think differently about how we integrate budget requests, legislative programs, international agendas, partnerships and the development of individual and organizational intellectual capital.

I've been telling my folks since day one we need to source to strategy, to act with strategic intent on a daily basis. That's not easy in a town dominated by the tyranny of the present, but as I have said, we must honor the past; we cannot operate in it.

Last year at this time, I unveiled a Coast Guard strategy for maritime safety, security and stewardship, and this strategy focuses on maritime governing regimes, maritime domain awareness and operational capabilities and partnerships. This strategy has been the overarching context by which we have identified our legislative and

resourcing priorities contained in the Coast Guard's new fiscal year 2009 posture statement and budget and brief that is available.

We have in turn used that strategy to expand our close working relationship with the Navy and the Marine Corps.

Last year we took an historic step forward when we jointly issued a cooperative strategy for the 21st century sea power, and like our own maritime strategy, this new strategy reflects not only the global reach of our military sea services but the need to integrate and synchronize collective capabilities with our friends and allies to prevent wars, protect the homeland and prevail in an armed conflict.

Closer to home, we are currently working with the Department of Homeland Security and the small vessel community to develop a comprehensive small vessel safety and security strategy. Our goal is to enhance both safety and security of recreational and uninspected commercial vessel owners and operators. We have also initiated a dialogue at the International Maritime Organization regarding the status of vessels below the threshold for international regulations.

We've also reviewed our current operating program and stakeholder relationship to the maritime community. I recently reiterated the Coast Guard's long-standing commitment to honoring and serving professional mariners. I plan to enhance Coast Guard and Marine safety programs that I provided to the Congress as a hallmark of that commitment. The president's fiscal year '09 budget requests 276 new Marine inspector positions and other program enhancements intended to improve customer service and restore balance in the Marine safety program.

Later today I will meet with representatives of the maritime industry at Coast Guard headquarters for what I hope will be the first of many Marine industry forums. I'm initiating these forums to facilitate discussion and dialogue on a broad range of maritime safety matters. I will continue to hold meetings as we move forward so that the Coast Guard's planned enhancements are both effective and responsive to the needs of the industry and professional mariners.

I'd like to close with an overview of some of the internal organizational changes that will be forthcoming in the Coast Guard. Last year we submitted a proposal to Congress to redefine senior leadership positions, to support our focus on mission execution and mission support. We are anxious to see these provisions approved in the Congress and appreciate the support of our authorizing committees to make this happen. We intend to merge our Pacific and Atlantic area commands into a single Coast Guard operations command and establish a force readiness command to better support the fleet while ensuring standardization and doctrine development. We will re-organize and streamline our headquarters by creating two deputy commandant

positions, one focused on operations and one focused on mission support. The mission support organization will integrate our acquisition, logistics and maintenance functions and introduce a standard bi-level logistics system for the entire service.

Finally, I have proposed the increase of the grade of vice

commandant to admiral to achieve parity with the other armed forces.

These changes will follow earlier steps taken in the last 20 months. For example, last July we created a new command to consolidate all of our specially trained deployable forces under the deployable operations group. This single echelon of command is now responsible for training and deploying all specially trained equipped Coast Guard forces capable of being deployed anywhere in the world to prevent or respond to safety, security or environmental protection missions.

I hope it is clear to you by now that we are on a mission. We are on a mission to modernize the Coast Guard while maintaining an unflinching focus on mission execution, the reason we exist. We are re-capitalizing our aging fleet of cutters, aircraft, boats and command-and-control systems. We're updating our strategies and operational plans to address a broad range of long-standing and emerging mission requirements, and we re-organizing our workforce structure to make us more agile, flexible and responsive to the needs of the nation.

Not unlike our brothers and sisters in arms, in our sister services, we are resetting, reconstituting and revitalizing the Coast Guard.

At some point, however, after all the reorganization, after all the modernization efforts are considered, there will come a time when we will need to take a look at the size of the Coast Guard, not only our fleet but our workforce. That time is drawing nearer and at an alarming clip, and I will not shrink from my responsibility to have that conversation. Many of you would be surprised to know that despite a modest increase in the number of members in the Coast Guard since 9/11, our workforce is effectively no bigger than it was 50 years ago. We must ask ourselves if an active duty Coast Guard that can fit into the new Nationals stadium is large enough for the task I've enumerated here today. I look forward to the discussion.

In the meantime, we will continue to serve from the Persian Gulf to the Bering Strait, from the Gulf of Guinea to the Gulf of Mexico, and from the increasing ice-free Arctic to the straits of Florida. All hazards, all threats, always ready.

Thank you. I'll be happy to take your questions. (Applause.)

MS. SMITH: Thank you very much. We have a whole raft of questions for you.

The Coast Guard initially disputed allegations by the whistleblower who said there was shoddy equipment aboard the Coast Guard's eight modified patrol boats. What has changed in the culture of the Coast Guard or your contractors so that whistleblowers' concerns are taken more seriously?

ADM. ALLEN: Well, let me combine a couple of things together here. Whistleblowers can make statements, but quite frankly, in the earliest days of Deepwater, our own technical authorities were telling us that things needed to be changed. So I think what we're really

talking about is a culture and organizational structure that can accept that type of feedback no matter who raises it, whether it's what could be called a whistleblower, something that's raised in a newspaper article, on a blog, or from one of our own people who says, "This doesn't meet the common sense test."

And I think one of the problems we got into in the early parts of Deepwater was that we couldn't listen to ourselves good enough to react in time to provide oversight to the contractors when that was necessary. All of the issues raised regarding the 123 extension, regarding either the hull extension or the TEMPEST issues associated with that, have been taken under advisement, are being applied in the

test and evaluation and the trials being conducted right now on the National Security Cutter.

MS. SMITH: So I assume then that you would think that the Coast Guard has the expertise to pull the Deepwater project off more effectively than the contractors have?

ADM. ALLEN: You know, I hear a polar argument about this all the time, you know, regarding integrated logistics -- excuse me, integrated contractors and the government role in this whole thing. I don't think it's a black and white picture. I believe going forward, we are going to need to be able to have complex contracts awarded because agencies like the Coast Guard and the Department of Homeland Security don't have systems commands, don't have the type of technical bench strength. What we need to field is the type of organizational structure that conducts a certain level of acquisition, but if we are going to hire lead-systems integrators, we have to have the capability and the competency to oversee those contracts. I don't think those structures were in place, nor did we have the bench-strength or the capacity and the competency we needed to at the time.

MS. SMITH: You said in your speech that you don't shrink from a conversation about the size of the Coast Guard -- the needed size of the Coast Guard. So how much bigger does it need to be? And when is that conversation going to start?

ADM. ALLEN: Well, quite frankly, it's already started, because in my negotiations inside the administration and with the department this year, we had an increase in personnel in our budget.

That conversation needs to continue.

Here's the tricky question on the size of the Coast Guard. We pride ourselves and our value proposition to this country is that we are multi-mission. We have multi-mission platforms, and we have multi-mission people. That means if we have a ship that can do five missions, you don't need five ships, but we can't do all five missions at once. So we're always going to be in the realm of making risk-based decisions and making resource allocations decision with what we've got and apply it to the highest risk or the highest need at the time.

So our problem is capacity. We have authorities; we have capabilities; we have competencies. The issue is capacity. And just

looking at the Marine Safety Program, we're making a down payment this year of almost 300 new physicians and billets at that program. But we have eight or nine or 10 operating programs in the Coast Guard that have the same shortfall. So we're not talking hundreds, we're talking thousands.

MS. SMITH: Can you be a little more specific on that number?

ADM. ALLEN: Watch the 2010 budget.

MS. SMITH: (Laughs.) Well, speaking of that, given the budget pressures government-wide -- a \$400 billion deficit, Medicare, Medicaid, Social Security -- are you worried that the next president will be as receptive to your funding needs as he or she should be?

ADM. ALLEN: Well, I think anybody that works in Washington is mindful of the situation with the deficit and the debt. And I'm good personal friends with David Walker and I understand the mission that he's on to try and let the American public understand where we're going with that. That said, the entire budgeting process of the federal government is one of making trade-offs and making sure that value's derived for the funding that is provided.

My goal is to position the Coast Guard to be a credible advocate for the resources we are asking for and to let the American public know that what we get is applied effectively and efficiently every day. And you read the stats yourself. Everything we get will be applied effectively and efficiently, and I am glad to engage in that discussion with this administration or the next.

MS. SMITH: This is a question near and dear to some of our hearts. You have a reputation for being open and responsive to the media, and that's not an attitude that's universally shared in this town. How did you develop your approach?

ADM. ALLEN: Well, first I believe if you don't feed the bear, he eats you. (Laughter.) (Inaudible.) I think over the course of my career I've been involved in a lot of search and rescue cases. Some of them went good; some of them went bad. Some of them involved traumatic impacts on communities and individuals, loss of life and so forth. And I think the only way you become comfortable with the media, whether it's just talking to them or becoming transparent, is to just keep doing it. And I don't believe there's any substitute, when there's a problem, of being totally transparent or open with information.

I guess the most transforming event in my professional life occurred when I had been the regional commander of Miami for about a week and a half in June of 1999 -- and we had a boat crew that used pepper spray on migrants in the water off Miami beach. Some of you may remember that.

Against the advice of some lawyers and some other folks on my staff, I brought somebody from outside the chain of command who I could not impact, as far as their evaluation went, had them do an independent investigation, redacted the personal information in that and then released it to the public at a press conference for them to

make their own judgment on whether or not we had done the right thing.

I think that is universally the right way to go. We've had several problems since I've become commandant. No organization is ever going to go for any length of time without having problems. But I know of no other way to handle a tough situation than transparency.

MS. SMITH: A questioner asks: Much attention has been given to the U.S.-Mexico border, yet the U.S. border with Canada is even more porous. What is the Coast Guard doing to try to beef up security on the Great Lakes?

ADM. ALLEN: That's a great question. And it's probably just not as visible or publicized, but we have an extraordinarily fruitful relationship with our Canadian counterparts. I meet annually in a summit with the commissioner of the Canadian Coast Guard, and we both participate in the North Pacific Coast Guard Forum and the North Atlantic Coast Guard Forum.

What the public may not be aware of, what's transpired over the last summer, is we've concluded agreement with Canada we call the Shiprider Agreement. What that allows us to do is put a patrol craft out along the border, whether it's a Canadian craft or a U.S. craft, and have Coast Guard officers on that boat and Royal Navy -- Royal Canadian Mounted Police on the boat as well, and the ability to coordinate and handle whatever event happens on either side of the border. It's been hugely successful. We expect that will continue in the future.

I will be meeting with the Canadians in Seattle in May. One of the topics of our summit meeting is the waterway traffic we expect with the Winter Olympics in Vancouver in 2010, cruise ships will be brought in for housing tourists, and how to manage the waterway that we both share in the Straits of Juan de Fuca. And I would characterize our relationships with the Canadians as outstanding.

MS. SMITH: Members of Congress have been critical of the lack of complete cargo inspection in ports, as you well know. So how is that progressing? And is other legislation needed?

ADM. ALLEN: Well, not to nitpick, but I would ask, what do you mean by cargo? And I'm not trying to be glib. If you say containers, I think that's a good way, maybe, to start the conversation.

There are all manners of threats and vulnerabilities in our ports, and all manners of cargoes and ships that enter them. One of my predecessors, Jim Loy, has a classic statement. He said if you've seen one port, you've seen one port. What that means is, each port is unique in terms of the makeup of the port, the infrastructure in the port and the types of cargoes that go in and out of there.

I would say this, I believe that while container inspection is important and we work very closely with Customs and Border Protection and the department is working very, very hard on container scanning, containers are not the only cargo, not the only things we need to worry about that are coming into ports. Breakbulk, roll-on, roll-off

vessels, liquid hazardous gases, other bulk carriers need to be looked at and, more importantly, smaller vessels that are not regulated such as recreational boats, fishing vessels, uninspected work boats and tow boats.

I am in favor of a more comprehensive maritime security regime for this country that looks at all threats and all hazards and trade those off, and we need to (buy ?) down the risk and what is most likely to occur. And while containers are important, they are not the only threat in our ports.

MS. SMITH: Should we be doing more, though, on the containers, and if so, what?

ADM. ALLEN: Well, I think ultimately technology's going to solve this. And I'm not a physicist, and I just stayed at a Holiday Inn Express last night, but I know with Undersecretary Cohen in Homeland Security and our other partners there that they are working with technologies. I think we will see a day that as a container is being removed from a ship, that the device that's removing the container can interrogate it with non-intrusive inspection and with our Advanced Spectroscopic Portal technologies that can differentiate isotopes that might be emanating from the containers. I think ultimately this is a technology fix, and we can move towards that. And I think whether or not you have reasonable timelines is another question, how quickly you need to move there, and then how you want to make those investments to do that versus the other risks that may be present in the port. And I think you need to be managing that as a portfolio and not become too container centric.

MS. SMITH: So what risks at ports would you rate as higher risk than container security?

ADM. ALLEN: Well, again, as I said earlier, it depends on the port. What we tried to do, especially the events of 9/11, is go to a risk-based methodology in the port that takes into account the physical layout of the port, the infrastructure and the types of cargo that come through. For example, there are only a few ports in this country right now where you have liquefied natural gas that comes in.

A port like that has a much different risk profile than one just handles containers or cruise ships.

And so what we have done in the Coast Guard is come up with a risk management system that allows us to establish weights to either infrastructure or the types of cargo vessels or amount of passengers that come through a port, allow the local commanders to be able to rank those risks and where they need to reduce them. And in some cases, it may be establishing control around a facility that handles liquefied natural gas. In other cases, it may be mindful of the fact there are naval fleet concentrations in the area, have to work with the Navy on force protection.

MS. SMITH: We don't hear as much lately about the traditional missions of drug and illegal immigration interdiction. Have those missions been reduced in favor of homeland security?

ADM. ALLEN: Well, according to the introduction to my speech, no. I just said it. (Laughter.) Oh, I'm sorry. (Laughs.) They're very important, as I stated in my speech. They don't become as visible because everything else is catching headlines. I would tell you this, that in the last fiscal year we set a new record for cocaine seizures at sea, over 160 tons, including one seizure off Panama last year that was nearly 20 tons in a container, and the reason we were able to do that was better intelligence, better teamwork, better surveillance and, generally, better integrated teamwork among the interagencies. And I'm not talking about just the law enforcement agencies, but the U.S. Navy and DOD, which helped us down in the transit zone.

We have a permanent presence in the Straits of Florida regarding potential illegal migration from Cuba, and we've actually had a decrease in migration from the Dominican Republic into Puerto Rico in the last year-and-a-half because we've implemented a biometric prototype; wherein when the migrants are brought on board they are identified and we take their fingerprints through our wireless technology and check them against the database, and we know right away whether or not we've got a recidivist, a prior deportee.

And in many cases, we've found folks that have outstanding felony warrants.

We are now importing that into the Straits of Florida, and hope to have a wireless biometric program move servicewide as soon as we can. And we are in the process of patching that information and working that technology with Customs and Border Protection for potential application on the southwest border.

MS. SMITH: There was an article this week about submergibles, coming out of South America, carrying cocaine. I was curious if you could talk about that issue a little bit, and also in the context as to whether your armed helicopters have perhaps driven the cocaine trade underwater.

ADM. ALLEN: The increase in what we call self-propelled semi-submersibles, we think, is directly attributable to some of the successes we've had in interdiction, and directly attributable to our success in airborne use of force.

That said, this is a highly dynamic market, and we know they have moved in the past between conveyance, whether it's maritime or aviation. They are doing that again. We have a marked increase in the use of these self-propelled semi-submersibles, some of which are remotely operated, that can carry up to 5 to 10 tons of cocaine or any other cargo; that, you might well imagine, that are capable of making the transit from South America to the United States, in some cases, the transit to Europe.

This is a serious concern, and we have an interagency working group that is actually focused on that right now. One of the things we are very concerned about is how you get onboard one of these vessels and what you do on-scene to interdict it. And many of these vessels are rigged to be scuttled. You run the risk, when you put our people onboard, that the vessel will go down and possibly cause them

harm.

I can tell you, it's on our scope. We know they've adapted. We've got a number of things that we're looking at, and that's probably where I'll leave it in this forum.

MS. SMITH: So I guess a follow-up wouldn't be well-received, so we'll move on to Katrina. We have several questions.

Looking back on Hurricane Katrina, in simple terms, what needs to be done differently next time?

ADM. ALLEN: Well, first, let me make a statement that Hurricane Katrina was an anomaly. It was an asymmetric event. And a similar event, where you had the order of magnitude of 1.5 million people evacuated, loss of over 200,000 homes, so there was an inability to return, that many people displaced, and I would add that the diaspora associated with the Dust Bowl was only 400,000. We ended up with people in all 50 states. I would tell you, this thing was off the scale, no matter what had happened. I think we're in a much better position now to mitigate the impact of an event like that.

When I talk to folks about this event, one of the things I don't think we understood at the time was that we weren't dealing with a hurricane. Had it just been the hurricane only, ground zero would have been Waveland and Bay St. Louis, Mississippi, where they had nearly 30 feet of water almost wipe it off the face of the earth.

When the levees were breached, when New Orleans was flooded, when the Lower Ninth Ward was flooded, when we had the triple whammy in St. Bernard Parish, which was the first storm surge, the flooding and then the dislocation of a huge oil tank at the Murphy Oil facility, you had the equivalent of a weapon of mass effect used on the city of New Orleans without criminality.

And the first thing we need to understand next time, if something on that order of magnitude occurs, is that we're not dealing with a routine event anymore. And routine processes and procedures won't be up to the task.

And I think the "Lessons Learned," and there have been three or four different reports. The GAO, the Senate, the House and Fran Townsend's "Lessons Learned" report all attack the root causes of that. Better preparedness early on at all levels -- federal, state and local -- and individual preparedness, which somehow has kind of gone away in this country.

It's gotten to the point where just a loss of electricity is now a disaster where you have to line up for food, water and ice. And I think we need to start at the family level and work all the way to the top.

I participated in lessons that were in process. I think certification of evacuation routes, better pre-staging of logistics -- all the things that FEMA, quite frankly, is doing right now -- is what we need to do for the future.

But we need to understand that this is an anomalous event. And it's -- I don't think going to be characteristic of what we're going to see in the future. That said, it's probably more like the effects we would see if a weapon of mass effect were used on a city, and that's what we really need to think about.

MS. SMITH: Should the president have more power to declare martial law during a crisis like Katrina? Do the governors need more or less authority in such situations? And recently, the commission came out on the National Guard and Reserve and recommended that in times of emergency, such as Katrina, that the governors have, at least for a period of time, authority over not only the National Guard, but the active military. I wonder if you could comment on all those questions.

MS. SMITH: Well, I'll demure on the National Guard/governor question because that's not in my purview and above my pay grade. (Chuckles.)

When I joined the Coast Guard, I took an oath to defend the Constitution of the United States against all enemies, foreign and domestic. When I got to the really hard times in New Orleans, I actually got out and read that document again because even a cursory reading of it would tell you that rights not granted to the federal government are reserved to the states. And I think we need to look long and hard at that, and whether or not we want to turn that on its head regarding what the role of the federal government should be in these events.

Aside from what may have happened in the Gulf, all the mayors, governors and local leaders that I have spoken to understand the first response is a local responsibility. And what they need is help -- mobilization of assets to come in and support them. I think if we don't have a series of checks and balances where local people in

charge of their own resources and responsible for their own response, we're going to, in effect, start really questioning the whole notion of federalism and turning this thing on its head. I don't think that's where we want to go.

MS. SMITH: Did Michael Brown get an unfair amount of criticism after Katrina?

ADM. ALLEN: I will give you the same comment I gave to the press for six months: I'm not commenting on what Michael Brown did. I only comment on what I did.

MS. SMITH: It's been more than six years since September 11th, this questioner says. The U.S. won World War II in less than four years. Why is it taking so long to improve port security? Is the problem bureaucracy or money?

ADM. ALLEN: I think we really haven't sat back and taken a look at what we need in this country and have a conversation about what constitutes an adequate maritime security regime for this nation.

I don't think we understand that the water is different, not to

be glib. But you know, we inherited an aviation transportation system that was a product of the 20th century and air safety that immediately carried a security premium, and throughout the Cold War that was enhanced with air defense information zones and so forth. None of that structure exists on the water.

We do not have hard lines like we do on land. We have bands -- territorial sea, contiguous zone, exclusive economic zone. We have notions of rights of innocent passage and freedom of navigation. We're trying to put a maritime security construct in what is arguably the last global commons, and has not the governance structures on the land or the air.

I don't think there has been a focused national discussion to bring that all together and talk about priorities.

We do not have a radar system that provides persistent coverage around the coastline of this country. Do we want that? Can we afford that? And in the absence of a national discussion of where we need to go, I feel it's been my responsibility through the Coast Guard maritime strategy for safety, security and stewardship, and in our local adaptation since 9/11, to start basically at the port and work out, and then start internationally and work in, so what you see are layer defenses being built.

We have a number of ports in this country that are important to us because they're military outload ports or because of the commodities that move through them. We're in the process of building centers for joint harbor operations center. We actually have legislative direction to create combined operation centers at the ports. At the same time, we are putting in sensor packages and moving from somebody listening to a radio on a mayday to actually having somebody watching all the time for anomalies, being prepared to dispatch a boat to intercept targets of interest. At the same time, working through the International Maritime Organization, we're going to be able to enact the International Ship and Port Security Code, which has significantly enhanced international trade. And now we're looking at long-range tracking requirements that will come into effect in the next couple of years that will require ships over 300 gross tons, if they're within 2,000 miles of a country and they declare their intent to enter they have to be identified by long-range tracking devices, and if they're just in transit, they have to be able to be identified within 1,000 miles of the coastal states. Those are excellent pieces. They got to be put into a coherent government structure.

MS. SMITH: What preparations are the Navy and Coast Guard looking at to increase interoperability and shared cost?

ADM. ALLEN: That's a good question, and I got it before the House Armed Services Committee about a month ago with Admiral Roughead and Commandant Jim Conway when we talked about the maritime security strategy.

We have known for a long time -- number one, because of our requirement to be interoperable with U.S. Navy, should we be shifted to the secretary of Navy at the direction of the president in a time

of war -- that we have to have commonalities. And we have carried weapon suites and weapon systems on our cutters for many, many years that we have procured jointly with the Navy. And we are committed to do that going forward.

I think that the question moving ahead here in the era of recapitalization of fleets right now, particularly with the Navy Littoral Combat Ship and the Coast Guard's National Security Cutter, is for us to seek commonality where we can. And while these ships are under construction with different hull designs, that doesn't mean we can't have common systems in them like our 57 millimeter deck gun, air search radars and things like that.

I will be meeting with Admiral Roughead in the next month. We have what we call "warfighter talks." The number one topic moving forward -- because we said we would do this at the House Armed Services Committee hearing -- is to do a side-by-side comparison of the Littoral Combat Ship and the National Security Cutter. One of the problems we have is that the LCS is designed for short, high-speed mission application where we need long legs, endurance and sea-keeping ability because we will operate independently on the Bering Sea or in the far Pacific. The Navy usually operates in a task group with an oiler nearby so they can be refueled. That creates two radically different ship designs.

That doesn't mean that we can't use these ships interchangeably for missions, because if you're looking at a global fleet stationed in the Gulf of Guinea, a National Security Cutter could probably do that mission. If you're looking at drug interdiction in the deep Caribbean, that's something that the LCS could probably do.

MS. SMITH: This questioner asks: Congress designated the Coast Guard as a formal member of the intelligence community after 9/11.

What has that meant in terms of sharing information and resources with the CIA and others in the community?

ADM. ALLEN: Well, it wouldn't be just the CIA. It would be the entire intelligence community, and we've had a very, very good relationship in the intelligence community. We've had two extraordinary directors of intelligence in the Coast Guard since we stood up the program. The first one was Fran Townsend; the second one is Jim Sloan, who came from the FinCEN, where they look at illegal financial transactions supporting terrorist operations.

We are completely integrated, first of all, with the National Maritime Intelligence Center with the Office of Naval Intelligence out of Suitland. That is where our strategic level Intelligence Coordination Center lies. We have a seven-by-24 watch that we stand with the Navy. We are embedded with the other elements of the intelligence community, including the National Security Agency, and we recently set up the Coast Guard service cryptographic element.

I am very, very pleased where we're at. I think we're integrated, and I think we are a huge force multiplier not only for

the Department of Homeland Security, but for the entire intelligence community.

MS. SMITH: This is a question about the port worker identification program. The questioner says: The Coast Guard is currently working with the Transportation Security Administration on such a program. The Coast Guard is checking credentials with hand-held technology in ports around the country because the card reader is yet to be developed. If and when a proper card reader is developed, will the Coast Guard continue to have a role in that program?

ADM. ALLEN: We will. The Transportation Worker Identification Card has been a real challenging program for us -- challenging for the following reason: We are trying at the departmental level to the Transportation Security Administration to establish a national standard for Transportation Worker Identification Cards, including how they are enrolled, how background checks and what background checks are conducted, how that information is then transmitted to card processing center and how the cards are physically produced and returned to the individual with an assurance that -- through biometrics that the individual that's picking up the card is the individual that applied for the card.

If you can imagine the challenge of then taking that standard and applying it to different transportation modes, where one side doesn't always fit all, that is where we come into play; because we have worked with the maritime community for many, many years, and I see our role, in addition to implementing the regulations that have been written, to be an intermediary between the maritime community and TSA regarding the implementation of the Transportation Worker Identification Card.

In fact, just a week or so ago I was up on the Hill meeting with the folks from the offshore oil and gas industry and the America waterways operators with Senator Mary Landrieu to see if there's a way where we could take a look at their hiring systems and how they certify their employees and somehow meld together a better system, where we can be assured that the people that are moving into the maritime environment don't present a risk. And we don't necessarily intrude upon the ability to hire and retain the workforce that they have to have out there.

MS. SMITH: In retrospect, do you think Congress erred in creating the Department of Homeland Security given the difficulties in merging so many different agencies?

ADM. ALLEN: No. (Laughter.) (You want ?) explanation here.

I think, first of all, you have to understand how the department was formed, and I could go very long on this, but let me just try and shrink it down here a little bit. The legislation to create the Department of Homeland Security was sent to the Hill in June of 2002 with the expectation it would be passed by the first anniversary of 2002 -- in September 2002. The legislation wasn't signed by the president until the 25th of November 2002, and none of the clauses in the legislation that called for the stand-up of the department were changed. One of them was that the department would be stood up and

operating within 60 days and that the agencies would move over on the 1st of March, 2003.

If I can take you back to November 2005, when it was signed, that was in between a congressional midterm election. And if you add 60 days onto 25 November, you get 25 January, 2003, when the department had to be established. That day Secretary Ridge walked into an office suite at 18th and G and we sent a Coast Guard warrant officer to issue him a travel card.

How many of you are involved in the private sector, and acquisitions, mergers, start-ups or takeovers would do something under a 60-day timeline and expect it to be foolproof and up and operating instantaneously on the day it was supposed to come into being in what is a zero-tolerance environment?

I like our department. We're going to get some places faster than people think, including the consolidation of back-room processes, data centers and so forth, probably much, much, much quicker than some of the other agencies in government that have been dealing with these problems for a long, long time.

But I like being in DHS, number one, because until this year, we got our appropriations on time. (Laughter.)

MS. SMITH: A couple questions about the Arctic. Could you comment on the Coast Guard plans for managing oil spills in the Alaskan Arctic waters and on joint efforts with your Canadian and Russian counterparts?

ADM. ALLEN: For a number of years, we've looked at technology that would help us combat an oil spill either in very cold climates or where there is ice, and we've done these kind of sporadically or anecdotally over the years. I think the clarion call right now is we need to kind of tighten up the formation here.

We have had spill exercises, tabletop exercises and actually did some testing on things like in-situ burning in cold environments. We've done this with both the Canadians and the Russians. I think there's a clear signal moving forward that through the two fora that we are involved in -- one is the North Pacific Coast Guard Forum, the other one's the North Atlantic Coast Guard Forum -- that we need multinational oil spill response planning.

We have two meetings coming up. I will be hosting the North Pacific Coast Guard Forum in San Francisco in September. Denmark is hosting the North Atlantic Coast Guard Forum in Greenland this coming year. And one of the focus of both those meetings is high-altitude, cold-weather oil spill response. Under the Law of the Sea Convention, countries are responsible for outlining how those responses will take place in their exclusive economic zone. We are not precluded from coming up with an international framework that will allow us to do multilateral responses. If you look at a potential future chokepoint like the Bering Strait, I think it's incumbent on us to create an international multilateral oil spill response scheme, and we are on

tap right now.

MS. SMITH: Does the Law of the Sea Treaty help or have any neutral effect at all on the operations of the Coast Guard?

ADM. ALLEN: My operations would be significantly enhanced if we would ratify that treaty, and I urge we do so.

MS. SMITH: The Coast Guard has been on the front line of demonstrating U.S. presence in the Arctic. What will happen when the Northwest Passage opens? And what are your interests?

ADM. ALLEN: First of all, let me make a truth-in-lending statement here. I'm agnostic on climate change science and everything else. All I know is, there's water where there didn't used to be, and I have statutory responsibilities to operate there. (Laughter.) So the challenge for the Coast Guard is, we have open ocean where there didn't used to be. High latitude, harsh climate.

And if you think about anything we do -- search and rescue, oil spill response, infrastructure protection, law enforcement, we saw the catastrophic loss of a small cruise ship off of South America a month or so ago -- the question for us right now is, if that is going to remain open water in the summer, no matter where it goes or what happens, we have to be prepared to operate up there.

So we are actually going to conduct a series of tests this next summer by deploying assets -- aircraft, small boats, and some of our folks -- up to the North Slope of Alaska to operate in those environments to see what the implications of operating our current equipment there. We'll also likely send a buoy tender to the Bering Strait to do a waterways assessment, looking at the aid to navigation, other issues up there with communications. And we're actively talking with NOAA, the National Science Foundation and others about a deployment of an icebreaker up there this summer to gain more information about mapping and things like that. I think we need to know more about the environment, and we need to test our equipment to see if it can operate there.

Last October, we flew a C-130 to the North Pole, Coast Guard C-130. We found out a couple of things: that navigation and communications become a challenge, but also when you start to approach minus-40 degrees without heated fuel tanks, the fuel starts to harden and turn to a Jell-O-like substance. That's good to know. (Laughter.)

So my goal right now is to do a test on the feasibility of operating our current assets up there as a basis to be able to talk about requirements. But I think the first thing we need to do is take a look at the current Arctic policy, where we need to move forward, and we're pressing very, very hard on that in the interagency right now.

MS. SMITH: This questioner asks, "With the focus on reorganizing and modernizing the Coast Guard, what can a brand new, boot-camp-fresh Coastie expect to see from the Coast Guard in the next few years?"

ADM. ALLEN: To be able to sign on your workstation and use any application in the Coast Guard with one password. We can't do that today. We're getting close. We're getting close.

You can look to a consolidation and a better management. Our problem -- one of our challenges with new kids come in to the Coast

Guard today, each time we do an increase or an enhancement to our IT which dazzles me, they come in and they've just had the new Wii or the new playbox and they're saying, "So what?" So no matter what we think -- no matter whether we think we've advanced or raised the bar or done better, for them it's old news when they come in. We are constantly being challenged on technology by the new kids coming in. So they need to expect that's going to improve, or we're going to have trouble retaining them.

And we're taking some steps within our -- within the Coast Guard to go to service-oriented architecture. This has to do also with the IT consolidation of systems within DHS. I think they can look forward to new equipment. What we hate to do is put these kids on these old cutters, have them divert from a case because they're taking on water, and have them live in the environment where their racks are the same high -- three or four racks high as my dad used when he was in World War II, then expect that they're going to want to reenlist in four years.

We have to create a better Coast Guard for them. We're in the process of doing this. We can't wait. We have to keep moving forward.

MS. SMITH: We're almost out of time, but before asking the last question I have a couple of important matters to take care of.

First, let me remind our members of future speakers. On February 14th, Valentine's Day, we'll have Ted Danson, the actor and board member for Oceana. He'll address a luncheon to discuss threats to the world's oceans posed by overfishing, pollution and climate change. On February 29th, we have the Food and Drug Administration commissioner, Andrew von Eschenbach. And on March 17th, Terrence Jones, president and CEO of Wolf Trap -- the Wolf Trap Foundation for the Performing Arts -- and his special guest Marvin Hamlisch.

Also, before I ask him the last question, I'd like to present Admiral Allen with a copy of the NPC Centennial DVD and a medallion celebrating our hundred years. It's our hundredth birthday this year.

ADM. ALLEN: Thank you very much.

MS. SMITH: And the last question, how did a boy who grew up in the desert of Arizona end up in the Coast Guard? (Laughter.)

ADM. ALLEN: We have a lot of beach. (Laughter.) Actually, most of the folks in the Coast Guard know this.

My dad's a retired Coast Guard chief. He and my mother were raised in

Arizona. He lied about his age and hopped a freight to L.A. and joined the Coast Guard when he was 16 in World War II. When he finally retired he decided to move back to Arizona, so I went with him, obviously, because I wasn't out of school. I ended up graduating from high school in Tucson, but it's been my home of record since 1965, so I consider myself an Arizonan and Tucsonan but with strong, strong maritime roots. (Laughter.)

MS. SMITH: I'd like to thank you very much for coming today, Admiral. (Applause.)

I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Jo Anne Booze, Howard Rothman for organizing today's lunch. And also thanks to the NPC Library for its research.

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Thank you very much for coming. We are adjourned. (Sounds gavel.) (Applause.)

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