

The original documents are located in Box D27, folder “14th Biennial Convention, Seafarers International Union, AFL-CIO, Washington, DC, July 29, 1969” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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7/29/69

14TH BIENNIAL CONVENTION OF SEAFARERS
INTERNATIONAL UNION, AFL-CIO, 11 A.M.
TUESDAY, STATLER-HILTON HOTEL, WASH., D.C.

*Paul Hall
Phil Carlip*

FOR YEARS YOU HAVE BEEN HEARING ABOUT THE DETERIORATION OF THE AMERICAN MERCHANT MARINE AND THE SWIFT RISE OF THE SOVIET UNION AS A MARITIME POWER.

THIS, OF COURSE, IS ALL TOO TRUE -- TRAGICALLY TRUE. BUT IT WOULD SERVE NO PURPOSE FOR ME THIS MORNING TO SPEND MUCH TIME RECITING ONCE MORE THE SORRY STATE OF AMERICAN SHIP CONSTRUCTION AND THE STEADY GROWTH OF THE MODERN SOVIET MERCHANT FLEET, WHICH NOW CONFRONTS US ON EVERY SEA LANE OF THE WORLD.

YOU KNOW THAT 80 PER CENT OF THE RUSSIAN FLEET IS NOW LESS THAN 10 YEARS OLD AND INCORPORATES THE LATEST TECHNOLOGICAL DEVELOPMENTS IN WORLD SHIPBUILDING.

YOU KNOW TOO THAT THE AVERAGE



-active and reserve-

AGE OF THE UNITED STATES MERCHANT FLEET IS
27 YEARS.

WHAT WE SHOULD CONCENTRATE ON
THIS MORNING IS... WHAT ARE WE GOING TO DO
TO REMEDY THIS APPALLING SITUATION? THE
TIME FOR RHETORIC AND FOR HAND-WRINGING IS
LONG PAST. THIS IS A TIME FOR ACTION, AND
ACTION WE MUST HAVE.

WE MUST LOOK AT OUR MERCHANT
MARINE REQUIREMENTS IN TERMS OF MEETING OUR
MINIMUM DEFENSE AND CIVILIAN EMERGENCY NEEDS,
GIVEN A LIMITED WAR CONTINGENCY.

FROM THAT POINT OF VIEW, WE MUST
BUILD A FLEET CAPABLE OF LIFTING 28 MILLION
TONS OF GENERAL CARGO AND 101 MILLION TONS
OF DRY BULK CARGO IF WE ARE GOING TO SATISFY
THOSE NEEDS BY 1977.

AT THE CURRENT RATE OF CON-
STRUCTION -- ABOUT 12 SHIPS PER YEAR OF
THE C-7 CONTAINER OR LASH TYPE SHIPS -- OUR



SHIPPING CAPABILITY BY 1977 WILL SATISFY ONLY 64 PER CENT OF OUR ESSENTIAL GENERAL CARGO REQUIREMENTS. DRY BULK CAPABILITY WILL BE NON-EXISTENT.

I BELIEVE A MINIMUM OF 16 TO 21 LASH OR SEABARGE TYPE VESSELS MUST BE COMPLETED ANNUALLY BETWEEN 1970 AND 1977. DRY BULK REQUIREMENTS ARE AT THE LEVEL OF 23 TO 24 50,000-TON CARRIERS ANNUALLY, EQUALLING 39 TO 45 SHIPS PER YEAR.

THERE IS LITTLE DOUBT THAT THE URGENT NEED FOR ACTION IS WELL UNDERSTOOD IN THE CONGRESS.

AS YOU HAVE SEEN, THE HOUSE HAS PASSED A MARITIME AUTHORIZATION BILL WHICH ALLOWED FOR AN APPROPRIATION OF \$145 MILLION OVER AND ABOVE A PREVIOUS CARRYOVER OF \$101 MILLION. THIS IS ENOUGH TO BUILD AT LEAST 20 NEW SHIPS -- NEARLY TWICE AS MANY AS WE HAVE BEEN CONSTRUCTING.

THIS IS A SUBSTANTIAL START TOWARD A BOLD NEW PROGRAM OF SHIP CONSTRUCTION. IT IS PROBABLY AS MUCH AS THE FEDERAL MARITIME ADMINISTRATION COULD REASONABLY SPEND IN FISCAL YEAR 1970. TO PUT IT ANOTHER WAY, IT'S DOUBTFUL THEY COULD PROFITABLY USE MORE THAN THE \$246 MILLION AUTHORIZED.

THE ROONEY APPROPRIATIONS SUBCOMMITTEE EXCEEDED THE AUTHORIZATION. THE REQUEST THAT CAME TO THE HOUSE FLOOR LAST WEEK WAS FOR \$200 MILLION, ^{plus the \$100 million previously appropriated but} A POINT OF ^{order} ^{by the} ^{Administration} ORDER WAS RAISED AGAINST IT. THE MARITIME AUTHORIZATION BILL HAD NOT YET CLEARED THE SENATE.

THERE IS NO REASON FOR CONCERN ABOUT THE MARITIME APPROPRIATION. THE MATTER WILL BE STRAIGHTENED OUT SHORTLY, [I AM SURE.] AND I FIRMLY BELIEVE THAT THE CONGRESS WILL APPROPRIATE THAT AMOUNT WHICH



CAN REASONABLY BE SPENT TO STRENGTHEN THE AMERICAN MERCHANT MARINE IN FISCAL YEAR 1970. TO APPROPRIATE MORE THAN THAT AMOUNT WOULD BE MEANINGLESS. *To spend less would be defaulting on our commitment to revitalize the American merchant marine.*
YOU WILL SEE, I FEEL CERTAIN, A SIGNIFICANT IMPROVEMENT IN SHIP CONSTRUCTION THIS FISCAL YEAR OVER PAST PERFORMANCE.

THE MARITIME AUTHORIZATION BILL, AS INTRODUCED, CALLED FOR ONLY \$15 MILLION IN NEW SHIPBUILDING FUNDS IN ADDITION TO THE \$101 MILLION CARRYOVER. THAT REPRESENTED THE VIEWPOINT OF THE LAST ADMINISTRATION AND WAS CONSISTENT WITH THE LOW PRIORITY IT ASSIGNED TO OUR MERCHANT MARINE.

THE BILL REPORTED BY THE HOUSE MERCHANT MARINE COMMITTEE AND APPROVED BY THE HOUSE REFLECTED THE HIGH PRIORITY THAT CONGRESS ATTACHES TO THE AMERICAN MERCHANT MARINE.



THE CONGRESS HAS NEVER WAVERED
IN ITS SUPPORT FOR THE EFFORT NEEDED TO
REPLACE OUR ANTIQUATED SHIPS. BUT WE HAVE
REPEATEDLY RUN INTO TROUBLE AT THE BUDGET
BUREAU. *Also* [CONSEQUENTLY, IT WOULD HAVE BEEN
AN EXERCISE IN FUTILITY FOR THE APPROPRIATIONS
COMMITTEES OF THE HOUSE AND SENATE TO FUND
THE MARITIME PROGRAM AT THE LEVEL AUTHORIZED.]

CURRENTLY THE FEDERAL MARITIME
ADMINISTRATION AND A WHITE HOUSE TASK FORCE
ARE WORKING ON A NEW MARITIME PROGRAM. MY
FRIENDS IN THE MARITIME ADMINISTRATION TELL
ME THE PROGRAM WILL BE COMPLETED IN THE
NEXT TWO WEEKS OR SO. THEN THE RECOMMENDATIONS
HAVE TO CLEAR THE BUDGET BUREAU IN TERMS OF
DOLLAR OUTLAY -- AND THAT IS THE CRITICAL
FACTOR. *I will work on them as I have on others.*

I UNDERSTAND THAT THE MARITIME
ADMINISTRATION IS PUTTING TOGETHER A GOOD
PROGRAM. I CAN ASSURE YOU OF THIS -- THE

MARITIME ADMINISTRATION HAS NO INTENTION OF PROPOSING THAT AMERICAN MERCHANT SHIPS BE BUILT IN FOREIGN YARDS.

AS THE PROGRAM IS SHAPING, I BELIEVE WE WILL SEE A DRASTIC SIMPLIFICATION IN PRESENT PROCESSES OF ADMINISTERING THE OPERATING AND CONSTRUCTION DIFFERENTIAL SUBSIDIES.

OUR SUBSIDIZED CARRIERS SHOULD BE RELIEVED OF THE TREMENDOUS ADMINISTRATIVE BURDENS IMPOSED ON THEM BY THE MERCHANT MARINE ACT OF 1936 AND THE PRESENT REQUIREMENTS OF THE MARITIME ADMINISTRATION.

THIS WOULD NOT ONLY REDUCE ADMINISTRATIVE EXPENSES BUT ALSO ALLOW THE LINES ADDITIONAL FLEXIBILITY IN TERMS OF PROVIDING SERVICE.

I THINK IT ALSO WOULD BE A GIANT STEP FORWARD IF THE GOVERNMENT CONSIDERED BUILDING SHIPS IN SERIES OF 10 OR 15,



INSTEAD OF BUILDING SHIPS ONE AT A TIME.

[YOU MAY SEE THIS IN THE NEW MARITIME PROGRAM.]

THIS WOULD REDUCE THE COST TO THE GOVERNMENT AND THE OPERATORS BY ROUGHLY \$1 MILLION PER SHIP.

AND THE MAIN FEATURE IS THAT ONCE U.S. SHIPYARDS KNOW THEY WILL HAVE AN ASSURED VOLUME OF FUTURE BUSINESS THEY WILL ACT TO MODERNIZE THEIR YARDS AND THUS FURTHER REDUCE COSTS.

I ALSO BELIEVE THE BENEFITS OF THE MERCHANT MARINE ACT IN TERMS OF SUBSIDY AND CERTAIN TAX ADVANTAGES SHOULD BE MADE AVAILABLE TO THE NON-SUBSIDIZED LINES, THE BULK CARRIERS AND POSSIBLY EVEN THE TANKER COMPANIES. THIS ALSO MAY BE A RECOMMENDATION IN THE NEW MARITIME PROGRAM.

AT THE PRESENT TIME, AS YOU KNOW, THE BASIC BENEFICIARIES OF THE FEDERAL MARITIME PROGRAM ARE THE SUBSIDIZED



CARRIERS. THEY GET AN OPERATING SUBSIDY AND A SHIPBUILDING SUBSIDY. EVERYONE ELSE IS ON THE OUTSIDE LOOKING IN.

IT'S CONCEIVABLE TODAY THAT WE CAN PUT SOME OF OUR SHIPS ON A PARITY WITH FOREIGN VESSELS IF THE GOVERNMENT WOULD SIMPLY BUILD THE SHIPS AND THEN TURN THEM OVER TO THE LINES TO OPERATE ON THEIR OWN. THIS, AGAIN, IS A CONCEPT WHICH MAY WIND UP IN THE NEW MARITIME PROGRAM.

WHAT WOULD THIS KIND OF SHIPBUILDING AND OPERATING PROGRAM ACCOMPLISH? IT WOULD GREATLY EXPAND OUR SHIPBUILDING ACTIVITY, AND IT WOULD LEAD TO A FAR GREATER USE OF U.S. FLAG SHIPS.

THE TREASURY HAS TRADITIONALLY OPPOSED THIS KIND OF PROGRAM, BUT I FIND *But,* THERE IS STRONG SUPPORT FOR IT IN THE CONGRESS.

TEN YEARS AGO WE EMBARKED ON

AN AMBITIOUS SHIP REPLACEMENT PROGRAM. IF WE HAD FOLLOWED THROUGH ON IT AS PLANNED WE WOULD HAVE REPLACED OUR ENTIRE SUBSIDIZED LINER FLEET OF SOME 300 SHIPS BY NOW.

CURRENTLY WE ARE AT THE POINT WHERE THE SHIP REPLACEMENT PROGRAM HAS ACHIEVED ONLY 50 PER CENT OF ITS GOAL.

AMERICAN SHIPS ARE NOW TRANSPORTING ONLY SLIGHTLY MORE THAN 20 PER CENT OF OUR LINER CARGO AND ONLY ABOUT 5.6 PER CENT OF OUR OVERALL TOTAL FOREIGN TRADE.

WE ARE THUS DEPENDENT ON FOREIGN-FLAG SHIPS TO TRANSPORT 95 PER CENT OF OUR EXPORTS AND IMPORTS.

WE MUST REMEDY THIS SITUATION. TO SEE THE CRITICAL NATURE OF THE PROBLEM, WE NEED ONLY LOOK AT VIETNAM.

TO SUSTAIN THE MOVEMENT OF MEN



AND SUPPLIES TO VIETNAM, WE HAVE BEEN COMPELLED TO DIVERT SHIPS FROM THEIR NORMAL TRADE ROUTES. THIS, IN TURN, HAS MADE IT INCREASINGLY DIFFICULT FOR AMERICAN-FLAG LINER COMPANIES TO REMAIN COMPETITIVE WITH FOREIGN-FLAG CARRIERS.

SIGNIFICANT BENEFITS CAN BE EXPECTED TO FLOW FROM A REVITALIZED SHIP REPLACEMENT PROGRAM.

THE NEW CONTAINERSHIPS, SEABARGE SHIPS, AND LASH OR LIGHTER-ABOARD-SHIPS REPRESENT TREMENDOUS ADVANCES IN THE CONCEPT OF TRANSPORTING GENERAL CARGO.

SIX OF THESE SHIPS HAVE THE EQUIVALENT PRODUCTIVITY OF 15 TRADITIONAL BREAK-BULK VESSELS.

THE INCREASED PRODUCTIVITY OF THESE SHIPS, TOGETHER WITH THE HIGH DEGREE OF AUTOMATION, WILL MEAN THAT THE OPERATING-DIFFERENTIAL SUBSIDY COST TO THE GOVERNMENT

WILL BE SUBSTANTIALLY REDUCED.

THE 15 BREAK-BULK VESSELS WHICH EVERY SIX NEW CONTAINERSHIPS WILL REPLACE NOW RECEIVE AN ANNUAL OPERATING-DIFFERENTIAL SUBSIDY PAYMENT OF APPROXIMATELY \$10 MILLION. THIS WOULD BE REDUCED TO \$3.2 MILLION FOR THE SIX CONTAINERSHIPS. AT THE SAME TIME, THE NEW CONTAINERSHIPS WILL CARRY ABOUT 60 PER CENT MORE CARGO.

THIS IS JUST ONE EXAMPLE OF THE PROGRESS WE ARE MAKING IN OUR VESSEL REPLACEMENT PROGRAM.

AS I SAID EARLIER, THE MARITIME FUNDING NOW BEING COMPLETED BY THE CONGRESS WOULD BUILD 18 TO 22 NEW CONTAINERSHIPS.

THIS WOULD ENABLE US TO REPLACE BETWEEN 50 AND 60 OF OUR OLD VICTORIES, C-1s AND C-2s.

WE SHOULD REMEMBER, HOWEVER, THAT THESE SHIPS, IF INDEED BUILT, WILL



NOT BE LAID DOWN UNTIL 1970 AND WILL NOT BEGIN TO ENTER SERVICE UNTIL 1973. AND BY THEN OUR ACTIVE LINER FLEET UNDER 25 YEARS OF AGE WILL HAVE SHRUNK TO LESS THAN 250 SHIPS FROM ITS PRESENT LEVEL OF APPROXIMATELY 600.

THEREFORE I SAY THAT THE CONGRESS IS PROPOSING A SHIP CONSTRUCTION PROGRAM WHICH IS A BARE MINIMUM. ~~AND~~ WE HAVE NO TIME TO LOSE.

DURING A PERIOD OF INTERNATIONAL CRISIS, THAT COUNTRY WHICH MUST RELY ON FOREIGN TONNAGE TO TRANSPORT ITS ESSENTIAL COMMODITIES PAYS A HEAVY PRICE. OUR RELIANCE ON FOREIGN-FLAG CARRIERS HAS LASTED FAR TOO MANY YEARS. *Like other vital parts of our national security* WE WILL NOT BE ABLE TO CORRECT ^{*the deficiency*} ~~IT~~ ^{*1*} OVERNIGHT.

PRESIDENT NIXON HAS EXPRESSED HIS CONCERN. A COMPLETE REVIEW OF OUR MARITIME REQUIREMENTS IS UNDER WAY.



I HOPE AND TRUST WE HAVE REACHED
THE TURNING POINT. I HOPE WE WILL NOW
WITNESS AN ACCELERATED EFFORT TO REVIVE
ALL SEGMENTS OF OUR MERCHANT MARINE.

I ASSURE YOU, THAT EFFORT HAS
MY SUPPORT.

-- END --



REMARKS BY REP. GERALD R. FORD
REPUBLICAN LEADER, U.S. HOUSE OF REPRESENTATIVES
BEFORE THE 14th BIENNIAL CONVENTION
OF THE SEAFARERS INTERNATIONAL UNION, AFL-CIO
AT THE STATLER-HILTON HOTEL, WASHINGTON, D. C.
AT 11 a.m. TUESDAY, JULY 29, 1969

FOR RELEASE ON DELIVERY

For years you have been hearing about the deterioration of the American Merchant Marine and the swift rise of the Soviet Union as a maritime power.

This, of course, is all too true -- tragically true. But it would serve no purpose for me this morning to spend much time reciting once more the sorry state of American ship construction and the steady growth of the modern Soviet merchant fleet, which now confronts us on every sea lane of the world.

You know that 80 per cent of the Russian fleet is now less than 10 years old and incorporates the latest technological developments in world shipbuilding.

You know too that the average age of the United States merchant fleet is 27 years.

What we should concentrate on this morning is...what are we going to do to remedy this appalling situation? The time for rhetoric and for hand-wringing is long past. This is a time for action, and action we must have.

We must look at our merchant marine requirements in terms of meeting our minimum defense and civilian emergency needs, given a limited war contingency.

From that point of view, we must build a fleet capable of lifting 28 million tons of general cargo and 101 million tons of dry bulk cargo if we are to satisfy those needs by 1977.

At the current rate of construction -- about 12 ships per year of the C-7 container or LASH type ship -- our shipping capability by 1977 will satisfy only 64 per cent of our essential general cargo requirements. Dry bulk capability will be non-existent.

I believe a minimum of 16 to 21 LASH or Seabarge type vessels must be completed annually between 1970 and 1977. Dry bulk requirements are at the level of 23 to 24 50,000-ton carriers annually, equalling 39 to 45 ships per year.

There is little doubt that the urgent need for action is well understood in the Congress.

(more)

As you have seen, the House has passed a Maritime Authorization Bill which allowed for an appropriation of \$145 million over and above a previous carryover of \$101 million. This is enough to build at least 20 new ships -- nearly twice as many as we have been constructing.

This is a substantial start toward a bold new program of ship construction. It is probably as much as the Federal Maritime Administration could reasonably spend in fiscal year 1970. To put it another way, it's doubtful they could profitably use more than the \$246 million authorized.

The Rooney Appropriations Subcommittee exceeded the authorization. The request that came to the House floor last week was for \$200 million. A point of order was raised against it. The Maritime Authorization Bill had not yet cleared the Senate.

There is no reason for concern about the maritime appropriation. The matter will be straightened out shortly, I am sure. And I firmly believe that the Congress will appropriate that amount which can reasonably be spent to strengthen the American Merchant Marine in fiscal year 1970. To appropriate more than that amount would be meaningless.

You will see, I feel certain, a significant improvement in ship construction this fiscal year over past performance.

The Maritime Authorization Bill, as introduced, called for only \$15 million in new shipbuilding funds in addition to the \$101 million carryover. That represented the viewpoint of the last Administration and was consistent with the low priority it assigned to our merchant marine.

The bill reported by the House Merchant Marine Committee and approved by the House reflected the high priority that Congress attaches to the American Merchant Marine.

The Congress has never wavered in its support for the effort needed to replace our antiquated ships. But we have repeatedly run into trouble at the Budget Bureau. Consequently, it would have been an exercise in futility for the Appropriations Committees of the House and Senate to fund the maritime program at the level authorized.

Currently the Federal Maritime Administration and a White House Task Force are working on a new maritime program. My friends in the Maritime Administration tell me the program will be completed in the next two weeks or so. Then the recommendations have to clear the Budget Bureau in terms of dollar outlay -- and that is the critical factor.

(more)

I understand that the Maritime Administration is putting together a good program. I can assure you of this -- the Maritime Administration has no intention of proposing that American merchant ships be built in foreign yards.

As the program is shaping, I believe we will see a drastic simplification in present processes of administering the operating and construction differential subsidies.

Our subsidized carriers should be relieved of the tremendous administrative burdens imposed on them by the Merchant Marine Act of 1936 and the present requirements of the Maritime Administration.

This would not only reduce administrative expenses but also allow the lines additional flexibility in terms of providing service.

I think it also would be a giant step forward if the Government considered building ships in series of 10 or 15, instead of building ships one at a time. You may see this in the new maritime program.

This would reduce the cost to the Government and the operators by roughly \$1 million per ship.

And the main feature is that once U.S. shipyards know they will have an assured volume of future business they will act to modernize their yards and thus further reduce costs.

I also believe the benefits of the Merchant Marine Act in terms of subsidy and certain tax advantages should be made available to the non-subsidized lines, the bulk carriers and possibly even the tanker companies. This also may be a recommendation in the new maritime program.

At the present time, as you know, the basic beneficiaries of the federal maritime program are the subsidized carriers. They get an operating subsidy and a shipbuilding subsidy. Everyone else is on the outside looking in.

It's conceivable today that we can put some of our ships on a parity with foreign vessels if the Government would simply build the ships and then turn them over to the lines to operate on their own. This, again, is a concept which may wind up in the new maritime program.

What would this kind of shipbuilding and operating program accomplish? It would greatly expand our shipbuilding activity, and it would lead to a far greater use of U.S. flag ships.

The Treasury has traditionally opposed this kind of program, but I find there is strong support for it in the Congress.

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Ten years ago we embarked on an ambitious ship replacement program. If we had followed through on it as planned we would have replaced our entire subsidized liner fleet of some 300 ships by now.

Currently we are at the point where the ship replacement program has achieved only 50 per cent of its goal.

American ships are now transporting only slightly more than 20 per cent of our liner cargo and only about 5.6 per cent of our overall total foreign trade.

We are thus dependent on foreign-flag ships to transport 95 per cent of our exports and imports.

We must remedy this situation. To see the critical nature of the problem, we need only look at Vietnam.

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Six of these ships have the equivalent productivity of 15 traditional break-bulk vessels.

The increased productivity of these ships, together with the high degree of automation, will mean that the operating-differential subsidy cost to the Government will be substantially reduced.

The 15 break-bulk vessels which every six new containerships will replace now receive an annual operating-differential subsidy payment of approximately \$10 million. This would be reduced to \$3.2 million for the six containerships. At the same time, the new containerships will carry about 60 per cent more cargo.

This is just one example of the progress we are making in our vessel replacement program.

As I said earlier, the maritime funding now being completed by the Congress would build 18 to 22 new containerships.

This would enable us to replace between 50 and 60 of our old Victories, C-1s and C-2s.

(more)

We should remember, however, that these ships, if indeed built, will not be laid down until 1970 and will not begin to enter service until 1973. And by then our active liner fleet under 25 years of age will have shrunk to less than 250 ships from its present level of approximately 600.

Therefore I say that the Congress is proposing a ship construction program which is a bare minimum. And we have no time to lose.

During a period of international crisis, that country which must rely on foreign tonnage to transport its essential commodities pays a heavy price. Our reliance on foreign-flag carriers has lasted far too many years. We will not be able to correct it overnight.

President Nixon has expressed his concern. A complete review of our maritime requirements is under way.

I hope and trust we have reached the turning point. I hope we will now witness an accelerated effort to revive all segments of our merchant marine.

I assure you, that effort has my support.

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