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3 May 1967

U. S. HOUSE  
OF REPRESENTATIVES**REPUBLICAN POLICY COMMITTEE**

REP. JOHN J. RHODES, (R.-ARIZ.) CHAIRMAN • 140 CANNON HOUSE OFFICE BUILDING • TELEPHONE 225-6168

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REPUBLICAN POLICY COMMITTEE WARNS OF MAJOR CRISIS IN AMERICAN MARITIME INDUSTRY

Due to neglect, confusion and a general inability to meet the mounting problem, the Johnson-Humphrey Administration has permitted the American Maritime Industry to drift into a major crisis.

Today, the United States has fewer privately owned seagoing merchant ships than in 1936. The percentage of United States flagships in the world's merchant fleet is one-half of what it was three decades ago. The percentage of American goods moving overseas on American ships is now the lowest in modern history. The United States has dropped to fifth among the nations in the size of our active merchant fleet and presently ranks fourteenth in shipbuilding. This national disgrace is heightened by the fact that 70% of our ships are twenty years or older and will be due for layup within the next five years.

More than two years have passed since the State of the Union Message in 1965 when the President promised "...a new policy for our merchant marine." To date, that promise remains unfilled. Moreover, in recent testimony, the Secretary of Transportation noted that he "would not seek (the President's) concurrence in the new program until I could assure him that it had general support within the maritime field --- However, I must now report that we do not have the kind of agreement which will make such a program a reality." Thus, rather than decision, we have experienced indecision. In place of action, there has been near paralysis in federal leadership. While we are in a continued state of decline, the other maritime nations of the world have been building up their merchant fleets. Last year marked the third successive annual record for world merchant shipping launched.

The seriousness of this situation is graphically reflected by comparing the American maritime industry with that of Soviet Russia. "A 1966 Survey of Russian Merchant Shipping" prepared by the University of Washington, discloses that:

"In 1963 the Russians constructed 115 ships while America launched 31. Between 1959 and 1963 the American fleet increased by 20 fewer ships than the Russians produced in the single year 1963. Moreover, the amount of American seaborne commerce carried in American ships has declined from an already low of 11 per cent in 1960 to around 7 per cent today. The Russians, in contrast, have increased the amount of freight carried in their own bottoms from 33 per cent in 1955 and 45 per cent in 1962 to around 85 per cent in 1965."

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There are indications that this country's sea transportation forces have been stretched to the limit to support the massive military operations in Vietnam. In order to meet our obligations there, a large number of old ships have been pulled out of the mothball fleet. These vessels, from 20 to 27 years old, have had a breakdown rate more than double the privately owned commercial fleet under charter for Vietnam service. Although faced with these dismal statistics, the Administration now proposes to modernize more of our aging reserve fleet while only increasing the new merchant ship construction in American yards from 13 to 15 ships a year.

Last year, the Administration attempted to transfer the Maritime Administration into the new Department of Transportation. Under Republican Leadership, this move was defeated and a plan was advanced that would establish an independent Maritime Administration. The proposed transfer would have done little more than shift the maritime problem to a new department. There was no sense of urgency or a call for a redirection of effort. Rather than meeting and solving the problems of the maritime industry, they would have been swept under a bureaucratic rug.

In this session of Congress, the Johnson-Humphrey Administration is continuing to display a dangerous disregard for the very serious problems of our maritime industry. The present situation has been described by the Journal of Commerce as follows:

"It is one thing to attempt enticing the shipping industry into the new Department of Transportation with vague promises of a totally new policy. It is quite another to display by current actions a curious indifference to the problems of merchant shipping and to indicate - when discussing the subject at all - not what ought to be done, but what the administration is unwilling to do or keep on doing."

In addition to its failure to develop a meaningful maritime policy, the Johnson-Humphrey Administration has undercut, if not scrapped, the forward-looking ship replacement program that was implemented during the Eisenhower Administration. At that time, it was clearly apparent that unless a program of this type was carried forward, the United States would face, in the foreseeable future, a maritime crisis of major proportions. The Administration's abandonment of the Eisenhower program has triggered just such a crisis. Its current indecisiveness and failure to mount anything more than a minimal program, have escalated the crisis to a point where it is bordering on a national catastrophe.

This Country needs and must have a modern merchant marine. We must revitalize and modernize our shipbuilding industry if the demands of the future are to be met. The need to develop a reasonable and defensible maritime program presents a challenge and an opportunity. 1967 is a year of decision for the American Maritime Industry. Unless our shipbuilding effort is increased our defense commitments throughout the world will be in jeopardy. Indeed, our national survival may depend upon the shipping that should now be under construction but which the Johnson-Humphrey Administration has scuttled.



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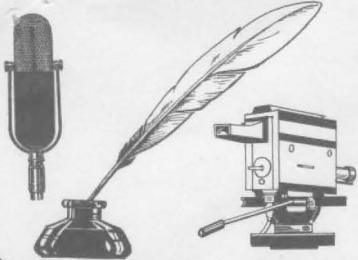
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CONGRESSMAN  
**GERALD R. FORD**  
HOUSE REPUBLICAN LEADER

# NEWS RELEASE

--FOR IMMEDIATE RELEASE--  
MONDAY, MAY 22, 1967

THE AMERICAN MARITIME INDUSTRY CRISIS  
NATIONAL MARITIME DAY

The President has issued a proclamation designating May 22, 1967, National Maritime Day.

I am sure all of us endorse the sentiments of the proclamation.

Unfortunately the President's words have a hollow ring when we consider the evident confusion and inaction on the part of the Johnson-Humphrey Administration in this field.

More than two years have passed since the President's State of the Union Message in 1965 when he promised a new Merchant Marine policy. This past week at the AFL-CIO Maritime Trades Department Seminar conducted in Washington, D. C., industry and labor spokesmen underscored the anxiety of both over the Administration's non-policy in the maritime field.

While industry and many members of Congress urge the construction of 50 ships a year during the next 5 years, the Administration sponsored the construction of 13.

Our declining merchant fleet is struggling to carry more than 90 percent of the material supporting our Vietnam forces. The fleet has fewer privately-owned seagoing vessels than in 1936. In fact, 70 percent of our ships are more than 20 years old and due for obsolescence layup in the next 5 years.

The portion of our foreign trade being moved by American flag vessels has fallen to the shameful level of 7 percent.

At present we are using 35 percent of our sea lift capability to support Vietnam. Approximately 98 percent of the materials are moved by ships. This entails 100 percent of our NSTS fleet, 40 percent of the privately-owned fleet, 26 percent of the subsidized lines, 50 percent of the unsubsidized lines, 70 percent of the general cargo capability of the Tramp fleet and 32 percent of the National Defense reserve fleet.

Faced with another conflict, we would be forced to further curtail our commercial shipping, with resultant inroads by foreign flag competition, or

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permit foreign flag vessels to carry a substantial portion of our defense cargoes. In either case, our maritime industry is the loser.

This situation is particularly painful when we recall the observation of the Secretary of Defense a little over a year ago that our maritime resources were adequate and that emergency situations (Vietnam) would be logistically supported by air transport.

This past week we witnessed a paradox wherein the Administration is hailing the Trade agreements reached at Geneva in the Kennedy Round of tariff negotiations. The agreements are designed and intended to expand the free trade of the world. Concurrently the Administration and Secretary Boyd are doing nothing to provide seaborne transport resources to conduct such trade.

We are on the brink of a maritime crisis of major proportion. The Administration's abandonment of the Eisenhower maritime program has triggered just such a crisis. Its indecision and failure to mount anything more than a minimal program has escalated the crisis to a point bordering on a national catastrophe.

This country must have a modern merchant marine. We must revitalize and modernize our shipbuilding industry, re-examine the construction and operations subsidy program, establish reasonable measures to insure an appropriate level of cargo preference, and once and for all establish a long-term construction and operation program that will retain a highly skilled management and labor force vital to the welfare of the nation.

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11 October 1967



U. S. HOUSE  
OF REPRESENTATIVES

# REPUBLICAN POLICY COMMITTEE

REP. JOHN I. RHODES, (R.-ARIZ.) CHAIRMAN • 140 CANNON HOUSE OFFICE BUILDING • TELEPHONE 225-6168

## HOUSE REPUBLICAN POLICY COMMITTEE URGES THE CREATION OF AN INDEPENDENT FEDERAL MARITIME ADMINISTRATION - H.R. 159

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The House Republican Policy Committee supports H.R. 159. This Bill would create an independent federal Maritime Administration which would be headed by a federal Maritime Administrator. All of the present duties of the Secretary of Commerce under the Merchant Marine Act of 1936 would be transferred and vested in the Administrator and the 3-Member Board. In the 89th Congress and again at the outset of the 90th Congress, the Republican Leadership and the House Republican Policy Committee warned of a major crisis in the Maritime industry and urged that steps be taken to correct what could become a disastrous situation. The enactment of H.R. 159 would be an important first step in revitalizing our Maritime industry and restoring this country to its former position among the Maritime nations.

In February 1962, the then Deputy Chief of Naval Operations, Vice Admiral John Sylvester, stated:

"The strategic importance of ocean transportation in wartime dictates that the United States must have under its control sufficient active merchant type shipping to promptly meet our emergency sealift requirements.

The slow rate of progress made in the replacement of aging vessels has left us with a largely obsolescent Merchant Marine. Orderly shipbuilding programs and replacement programs should be instituted without further delay."

On September 28, 1967, Admiral Thomas H. Moorer, Chief of Naval Operations, warned that the swift expansion of Soviet naval power poses a "challenge to our free use of the seas (that) is here for all to see."

The Johnson-Humphrey Administration has not met this challenge. The President's promise in 1965 of a "new policy for our Merchant Marine" has not been fulfilled. There has been indecision rather than action. As a result, the percent-

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age of U. S. flagships in the world's merchant fleet is one-half of what it was three decades ago. The percentage of American goods moving overseas on American ships is at an all-time low. In 1966, the United States put only 13 new ships into service. The Soviets took delivery of 62 ships in the last six months of 1966 alone. Some 80% of the Soviet fleet is less than 10 years old while nearly 70% of the United States fleet is more than 20 years old.

Under the provisions of H.R. 159, an independent federal Maritime Administration with a Maritime Administrator at its head would be created. A Maritime Board composed of 3 Members would be established within the Administration. The federal Maritime Administrator would be the Chairman of the Board. All functions, powers and duties of the Secretary of Commerce and of the offices and officers of the Department of Commerce under the Merchant Marine Act of 1936 would be transferred to or vested in the Administrator. H.R. 159 also requires that the Maritime Board submit to the President and to the Congress within one year after enactment, a report surveying the condition of the Merchant Marine, evaluating the effectiveness of existing law and making appropriate recommendations.

It is unfortunate that the Johnson-Humphrey Administration is opposed to H.R. 159. Action must be taken to reverse the downward trend of recent years. The creation of an independent federal Maritime Administration is a logical first step. It would break the present stalemate. It would underscore the importance of our Maritime industry. It would place Congress on record as being in favor of a Merchant Marine that can meet our defense commitments and once again carry the American flag to all the world ports of trade.

Once an independent Maritime Administration is established, the Maritime industry would cease to be a political football that is kicked from Department to Department. Moreover, the new Maritime Administration would have an opportunity to prepare a report which would contain long-range solutions to the many problems besetting the Maritime industry. In its recommendations, it could propose a course of action that would provide this country with a modern Merchant Marine and a revitalized and modernized shipbuilding industry.

A reasonable and forward-looking Maritime program must be developed. The neglect, confusion and inactivity of recent years must be ended. The Republican sponsored and supported bill, H.R. 159, was reported from Committee on August 31, 1967. It was given a rule on September 27, 1967. It should be scheduled for Floor action without further delay.



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91st Congress  
Second Session

May 19, 1970  
Statement Number 6

## HOUSE REPUBLICAN POLICY COMMITTEE STATEMENT ON H.R. 15424, THE ADMINISTRATION'S MARITIME PROGRAM BILL

"For reasons of security, as well as economics, the decline of our merchant marine must be reversed. We therefore pledge a vigorous and realistic ship replacement program to meet the changing pattern of our foreign commerce."

Republican Platform, 1968

The House Republican Policy Committee supports the passage of H.R. 15424, the Administration's Maritime Program Bill.

At the close of World War II, the United States' merchant fleet of 3,696 ships was the largest in the world and the pride of this Nation. In the intervening twenty-four years, however, the U.S. flag fleet steadily decreased. The present foreign trade fleet of but 650 ships ranks fifth in the world, and in 1974, balancing present rates of obsolescence and construction, our fleet will dwindle to 272 ships.

In 1968, the value of U.S. exports and imports was \$67 billion, one-third of the world's trade. Yet, only 6 percent of the total tonnage of that trade was carried by American flag ships. Understandably, with the growth of U.S. trade dependent upon efficient and reasonably-priced ocean transportation and the security of the Nation contingent upon the mobility of men and supplies, the American shipping and shipbuilding record must be improved drastically.

Through the critical decade of the sixties, the Nation's maritime program drifted aimlessly in a sea of governmental neglect, confusion and incompetence. The

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Eisenhower shipbuilding program was scrapped and the American merchant fleet, despite the vigorous and repeated protestations of the Congress, was virtually scuttled.

The House Republican Policy Committee, in May of 1967, recognizing the sad plight of American shipping, called in vain for an immediate redirection and restoration of our maritime effort.

In October, 1969, President Nixon, to "restore the country to a proud position in the shipping lanes of the world," proposed a comprehensive and long-range merchant shipbuilding program. Legislation, sponsored by all Members of the Committee on Merchant Marine and Fisheries, has been introduced which incorporates the President's proposals. H.R. 15424 calls for:

1. An increase in the level of subsidized ship construction from the present 10 ships per year, to 30 ships per year for a period of 10 years.
2. A gradual reduction in the maximum construction differential subsidy.
3. Payment of the subsidy directly to the shipyard rather than to the ship operator.
4. Extension to shipbuilding of a multiyear procurement system.
5. An increase in the present \$1 billion ceiling on mortgage and loan insurance to \$3 billion.
6. Emphasis upon construction differential subsidies to bulk carriers.
7. Creation of a commission to review the status of the American shipbuilding industry.
8. Computation of wage subsidies on an index system for the purpose of operating differential assistance.
9. Elimination of the operating differential subsidy recapture provisions of the Merchant Marine Act of 1936.
10. A new direct operating subsidy for bulk carriers.
11. Extension of the tax deferment system now permitted for subsidized operators to all qualified ship operators in foreign, Great Lakes and domestic non-contiguous trade and the fisheries.

Passage of these proposed amendments to the Merchant Marine Act of 1936 will start to revitalize our merchant marine, reverse the sharp decline of our flag fleet and provide the immediate and substantial aid required to meet the goals of national policy.

A comprehensive maritime program is required; H.R. 15424 provides that program. The House Republican Policy Committee urges the passage of President Nixon's Maritime Program Bill, H.R. 15424.