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Reagan & Bush

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NEWS RELEASE

FOR RELEASE UPON DELIVERY:

Thursday, October 9, 1980

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SPEECH BY GOVERNOR RONALD REAGAN

NATIONAL MARITIME UNION - ST. LOUIS, MISSOURI

President Wall, delegates to this 18th NMU Convention, Ladies and Gentlemen:

I am pleased, and honored, to have this opportunity to address this convention this morning. For I know that you and I share many deep concerns about this country and what may happen to it in the future.

We stand on the eve of a national election that may well decide the direction this country will take for years into the future. I know someone else has already given a view on what might happen if I should be elected, but I won't comment on that. It is, however, in the eyes of many, a fateful moment, and it is well that we should pause and take stock of where we are.

Here at home, eight million Americans are out of work. Instead of making steel, putting America on wheels, and working day and night to move our country's vital cargoes, men and women are standing in line for unemployment checks.

Meanwhile, the value of the dollar is shrinking almost day by day. The dollar you earned in 1976, when President Ford was in the White House, is worth only 68¢ today. Steady, persistent inflation has robbed pensioners of their savings. It has driven up interest rates so many of our young families have little hope of buying a home of their own. The Home Builders Association estimates that this year 840,000 homes that Americans badly need will go unbuilt, at a great economic and social cost to our people.

- more -

Paid for by Reagan Bush Committee. United States Senator Paul Laxalt, Chairman. Bay Buchanan, Treasurer.

America runs on energy. And yet in the past four years, we have seen gas lines, closed schools and factories, and continuing uncertainty about future supplies. We discovered that the administration in Washington had piped millions of barrels of petroleum into an underground reservoir--and had no pumps to get it out again. Later, that same administration proposed all kinds of mandatory rules on the economy, including government--policed temperatures in restaurants and hotels.

All of these things are serious--national security, the economy, jobs, inflation, energy. But today, I would like to address a particular problem that does much to reveal how the failure of the Carter administration's leadership has endangered both our naval forces and our maritime industry.

Because of Jimmy Carter's failure of leadership, this country has suffered a shocking decline in those two interrelated areas. That decline comes at a time when the United States is more dependent upon the use of the seas for our national well-being than ever before in our history.

The magnitude of this decline is difficult for most Americans even to comprehend. At the close of World War II, the United States was the most powerful maritime nation in the history of the world. Our Navy was 1,000 ships strong. Our merchant fleet carried 42 percent of our foreign trade.

Today, our Navy has less than 500 ships, many of them overage and of doubtful value. There are some 500 U.S.-flag ocean going vessels--but they carry less than 5 percent of our own commerce. Ninety-five percent of U.S. trade is carried in foreign bottoms. In time of crisis, will those ships be available? We simply don't know. When we find out, it may be too late.

I am determined that the United States survive as a strong and prosperous nation. Given the present state of affairs, we must have new leadership, strong leadership, leadership that will come to grips--quickly--with the problems we as a nation face on the high seas of the world.

This nation badly needs a revitalized maritime policy. That policy must reverse the drift and decline of the Carter

administration. It must reaffirm the importance of the sea to America's future. It must re-establish the U.S.-flag commercial fleet as an effective economic instrument for the support of U.S. interests abroad. And above all, that policy must insist upon America's effective control of the seas where our national interests are threatened.

Maritime policy is not a thing unto itself. It is--or should be--an integral part of our overall foreign policy. If it is not, our national interest cannot be served and protected. Since there are many who must be involved in developing a coordinated maritime policy, constant communication and a feeling of mutual trust must be developed by a President and his top executives and the many unions, shipping firms and others within the private sector.

Last month, I met in Washington with more than 60 of this country's maritime leaders and union officials. At that meeting, I presented a specific seven-point plan for a strong American maritime industry for the remainder of this century. Tal Simpkins was there for National Maritime Union. There were shipbuilders and allied industry people, and inland waterway people, and other union leaders.

Let me summarize for you the most important elements in that plan.

We must, first of all, provide a unified direction for all government programs affecting the maritime interests of the United States. The Navy and the commercial maritime industry are governed by different federal departments. Those departments must learn to cooperate. We cannot afford to have bureaucratic jealousy or turf-protection get in the way of long-range ship-building programs vital to the national interest.

The cargo policies of other nations pose a challenge to the United States. We have traditionally believed in free trade and freedom of the seas. Today, however, we are faced with a network of foreign governmental preferences and priorities designed to advance the interest of foreign shipping at the expense of our own. It is much the same as a country which subsidizes its steel

industry to enable it to dump steel in the U.S. market at prices below actual production cost. That's not free trade. Those countries will have to be told they can't have it both ways--protection for their ships, and competition for everybody else. As President, I intend to make that fact very clear to a number of people who have apparently not heard much from the administration of Mr. Carter on this point.

In addition, we must encourage and support our maritime industry by negotiating bilateral agreements to assure equal access to cargoes. We have such agreements with some countries now--such as Brazil and Argentina.

A major goal of my administration will be to assure that American flag ships carry an equitable portion of our trade, consistent with the legitimate aspirations and policies of our trading partners.

The principle that a nation's own ships should carry its coastal trade, presently embodied in the Jones Act, has been part of this country's maritime policy since the early days of the nation. I can assure you that a Reagan administration will not support legislation that would jeopardize this long standing policy or the jobs dependent upon it.

Our merchant marine is a vital auxiliary to the U.S. Navy. At a time when the Navy's support capability is open to serious question, we should be increasing the merchant marine's role--and we are not.

We know that integrated commercial support of the Navy is possible. The SS Erna Elizabeth proved that eight years ago in a demonstration planned by a previous Republican administration. Today, however, the Carter administration acts like that demonstration never took place.

Jimmy Carter's Assistant Secretary of Commerce for Maritime Affairs was recently asked if there were plans to augment the Navy's uniformed manpower by merchant marine personnel. This came after the skipper of the Navy Oiler Canisteo refused a sailing order because his ship was too short-handed to carry out its mission.

And the Assistant Secretary replied "that the administration is considering an experimental effort to test the capability of merchant seamen and contract with them to man naval auxiliary vessels and naval support vessels..." In California, this sort of response is called a "laid back attitude." Is it possible that the top maritime executive in the Carter administration is totally unaware of the Erna Elizabeth's performance? Eight years ago, as many of you know, this 35,000 ton U.S.-flag tanker steamed 13,000 miles and refueled some 40 Navy ships, including the carrier John F. Kennedy.

The experiment worked well. The refuelings were on time. There was no ship damage. There was no personnel injury. The Chief of Naval Operations said that the test "proved the feasibility of using commercial tankers to consolidate Navy replenishment ships and to provide limited replenishment of combatant ships." And after all this, eight years ago, the Carter administration is now "considering" an experimental effort.

I know, and you know, that the maritime industry can assume many Navy support functions. It will save the Navy money, and it will release trained sailors to man the new ships my administration will build for the fleet. This kind of integration and cooperation will strengthen our defense, strengthen our maritime industry, and provide the American taxpayer with the most for his money.

Let me conclude these remarks by saying a few words about the future of America.

Seafaring men discovered this land. They assured its prosperity by carrying the products of its farms and factories to foreign markets. They defended it by carrying the battle to the enemy's shores, and by denying the use of the sea to those who would threaten our freedom and our well-being.

Now we are faced with perhaps the greatest challenge in our nation's lifetime. Will our naval strength and our maritime strength grow once again to the level required by a great and strong nation? Will we be able to bring back to our shores the vital imports which fuel our transportation system and provide the raw materials for our industries? Will we be able to deliver our

export products to foreign buyers? Will the world's greatest land power--the Soviet Union--pre-empt our traditional maritime supremacy?

As Holmes once wrote of Old Ironsides, will "the harpies of the shore pluck the eagle of the sea?"

I say to you today, at this convention, that four years from now, at the end of the first Reagan administration, America will have risen to these challenges. It will have worked hard--and succeeded--in integrating Navy needs and merchant marine resources. There will be more Americans at work throughout our economy--more security for this great nation.

I ask you now--all of you: Let's work together. Let's make a new beginning. Let's make America great again.

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-draft-

10/8/80

1:30 p.m. CDT

NATIONAL MARITIME UNION
ST. LOUIS

TO: Bob Garick
FROM: Martin Anderson

PRESIDENT WALL, DELEGATES TO THIS 18TH NMU CONVENTION, LADIES AND GENTLEMEN:

I AM PLEASED, AND HONORED, TO HAVE THIS OPPORTUNITY TO ADDRESS THIS CONVENTION THIS MORNING. FOR I KNOW THAT YOU AND I SHARE MANY DEEP CONCERNS ABOUT THIS COUNTRY AND WHAT MAY HAPPEN TO IT IN THE FUTURE.

WE STAND ON THE EVE OF A NATIONAL ELECTION THAT MAY WELL DECIDE THE DIRECTION THIS COUNTRY WILL TAKE FOR YEARS INTO THE FUTURE. IT IS, IN THE EYES OF MANY, A FATEFUL MOMENT, AND IT IS WELL THAT WE SHOULD PAUSE AND TAKE STOCK OF WHERE WE ARE.

HERE AT HOME, EIGHT MILLION AMERICANS ARE OUT OF WORK. INSTEAD OF MAKING STEEL, PUTTING AMERICA ON WHEELS, AND WORKING DAY AND NIGHT TO MOVE OUR COUNTRY'S VITAL CARGOES, MEN AND WOMEN ARE STANDING IN LINE FOR UNEMPLOYMENT CHECKS.

MEANWHILE THE VALUE OF THE DOLLAR IS SHRINKING ALMOST DAY BY DAY. THE DOLLAR YOU EARNED IN 1976, WHEN PRESIDENT FORD WAS IN THE WHITE HOUSE, IS WORTH ONLY 68¢ TODAY. STEADY, PERSISTENT INFLATION HAS ROBBED PENSIONERS OF THEIR SAVINGS. IT HAS DRIVEN UP INTEREST RATES SO MANY OF OUR YOUNG FAMILIES HAVE LITTLE HOPE OF BUYING A HOME OF THEIR OWN. THE HOME BUILDERS ASSOCIATION ESTIMATES THAT THIS YEAR 840,000 HOMES THAT AMERICANS BADLY NEED WILL GO UNBUILT, AT A GREAT ECONOMIC AND SOCIAL COST TO OUR PEOPLE.

AMERICA RUNS ON ENERGY, AND YET IN THE PAST FOUR YEARS WE HAVE SEEN GAS LINES, CLOSED SCHOOLS AND FACTORIES, AND CONTINUING UNCERTAINTY ABOUT FUTURE SUPPLIES. WE DISCOVERED THAT

Rev by For
2:40 PM

THE ADMINISTRATION IN WASHINGTON HAD PIPED MILLIONS OF BARRELS OF PETROLEUM INTO AN UNDERGROUND RESERVOIR - AND HAD NO PUMPS TO GET IT OUT AGAIN. LATER THAT SAME ADMINISTRATION PROPOSED ALL KINDS OF MANDATORY RULES ON THE ECONOMY, INCLUDING GOV ERNMENT - POLICED TEMPERATES IN RESTAURANTS AND HOTELS.

ALL OF THESE THINGS ARE SERIOUS - NATIONAL SECURITY, THE ECONOMY, JOBS, INFLATION, ENERGY. BUT TODAY I WOULD LIKE TO ADDRESS A PARTICULAR PROBLEM THAT DOES MUCH TO REVEAL HOW THE FAILURE OF THE CARTER ADMINISTRATION'S LEADERSHIP HAS ENDANGERED BOTH OUR NAVAL FORCES AND OUR MARITIME INDUSTRY.

BECAUSE OF JIMMY CARTER'S FAILURE OF LEADERSHIP, THIS COUNTRY HAS SUFFERED A SHOCKING DECLINE IN THOSE TWO INTERRELATED AREAS. THAT DECLINE COMES AT A TIME WHEN THE UNITED STATES IS MORE DEPENDENT UPON THE USE OF THE SEAS FOR OUR NATIONAL WELL-BEING THAN EVER BEFORE IN OUR HISTORY.

THE MAGNITUDE OF THIS DECLINE IS DIFFICULT FOR MOST AMERICANS EVEN TO COMPREHEND. AT THE COST OF WORLD WAR II, THE UNITED STATES WAS THE MOST POWERFUL MARITIME NATION IN THE HISTORY OF THE WORLD. OUR NAVY WAS 1,000 SHIPS STRONG. OUR MERCHANT FLEET CARRIED 42% OF OUR FOREIGN TRADE.

TODAY OUR NAVY HAS LESS THAN 500 SHIPS, MANY OF THEM OVERAGE AND OF DOUBTFUL VALUE. THERE ARE SOME 500 U.S. -FLAG OCEAN GOING VESSELS - BUT THEY NOW CARRY LESS THAN FIVE PERCENT OF OUR OWN COMMERCE. NINETY-FIVE PERCENT OF U.S. TRADE IS CARRIED IN FOREIGN BOTTOMS. IN TIME OF CRISIS, WILL THOSE SHIPS BE AVAILABLE? WE SIMPLY DON'T KNOW. WHEN WE FIND OUT, IT MAY BE TOO LATE.

THERE ARE TODAY ONLY NINETEEN US FLAG DRY BULKERS IN OPERATION, MOST OF THEM OVERAGE. THERE ARE DOZENS OF OIL SHUTTLE SHIPS OPERATING IN OUR COASTAL WATERS; ALL OF THEM FLY FOREIGN FLAGS. FIFTY FOUR PASSENGER SHIPS OPERATE OUT OF US PORTS. ONLY ONE FLIES THE STARS AND STRIPES. MAY OF THE DRILLING RIGS ON OUR CONTINENTAL SHELF ARE MANNED BY FOREIGNERS.

I AM DETERMINED THAT THE UNITED STATES SURVIVE AS A STRONG AND PROSPEROUS NATION. GIVEN THE PRESENT STATE AFFAIRS, WE MUST HAVE NEW LEADERSHIP, STRONG LEADERSHIP, LEADERSHIP THAT WILL COME TO GRIPS - QUICKLY - WITH THE PROBLEMS WE AS A NATION FACE ON THE HIGH SEAS OF THE WORLD.

THIS NATION BADLY NEEDS A REVITALIZED MARITIME POLICY. THAT POLICY MUST REVERSE THE DRIFT AND DECLINE OF THE CARTER ADMINISTRATION. IT MUST REAFFIRM THE IMPORTANCE OF THE SEA - TO AMERICA'S FUTURE. IT MUST REESTABLISH THE US-FLAG COMMERCIAL FLEET AS AN EFFECTIVE ECONOMIC INSTRUMENT FOR THE SUPPORT OF US INTERESTS ABROAD. AND ABOVE ALL, THAT POLICY MUST INSIST UPON AMERICA'S EFFECTIVE CONTROL OF THE SEAS WHERE OUR NATIONAL INTERESTS ARE THREATENED.

MARITIME POLICY IS NOT A THING UNTO ITSELF. IT IS - OR SHOULD BE AN INTEGRAL PART OF OUR OVERALL FOREIGN POLICY. IF IT IS NOT, OUR NATIONAL INTEREST CANNOT BE SERVED AND PROTECTED. SINCE THERE ARE MANY WHO MUST BE INVOLVED IN DEVELOPING A COORDINATED MARITIME POLICY, CONSTANT COMMUNICATION AND A FEELING OF MUTUAL TRUST MUST BE DEVELOPED BY A PRESIDENT AND HIS TOP EXECUTIVES AND THE MANY UNIONS, SHIPPING FIRMS AND OTHERS WITHIN THE PRIVATE SECTOR.

LAST MONTH I MET IN WASHINGTON WITH MORE THAN 60 OF THIS COUNTRY'S MARITIME LEADERS AND UNION OFFICIALS. AT THAT MEETING I PRESENTED A SPECIFIC SEVEN POINT PLAN FOR A STRONG AMERICAN MARITIME INDUSTRY FOR THE REMAINDER OF THIS CENTURY. TAL SIMPKINS WAS THERE FOR NATIONAL MARITIME UNION. THERE WERE SHIPBUILDERS AND ALLIED INDUSTRY PEOPLE, AND INLAND WATERWAY PEOPLE, AND OTHER UNION LEADERS.

LET ME SUMMARIZE FOR YOU THE MOST IMPORTANT ELEMENTS IN THAT PLAN.

WE MUST, FIRST OF ALL, PROVIDE A UNIFIED DIRECTION FOR ALL GOVERNMENT PROGRAMS AFFECTING THE MARITIME INTERESTS OF THE UNITED STATES. THE NAVY AND THE COMMERCIAL MARITIME INDUSTRY ARE GOVERNED BY DIFFERENT FEDERAL DEPARTMENTS. THOSE DEPARTMENTS MUST LEARN TO COOPERATE. WE CANNOT AFFORD TO HAVE BUREAUCRATIC JEALOUSY OR TURF-PROTECTION GET IN THE WAY OF LONG-RANGE SHIP BUILDING PROGRAMS VITAL TO THE NATIONAL INTEREST.

THE ~~CARDO~~ POLICIES OF OTHER NATIONS POSE A CHALLENGE TO THE UNITED STATES. WE HAVE TRADITIONALLY BELIEVED IN FREE TRADE AND FREEDOM OF THE SEAS. TODAY, HOWEVER, WE ARE FACED WITH A NETWORK OF FOREIGN GOVERNMENTAL PREFERENCES AND PRIORITIES DESIGNED TO ADVANCE THE INTEREST OF FOREIGN SHIPPING AT THE EXPENSE OF OUR OWN. IT IS MUCH THE SAME AS A COUNTRY WHICH SUBSIDIZES ITS STEEL INDUSTRY TO ENABLE IT TO DUMP STEEL IN THE U.S. MARKET AT PRICES BELOW ACTUAL PRODUCTION COST. THAT'S NOT FREE TRADE. THOSE COUNTRIES WILL HAVE TO BE TOLD THEY CAN'T HAVE IT BOTH WAYS - PROTECTION FOR THEIR SHIPS, AND COMPETITION FOR EVERYBODY ELSE. AS PRESIDENT, I INTEND TO MAKE THAT FACT VERY CLEAR TO A NUMBER OF PEOPLE WHO HAVE APPARENTLY NOT HEARD MUCH

FROM THE ADMINISTRATION OF JIMMY CARTER ON THIS POINT.

IN ADDITION, WE MUST ENCOURAGE AND SUPPORT OUR MARITIME INDUSTRY BY NEGOTIATING BILATERAL AGREEMENTS TO ASSURE EQUAL ACCESS TO CARGOES. WE HAVE SUCH AGREEMENTS WITH SOME COUNTRIES NOW - SUCH AS BRAZIL AND ARGENTINA.

A MAJOR GOAL OF MY ADMINISTRATION WILL BE TO ASSURE THAT AMERICAN FLAG SHIPS CARRY AN EQUITABLE PORTION OF OUR TRADE, CONSISTENT WITH THE LEGITIMATE ASPIRATIONS AND POLICIES OF OUR TRADING PARTNERS.

"THE PRINCIPLE THAT A NATION'S OWN SHIPS SHOULD CARRY ITS COASTAL TRADE, PRESENTLY EMBODIED IN THE JONES ACT, HAS BEEN PART OF THIS COUNTRY'S MARITIME POLICY SINCE THE EARLY DAYS OF THE NATION. I CAN ASSURE YOU THAT A REAGAN ADMINISTRATION WILL NOT SUPPORT LEGISLATION THAT WOULD JEOPARDIZE THIS LONG STANDING POLICY OR THE JOBS DEPENDENT UPON IT."

OUR MERCHANT MARINE IS A VITAL AUXILIARY TO THE U.S. NAVY. AT A TIME WHEN THE NAVY'S SUPPORT CAPABILITY IS OPEN TO SERIOUS QUESTION, WE SHOULD BE INCREASING THE MERCHANT MARINE'S ROLE - AND YET WE ARE NOT.

WE KNOW THAT INTEGRATED COMMERCIAL SUPPORT OF THE NAVY IS POSSIBLE. THE SS ERNA ELIZABETH PROVED THAT EIGHT YEARS AGO IN A DEMONSTRATION PLANNED BY A PREVIOUS REPUBLICAN ADMINISTRATION. TODAY, HOWEVER, THE CARTER ADMINISTRATION ACTS LIKE THAT DEMONSTRATION NEVER TOOK PLACE.

JIMMY CARTER'S ASSISTANT SECRETARY OF COMMERCE FOR MARITIME AFFAIRS WAS RECENTLY ASKED IF THERE WERE PLANS TO AUGMENT THE NAVY'S UNIFORMED MANPOWER BY MERCHANT MARINE PERSONNEL. THIS CAME AFTER THE SKIPPER OF THE NAVY OILER CANISTEO REFUSED A SAILING

ORDER BECAUSE HIS SHIP WAS TOO SHORT-HANDED TO CARRY OUT ITS MISSION.

AND THE ASSISTANT SECRETARY REPLIED "THAT THE ADMINISTRATION IS CONSIDERING AN EXPERIMENTAL EFFORT TO TEST THE CAPABILITY OF MERCHANT SEAMEN AND CONTRACT WITH THEM TO MAN NAVAL AUXILIARY VESSELS AND NAVAL SUPPORT VESSELS..." IN CALIFORNIA, THIS SORT OF RESPONSE IS CALLED A "LAID BACK ATTITUDE". IS IT POSSIBLE THAT THE TOP MARITIME EXECUTIVE IN THE CARTER ADMINISTRATION IS TOTALLY UNAWARE OF THE ERNA ELIZABETH'S PERFORMANCE? EIGHT YEARS AGO, AS MANY OF YOU KNOW, THIS 35,000 TON US-FLAG TANKER STEAMED 13,000 MILES AND REFUELED SOME 40 NAVY SHIPS, INCLUDING THE CARRIER JOHN F. KENNEDY.

THE EXPERIMENT WORKED WELL. THE REFUELINGS WERE ON TIME. THERE WAS NO SHIP DAMAGE. HERE WAS NO PERSONNEL INJURY. THE CHIEF OF NAVAL OPERATIONS SAID THAT THE TEST "PROVED THE FEASIBILITY OF USING COMMERCIAL TANKERS TO CONSOLIDATE NAVY REPLENISHMENT SHIPS AND TO PROVIDE LIMITED REPLENISHMENT OF COMBATANT SHIPS." AND AFTER ALL THIS, EIGHT YEARS AGO, THE CARTER ADMINISTRATION IS NOW "CONSIDERING" AN EXPERIMENTAL EFFORT.

I KNOW, AND YOU KNOW, THAT THE MARITIME INDUSTRY CAN ASSUME MANY NAVY SUPPORT FUNCTIONS. IT WILL SAVE THE NAVY MONEY, AND IT WILL RELEASE TRAINED SAILORS TO MAN THE NEW SHIPS MY ADMINISTRATION WILL BUILD FOR THE FLEET. THIS KIND OF INTEGRATION AND COOPERATION WILL STRENGTHEN OUR DEFENSE, STRENGTHEN OUR MARITIME INDUSTRY, AND PROVIDE THE AMERICAN TAXPAYER WITH THE MOST FOR HIS MONEY.

LET ME CONCLUDE THESE REMARKS BY SAYING A FEW WORDS ABOUT THE FUTURE OF AMERICA.

SEAFARING MEN DISCOVERED THIS LAND. THEY ASSURED ITS PROSPERITY BY CARRYING THE PRODUCTS OF ITS FARMS AND FACTORIES TO FOREIGN MARKETS. THEY DEFENDED IT BY CARRYING THE BATTLE TO THE ENEMY'S SHORES, AND BY DENYING THE USE OF THE SEA TO THOSE WHO WOULD THREATEN OUR FREEDOM AND OUR WELL-BEING.

NOW WE ARE FACED WITH PERHAPS THE GREATEST CHALLENGE IN OUR NATION'S LIFETIME. WILL OUR NAVAL STRENGTH AND OUR MARITIME STRENGTH GROW ONCE AGAIN TO THE LEVEL REQUIRED BY A GREAT AND STRONG NATION? WILL WE BE ABLE TO BRING BACK TO OUR SHORES THE VITAL IMPORTS WHICH FUEL OUR TRANSPORTATION SYSTEM AND PROVIDE THE RAW MATERIALS FOR OUR INDUSTRIES? WILL WE BE ABLE TO DELIVER OUR EXPORT PRODUCTS TO FOREIGN BUYERS? WILL WE BE ABLE TO DELIVER OUR EXPORT PRODUCTS TO FOREIGN BUYERS? WILL THE WORLD'S GREATEST LAND POWER - THE SOVIET UNION - PREEMPT OUR TRADITIONAL MARITIME SUPREMACY?

AS HOLMES ONCE WROTE OF OLD IRONSIDES, WILL "THE HARPIES OF THE SHORE PLUCK THE EAGLE OF THE SEA?"

I SAY TO YOU TODAY, AT THIS CONVENTION, THAT FOUR YEARS FROM NOW, AT THE END OF THE FIRST REAGAN ADMINISTRATION, AMERICA WILL HAVE RISEN TO THESE CHALLENGES. IT WILL HAVE WORKED HARD - AND SUCCEEDED - IN INTEGRATING NAVY NEEDS AND MERCHANT MARINE RESOURCES. THERE WILL BE MORE AMERICANS AT WORK THROUGHOUT OUR ECONOMY - MORE SECURITY FOR THIS GREAT NATION.

I ASK YOU NOW - ALL OF YOU; LET'S WORK TOGETHER. LET'S MAKE A NEW BEGINNING. LET'S MAKE AMERICA GREAT AGAIN.

7 October 1980

TO: Kevin Hopkins

FROM: Jim Pinkerton

RE: Jones Act

Information for the following comes from Ron Loche, who works for McCloskey out of the House Maritime and Fisheries Committee.

Application of the Jones Act has driven the US domestic fleet off the seas. In 1950 there were approximately 70 American flag vessels carrying lumber from the West Coast of the US to the East Coast. Currently there are no US flag ships. Those 70 US flag vessels carried 1.4 billion board feet of lumber from US mills to the East Coast. Now that entire market is served by foreign--mostly Norwegian--flag ships carrying Canadian lumber to the East Coast.

The Jones Act requires all water cargo moved inside the US to be carried on US-built ships with American crews. The result is that American cargo cannot compete with foreign cargo because American cargo must be carried according to the provisions of the Jones Act, which roughly doubles the cost of transportation.

Interestingly, the major problem with the Jones Act at present is not the requirement that the ships be crewed by Americans. Many foreign sailors receive equivalent wages. The difference is the requirement that the ships be American built. American ships are simply not competitive on the world market.

McCloskey points out that if the Jones Act were repealed many American industries, most notably the lumber industry in the Pacific Northwest, would once again be competitive in the US market. This would provide jobs for lumberjacks, millworkers, and seamen. This would do nothing for shipyard workers, but McCloskey points out that they aren't working now anyway. Moreover, Loche argues that even they might find work repairing ships coming in and out of US ports.

The Jones Act acts as a wedge that makes it very difficult to conduct commerce in America, and leaves us more and more vulnerable to incursions by imports. It drives up the cost of virtually everything in states such as Alaska and Hawaii.

There is also a substantial energy impact from this shift away from energy-efficient water transportation. Domestic freight transport accounts for about 25% of total petroleum consumption in the US. Since water carriage requires just 1/5 of the amount of petroleum per ton mile as trucking, and only 2/3 that of rail, shifting just 10% of intercity truck carriage to ships would save up to 50,000 barrels of oil a day, or about 1% of US total US consumption.

McCloskey is going to propose a bill that would exempt from the Jones Act shipping routes on which there is presently no competition. For example, McCloskey's proposed change in the regulations would allow foreign-built ships to carry lumber from the West Coast to the East Coast, because there are no US ships presently operating on that route.

US FLAG

MAGAZINE/MAY-JUNE 1980

A Partnership for Preparedness



A Message from the Transportation Institute

For the first time since the end of the draft and creation of the so-called "All-Volunteer Force," all four U.S. armed services last year failed to meet their recruiting goals.

Aggravating what now seems to be a first-term service manpower problem of crisis proportions is the fact that the retention of skilled personnel, the experienced technicians, mechanics, and supervisors who have already completed one or more enlistments, has also been steadily decreasing—at the very time that, in response to a worldwide Soviet naval and military threat of unprecedented dimensions, the tempo of operations for U.S. ships, aircraft, and ground forces has been on a steady upward curve.

The problem is particularly acute in the U.S. Navy, which already has a deficit of 20,000 petty officers—and recently had to "beach" a ship, the oiler USS *Canisteo*, because there were not enough skilled personnel available to operate her safely—in routine peacetime operations.

The Navy's manpower shortfall may be expected to worsen considerably in the near future, as the vicious cycle continues: the lack both of trained manpower and of combatant ships means longer working hours and more extended deployments for those who do stay on active duty. But those increasingly unattractive working conditions will discourage not only new enlistments, but also retention of the highly skilled—and expensively trained—midcareer personnel needed to operate today's technologically sophisticated naval combatants.

This issue of U.S. Flag Magazine examines in detail the cruel manpower dilemma facing today's Navy and suggests a partial but viable solution: Use of U.S.-flag merchant marine personnel, and U.S.-flag merchant ships, to carry out a number of the refueling, resupply, and other auxiliary missions now assigned to U.S. Navy ships.

The concept is not new. Two other of the world's leading sea powers, the Soviet Union and the United Kingdom, routinely use merchant ships as naval auxiliaries—just as the United States did throughout most of its early history, as well as in every war in which the United States has ever been involved.

It may be time, suggests U.S. Flag, to resume the partnership for preparedness which translated into victory at sea in years past—and by so doing, incidentally, to create the conditions which will help to insure a lasting peace.

Herbert Brand
President

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COVER: The merchant tanker SS *Erna Elizabeth* refuels the destroyer USS *Damato*.

Editor: Peter J. Luciano

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U.S. Flag Magazine is available in limited quantities upon request to the Transportation Institute.

A Partnership for Preparedness

When the commanding officer of the Norfolk-based U.S. Navy oiler USS *Canisteo* (AO 99) made the difficult decision in late March that he could not put his ship to sea because of a lack of skilled technicians it sent shock waves through the entire U.S. defense establishment.

But it should not have. Both in their public testimony before Congress and in their private communications to the Secretary of Defense and the President, the nation's senior uniformed leaders have been warning for several years that U.S. combat readiness across the board has been seriously degraded because of continuing—and increasingly difficult—personnel retention problems.

Thanks in part to the vigorous but enervating tempo of even peacetime military operations (the nuclear carrier USS *Nimitz* was at sea continuously for 144 days during its recent Indian Ocean deployment), in part to several "pay caps" imposed on the military in recent years, and in part to the more attractive employment opportunities in the private sector, retention of trained military personnel has now reached the crisis stage.

Following are a few specifics, as spelled out by former Defense Secretary Melvin R. Laird in a recent study for the American Enterprise Institute (AEI):

- The Army is today short some 46,000 NCOs (noncommissioned officers), the Air Force 3,000, and the Marine Corps 5,000. The Navy has a deficit of 20,000 petty officers, with particularly acute shortages (30% or more of authorized strength) "in certain key areas like boiler technicians."
- Some of the ships the Navy has deployed within the past year to the Mediterranean and Indian Ocean have been 15% below strength overall. Compounding that problem is the fact that, to make up for the shortage, those who do stay in "are forced to work extra hours to make up for the deficiencies—sailors on the USS *Concord*, a Navy supply ship operating in the Mediterranean, for instance, are working 110 hours per week, while radiomen put in their normal shifts and then substitute as cargo handlers. This is not only dangerous but demoralizing."
- The situation is very likely to become much worse before it can possibly get better. In each of the last seven years, at least one service failed to reach its recruiting goal for first-term enlistments. Last year, for the first time, all four services



The Soviet freighter *Mtsensk* passes through the Tonkin Gulf enroute to the North Vietnamese port of Haiphong in this 1967 photo. Recognizing that merchant ships can not only earn the hard currency which the Soviet Union sorely needs but also be used as the spearhead of Soviet foreign policy, the USSR has poured vast monetary and manpower resources into its merchant fleet over the past three decades. The United States, in contrast, has permitted the U.S.-flag merchant fleet to decline to the point that it now carries less than 5% of the U.S. two-way export and import tonnage.

failed to meet their recruiting goals. With fewer first-term personnel on board, and with the continued erosion of military pay and benefits, it seems inevitable that more and more personnel will decide against a military career.

A Beginning Step: \$5 Billion

Laird makes clear in his AEI study that even a *short-term, partial*, solution might be astronomically expensive. The first step, he says, should be a one-time pay hike of "at least \$5 billion"—and that would be just to restore military compensation "to its 1972 real income levels." Follow-up steps—such as "indexing" military pay to the Consumer Price Index and improving housing, medical, and hazardous duty pay benefits—also "could amount to billions of dollars a year," Laird concedes.

What is worse, from an economic as well as national security point of view, is the fact that there might be no long-term solution. Even if military pay could be made "comparable" with pay in the private sector it seems probable, in the era of the All-Volunteer Force, that recruiting and retention problems cannot really be eliminated.

The famous "baby boom" of the immediate post-World War II years already has crested and passed its peak. There will be fewer young Americans entering the work force for the next two decades, at least, and the competition for their services will be keen indeed.

But there is another factor. As the worldwide Soviet naval and military threat has increased and become more overt it has also become apparent that the U.S. Navy may be no longer capable, by itself, of carrying out all of its assigned missions.

The reason is simple: a lack of ships. In 1968, at the peak of the Vietnam War, the U.S. Navy counted 976 ships of all types in its active inventory. A few years later, in 1974, the Joint Chiefs of Staff told Congress that the Navy would need "an active force level of over 800 ships to support our current national defense strategy" and meet the then-anticipated Soviet naval threat of the 1980s. Since then, however, U.S. dependence on overseas sources of raw materials has increased significantly—while the number of overseas bases available to the U.S. Navy has *decreased*—and the Soviet naval/maritime threat has escalated beyond all expectations. But the U.S. Navy's force level has been reduced by over 500 ships. There are in the USN's active inventory today only about 460 ships—less than half the 1968 total.

Halfway to a Solution?

To rebuild the Navy will take years, and will cost billions and billions of dollars. A modest beginning was proposed earlier this year when the administration, in a reversal of previous cutbacks, proposed a five-year shipbuilding plan calling for construction of 97 new ships and conversion or modernization of others.

Included in that 102-ship total (19 new-construction ships per year—still only half of what many naval experts say is needed on a continuing basis) would be six Trident ballistic missile submarines, 11 "attack" submarines (considered the best defense against enemy submarines), three aircraft carriers, (conversions only, however), and a miscellaneous medley of frigates, destroyers, mine countermeasures ships, amphibious assault vessels, repair ships, and 29 civilian-manned support vessels of various types.

The upwardly mobile 97-ship new-construction program proposed represents

A Good Idea Then, Why Not Now?

The following is reprinted verbatim from Issue No. 1 of the Merchant Marine Naval Reserve Bulletin—published at a time (May 1946) when the U.S. Navy and U.S.-flag merchant marine were still working as closely as they had in World War II, and actively recruiting U.S.-flag merchant marine personnel for the U.S. Naval Reserve.

IT'S IN THE RECORDS of the Office of Naval Records and Library that:

Every candidate selected for an officer's billet in the naval service in 1794 had formerly served in a ship of the *Merchant Marine*.

Almost every naval officer from Midshipman to Captain in the United States Navy in 1798 had been trained and served in the *Merchant Marine*.

Almost every early naval hero—JOHN BARRY, JOHN PAUL JONES, THOMAS TRUXTUN, JOSHUA BARNEY, EDWARD PREBLE—was an *ex-Merchant Mariner*.

Every commanding officer of the first six vessels built for the United States Navy had previously held a command in the *Merchant Marine*:

USS Constitution — Samuel Nicholson
USS Constellation — Alexander Murray
USS United States — John Barry

USS Chesapeake — Richard Dale
USS Congress — John Sever
USS President — Thomas Truxtun

Every member of the United States Navy's MERCHANT MARINE NAVAL RESERVE has had the same training and tradition that was the heritage of some of the oldest and most honored officers of the naval service!

an increase of 30 ships over the 67-ship five-year new-construction program submitted last year by the same Carter administration (and an increase of 50 ships, in fact, over a revised 47-ship program which reportedly was planned prior to the seizure of the U.S. embassy in Iran and the Soviet invasion of Afghanistan). But it is still, as stated earlier, far short of what several chiefs of naval operations and most independent naval analysts say is needed if the U.S. Navy is to be able to carry out all of its numerous missions worldwide.

Partly in recognition of that fact, the House Armed Services Committee has already proposed a \$2.2 billion, six-ship, increase in the Navy's fiscal year 1981 budget.

A New Defense Plan

There are many who would go much further than that—and much faster. On 9 May The Committee on the Present Danger (a Washington-based bipartisan

educational organization) proposed what is described as an "enhanced defense plan" (EDP) which calls for, among other things, construction of 233 new ships for the Navy in fiscal years 1980 through 1985.

The Committee, which includes in its prestigious hierarchy such figures as Paul H. Nitze (Secretary of the Navy and, later, Deputy Secretary of Defense under President Johnson) and Eugene Rostow (Under Secretary of State in the Kennedy and Johnson administrations), would more than double the administration's FY 1981 shipbuilding budget (from \$6.1 billion to \$15.8 billion), then fund a long-range shipbuilding program (FY 1982-85) costing about \$16 billion annually.

Included in the Committee's "enhanced" defense plan, interestingly, would be six new Navy oilers (one of which might well replace the *Canisteo*, built in 1945), at a unit cost of an estimated \$200 million per ship.

Navy supporters, in Congress and elsewhere, are of course enthusiastic about the Committee's funding and force proposals, but they also recognize—as does the Committee itself—that, even if all of the EDP line items were funded in toto, the new ships procured would not in themselves restore the U.S. Navy to its former position of unchallenged supremacy on the high seas.

Former Defense Secretary Melvin Laird correctly titled his AEI thesis "People, Not Hardware: The Highest Defense Priority." And he pointed out, also correctly, that the Navy does not presently have enough manpower (skilled or even unskilled) to crew the decimated and overworked ships now in the active inventory.

A Large Part of the Answer

How then—the question virtually asks itself—would the Navy be able to man a much larger fleet, of perhaps 650 ships—which the Committee on the Present Danger says is "the minimum necessary to provide a three-ocean navy and a permanent Caribbean presence"?

The answer—a large part of it, at least—is suggested by the fact that so many of the support ships in both the administration's five-year defense plan and the Committee's enhanced defense plan would be manned by civilians. According to Samuel B. Nemirow, Assistant Secretary of Commerce for Maritime Affairs, support ships *now* in the Navy's active fleet inventory might also be manned by civilians in the near future. The administration already is considering, he told *Sea Power Magazine*, "an experimental effort to test the capability of merchant seamen and contract with them to man naval auxiliary vessels and naval support vessels. . . ."

"I hope we get some fairly early action on that," Nemirow said in an interview in the May 1980 issue of the Navy League's official publication. "I would like to see, particularly on an experimental basis, the Navy give favorable consideration to that proposal."

Considering the personnel problems highlighted by the Laird report—and the prospects of worse to come—there seems little doubt that merchant manning of the Navy's support and auxiliary ships could significantly ease the dimensions of today's service manpower problems.

It could also reduce costs appreciably, thus providing scarce defense dollars for other urgently needed naval/military programs. The *Canisteo's* authorized

complement is 19 officers and 298 enlisted personnel—317 men total. Merchant marine manning would be about one third of that.

A Sensible Step Further

But if it makes good sense—as it seems to—to man the Navy's support and auxiliary ships with merchant marine civilian personnel, might it not make just as good sense to go one step further and use merchant marine *ships* as well as merchant marine *personnel* to help ease the present two-way bind—people and platforms—which has strained the Navy's own resources to the breaking point?

The idea is not farfetched. Nor is it without precedent. Consider the following:

—The merchant fleet of the Soviet Union—and, indeed, all components of the USSR's seagoing forces (fishing vessels and oceanographic ships, for example)—routinely serve as auxiliaries of the Soviet Navy.

—Great Britain's Royal Fleet Auxiliary (RFA), following a centuries old tradition of British naval/maritime cooperation, was officially constituted by Royal Charter in 1911 to serve British armed forces around the world. "A civilian-manned fleet owned by the British Government," the RFA notes in its



HMS Tartar (at left) and, in center, the carrier HMS Ark Royal refuel and replenish at sea from three RFA (Royal Fleet Auxiliary) ships in this 1971 Ministry of Defence photo. The United States might be well advised to follow the British example, which makes regular use of merchantmen and thereby frees scarce defense funding and manpower for naval combatant purposes.

own recruiting brochure, "it has merchant navy status, yet its main tasks are to supply warships of the Royal Navy with fuel, food, stores, and ammunition which they need to remain operational while away from their bases. It also provides sea transport for Army units and their equipment wherever they may be required.

"It works with the Navy and the Army yet it remains a civilian organisation [emphasis added]." It might also be emphasized that RFA sailors take pride in the well-demonstrated fact that their "RFA" acronym translates directly into the motto "Ready For Anything."

—Eight years ago a series of tests was conducted by the U.S. Navy and the Maritime Administration to determine the feasibility of using merchant ships to refuel the Navy's combat fleet. Professor Clinton H. Whitehurst, Jr., of Clemson University, an internationally recognized authority in logistics, transportation, and defense economics, described the test series as follows in a landmark 1976 AEI study on "The Defense Transportation System":

"... A typical union-manned privately owned tanker was modified for an underway replenishment role at a cost of about \$30,000. Between February 7 and April 4, 1972, the 35,000-ton U.S.-flag merchant tanker, S.S. Erna Elizabeth, operated with navy and NATO vessels in the Atlantic, Mediterranean, and Caribbean. It steamed approximately 13,000 miles and provided underway refueling to some 40 navy ships, including the carrier John F. Kennedy. *Test results were excellent, and all commitments were made on time without sustaining ship damage or incurring a single personnel injury [emphasis added].*"

The Most Neglected Asset

The Erna Elizabeth test series, said then-Chief of Naval Operations Admiral Elmo R. Zumwalt, Jr., "proved the feasibility of using commercial tankers to consolidate Navy replenishment ships and to provide limited replenishment of combatant ships.

"The knowledge that this surge capability is available," Zumwalt said, "can expand the employment options of our Fleet."

Regrettably, except for a second, also successful, 1972 test (in which the S.S. Lash Italia delivered a small load of supplies to a Sixth Fleet stores ship), the Navy has not seen fit to follow up the Erna Elizabeth experiment with a meaningful program which might profitably capitalize on what is, from a national security point of view, perhaps the nation's most neglected asset: the U.S.-flag merchant marine.

But it was not always thus. Ironically, although today's hard-pressed Navy apparently prefers to go it alone, without the aid and assistance which could be made readily available from the U.S.-flag merchant marine, the U.S. Navy of yesteryear was, in most important respects, no more and no less than the American merchant marine in battle dress. "The U.S. Navy was born from the womb of the pre-Revolution American Merchant Marine," Rear Admiral Penrose L. Albright observes in the May 1980 issue of Shipmate (the Naval Academy alumni magazine). "Practically every Naval Officer of the Revolution was an experienced merchant mariner. Fighting ships were primarily merchantmen with guns installed. The first six Frigates of the U.S. Navy authorized by Congress in 1794 were commanded by ex-merchant mariners. Officers and midshipmen of the Navy

See p. 10



The 1972 test series in which the merchant tanker Erna Elizabeth was used to refuel Navy combatant ships at sea proved the feasibility of the concept, but a follow-on program was never authorized.





The nuclear carrier USS Nimitz, shown here in company with the nuclear guided missile cruiser USS California, was at sea continuously for 144 days in its recent Indian Ocean deployment. The continuing strain of such high-tempo deployments has worsened already serious Navy retention problems—one partial solution to which might be the use of the U.S.-flag merchant marine for some of the Navy's auxiliary, non-combat missions.

were encouraged to ship on merchantmen for experience and to improve skills. Until World War II, officers and men trained in the Merchant Marine formed the most important manpower reserve for the Navy."

But the early merchant marine did not serve only as a ship-and-sailor pool for the Navy; it also served in an active combat role—just how effectively and efficiently was documented by Reuben E. Stivers in a 1975 Naval Institute book, "Privateers & Volunteers."

Following are a few of the more relevant points made by Stivers in his admirably articulated study:

- "Slowly at first, by dozens, then by hundreds," the American merchant privateers of the Revolutionary War "sailed forth to perform their mission of economic attrition. In the first few months they achieved the startling ratio of taking seven British merchantmen for the loss of each of their own."

- During both the Revolutionary War and the War of 1812—unlike any other war in which the United States has since participated—there were at any one time more Americans (most of them serving in or drawn from the American merchant marine) in the nation's naval/maritime forces than were enrolled at the same time "in the Continental and United States armies, including militia." The fledgling nation's naval and merchant ships, particularly the latter, "eliminated by death or capture only a slightly smaller number—about 14,000 men—than were captured on land (an estimated 16,000 men) by the Continental regiments." The sea services, incidentally, built up their score the hard way—through single-ship engagements—whereas the only slightly better record of the land forces was piled up in large chunks: through "mass capitulations" of 1,000 men at Trenton, 7,000 at Saratoga, and 8,000 at Yorktown.

- The scaled-down U.S. Navy which began the War of 1812 "consisted of 16 warships manned by 500 officers, 5,230 enlisted personnel, and 1,523 Marines"—but those meager numbers were multiplied more than tenfold by "some 100,000 seamen ready to make up the crews of a thousand privateers." The "reserve naval force" of armed merchantmen, "in vessels that were always far less heavily armed . . . captured or destroyed nearly ten times as many prizes" as did the U.S. Navy, "at only a tiny fraction of the expenditure from public funds." Moreover, the American merchant privateers "captured 4,842 military prisoners at sea,

80 percent of the total taken by the U.S. Army and militia contingents on land.”

As the U.S. Navy developed into a more professional service, its proud ships of the line ably manned by increasingly competent and experienced career personnel, it had less and less need of the U.S.-flag merchant marine.

Except in wartime. *Always*, in wartime, the naval/maritime partnership that had contributed so effectively to the winning of the nation's independence was re-created. *Always* on an ad hoc basis, unfortunately.

But always the results were successful—perhaps never more so, however, than in World War II, when, as is now sometimes forgotten, the heroic men and valiant ships of the U.S.-flag merchant marine almost singlehandedly kept England and Russia provided with the weapons and supplies they needed until U.S. manpower, industrial might, and invincible technology could be brought to bear.

But it was a costly sacrifice they made; on the Murmansk run alone more than 20% of the merchantmen which started out with their Lend-Lease supplies were sunk. Indeed, in the first six months of the war the U.S.-flag merchant marine lost some 350 ships and almost 3,000 men; it was, proportionately, a higher loss rate for that period than that suffered by any of the U.S. armed services. Eventually, however, between the attack on Pearl Harbor and the dropping of the atomic bombs on Hiroshima and Nagasaki, the tide was turned—thanks in large part to the U.S.-flag merchant marine which carried overseas more than seven million troops and over 265 million tons of weapons, ammunition, ordnance, trucks, Jeeps, aircraft, POL (petroleum, oil, lubricants) products, and other supplies.

The Most Dangerous Challenge

Once again, though, history was repeated, and the naval/maritime partnership which had won the United States its hard earned victory at sea was permitted to languish. Today, the U.S. Navy not only faces its most dangerous challenge

in history but is itself alarmingly outnumbered and, in some important respects, finds itself for the first time technologically outclassed. And the U.S.-flag merchant fleet, which at the end of World War II was ranked first in the world both in ship numbers and in deadweight tonnage (dwt), is now only 11th in the world in number of ships and 9th in dwt—and carries less than 5% of the U.S. two-way export and import tonnage.

What about tomorrow? Can the dormant U.S. naval/maritime partnership be re-created and re-vitalized?

It can, and it must. Navy Department and other witnesses have told Congress: (1) that in any future conflict the U.S. sealift requirements will be massive in scope—2,000 or more transatlantic crossings per month in a NATO/Warsaw Pact war; (2) that the undermanned and outnumbered U.S. Navy has neither the ships nor the trained manpower to carry out the sealift mission in addition to its own more urgent combat assignments; and (3) that non-U.S. shipping (whether NATO-flag or so-called “flag of convenience” ships) simply might not be available in sufficiency and would, in any case, be politically unreliable, therefore militarily risky.

Soviet Centralized Control

It may be worth while to take a long second look both at the British Royal Fleet Auxiliary and at the Soviet Merchant Marine—with particular focus on the

Soviet ships, including a merchant cargo vessel and, in left foreground, two merchant tankers, at the Kythira anchorage in the Mediterranean. (U.S. Navy photo.) The USSR's routine use of merchant ships for naval auxiliary purposes has greatly extended the reach of the Soviet Navy and insures that, in any combat situation, the naval and merchant fleets of the Soviet Union will be instantly compatible.



U.S. AND SOVIET MERCHANT FLEETS AS OF JANUARY 1, EACH YEAR
(Vessels 1,000 Gross Tons and Over)

Jan. 1 Each Year	UNITED STATES			USSR		
	No. of Ships	Gross Tons	Deadweight Tons	No. of Ships	Gross Tons	Deadweight Tons
1947	4,888	35,235,000	50,820,000	413	1,306,000	1,780,000
1948	3,911	28,711,000	40,814,000	419	1,301,000	1,777,000
1949	3,560	26,199,000	37,721,000	423	1,309,000	1,788,000
1950	3,513	26,045,000	37,445,000	432	1,331,000	1,801,000
1951	3,492	25,793,000	37,271,000	432	1,325,000	1,797,000
1952	3,464	25,726,000	37,090,000	471	1,455,000	1,896,000
1953	3,440	25,669,000	36,961,000	483	1,478,000	1,937,000
1954	3,439	25,835,000	37,199,000	504	1,528,000	2,003,000
1955	3,346	25,483,000	35,930,000	581	1,729,000	2,284,000
1956	3,304	25,250,000	35,539,000	604	1,830,000	2,426,000
1957	3,108	24,013,000	33,674,000	716	2,510,000	3,439,000
1958	3,046	23,725,000	33,278,000	737	2,625,000	3,584,000
1959	3,061	24,247,000	33,652,000	774	2,789,000	3,809,000
1960	2,996	24,036,000	33,293,000	858	3,331,000	4,551,000
1961	2,926	23,754,000	32,568,000	873	3,617,000	4,939,000
1962	2,733	22,580,000	30,975,000	895	3,852,000	5,294,000
1963	2,733	22,883,000	31,106,000	1,002	4,551,000	5,922,000
1964	2,656	22,520,000	30,509,000	1,124	5,397,000	7,032,000
1965	2,529	21,748,000	29,632,000	1,227	6,330,000	8,207,000
1966	2,376	20,684,000	28,283,000	1,345	7,421,000	9,561,000
1967	2,278	20,065,000	27,225,000	1,343	8,007,000	10,268,000
1968	2,162	19,179,000	26,079,000	1,449	8,562,000	10,958,000
1969	2,071	18,675,000	25,464,000	1,634	9,457,000	11,911,000
1970	1,937	17,964,000	24,560,000	1,717	10,080,000	12,757,000
1971	1,579	15,529,000	21,346,000	1,942	11,322,000	14,302,000
1972	1,372	14,348,000	19,634,000	2,059	11,888,000	14,957,000
1973	1,150	13,111,000	17,949,000	2,140	12,116,000	15,413,000
1974	1,016	12,775,000	17,467,000	2,262	12,868,000	16,507,000
1975	922	12,503,000	17,637,000	2,358	13,533,000	17,278,000
1976	857	12,301,000	17,694,000	2,404	14,292,000	18,250,000
1977	842	12,655,000	18,566,000	2,517	15,548,000	19,983,000
1978	840	13,388,000	19,972,000	2,456	15,651,000	20,481,000
1979	879	14,681,000	21,926,000	2,469	15,918,000	21,224,000
1980	865	15,564,000	23,589,000	—	—	—

Notes: This table was compiled by Shipbuilders' Council from Maritime Administration Data. U.S. merchant fleet includes government-owned vessels. Information for January 1, 1979, on Soviet fleet is estimated and not available for January 1, 1980.

The above table, developed by the Shipbuilders Council of America from Maritime Administration data, shows how the U.S.-flag merchant marine has declined both in ship numbers and in tonnage in the post-WWII era while the Soviet merchant marine has expanded at an unprecedented rate. Data for the U.S. merchant fleet includes government-owned vessels; data on the Soviet fleet is estimated for 1 January 1979 and is not available for 1 January 1980.

latter, which has not only increased steadily in ship numbers, deadweight tonnage, and fleet capability, but also is specifically organized to serve as an auxiliary fleet, in both war and peace, to the Soviet navy.

The USSR's Ministry of Shipbuilding manages *all* Soviet shipbuilding, whether for the navy, or merchant, fishing, and oceanographic fleets. One important result of such centralized control is that all of the USSR's "commercial" ships are readily adaptable to and compatible with naval/military operations:

- Soviet tankers already provide more than 75% of the fuel transferred to Soviet naval ships on the high seas.
- The USSR's roll-on/roll-off (RoRo) fleet, one of the world's largest, has been built with military requirements a foremost consideration. A typical Soviet RoRo is equipped with a large stern ramp big enough and strong enough to support the weight of the largest Soviet military rolling stock—such as the Soviet tanks carried by RoRo to Angola and the USSR's Mideast client states.
- A number of Soviet merchant ships are of the "long-hatch" type, ideal for the carriage, overt or covert, of aircraft, tanks, heavy artillery, and even nuclear missiles. It was such "long-hatch" freighters which were used in 1962 to carry IRBMs (intermediate range ballistic missiles) and IL-28 bombers to Cuba, precipitating the Cuban Missile Crisis.
- Soviet merchantmen played a vital role in the USSR's worldwide "Okean" naval exercises in 1970 and 1975—in at least one instance simulating a U.S. carrier task force.

A Failure in Communications

One of the most impressive aspects of the Okean exercises to Western observers, incidentally, was the ability of the Soviet military and political hierarchy in Moscow to communicate with the USSR's naval and merchant ships anywhere in the world within a matter of minutes.

In startling contrast, bridge-to-bridge radio, essentially limited to line of sight, is today the only readily available communications between U.S. Navy ships and the nation's merchant marine ships, and that inadequate link will be further weakened within the next few years because of a requirement that all Navy communications circuits be encrypted by 1983.

Are there some lessons that the United States might learn from the Soviet experience? Unquestionably, yes. But how might those lessons be applied?

Happily, there are several new programs which have been initiated in the past few years which, if pursued at a faster and more vigorous pace, could significantly improve the U.S. naval/maritime working relationship and appreciably enhance both national security and the nation's economic well being. Among them:

—The so-called "Running Mates" program, initiated in May 1976 on the West Coast and now being expanded to the East and Gulf Coasts, is a no-cost-to-the-government effort which provides Navy commanding officers and department heads, and their merchant marine counterparts, the opportunity to embark on each others' ships for short orientation cruises. (Soviet naval personnel—as well as KGB men—are assigned as a matter of routine to Russian freighters, trawlers, and oceanographic ships; in that context, the U.S. Running Mates program is another

belated, but necessary and welcome, instance of keeping up with the Ivanovs.) The long-range U.S. plan is to extend the Running Mates concept to the lower ranks and ratings on both naval and merchant ships.

—The Naval Reserve Merchant Marine Officer program, reinstated last year, provides merchant marine officers: (1) the opportunity to obtain commissions in the U.S. Naval Reserve; (2) training duty in convoy operations, Naval Control of Shipping, anti-submarine warfare, and underway replenishment; and (3) mobilization duty, in times of national emergency, in their present employment. Again, although the program is still in its embryonic stages, the national security potential is immense in its long-term implications.

—The perennially underfunded "ARAPAHO" program, which envisions deployment of ASW (anti-submarine warfare) helicopters and weapons modules aboard U.S.-flag merchant ships in time of war, is scheduled for initial "platform" tests later this year—to prove what was already amply demonstrated in World War II: that armed merchant ships can carry much of the burden for their own defense in hostile waters. (Over 6,200 merchant ships were armed in World War II, and collectively carried some 53,000 guns of various types.)

There is much, much more which can and should be done, of course. U.S.-flag merchant ships should be equipped from the keel up with the self-defense, communications, and other features that would make them instantly convertible to naval auxiliaries. Closer working relationships between U.S. Navymen and their merchant marine counterparts should be encouraged at all levels from the bridge to the boiler room, from the forward hatch to the fantail. The current "communications gap" should be *immediately* resolved, through installation aboard every merchant ship of the communications equipment needed in times of national emergency to communicate with the Navy.

The even greater communications gap which exists at the highest levels of government must also be addressed, to establish a daily dialogue between Navy and Defense Department planners on the one hand, and, on the other, Maritime Administration and industry officials representing all segments of the nation's maritime and shipbuilding industries.

Most important of all: U.S. defense policy must consciously adopt the same "total systems" approach used by the British and the Russians and coordinate all of the nation's presently insufficient maritime assets into a synergistic whole.

The Price of Preparedness

The price of such a broad-scale, across-the-board effort would not be negligible. Peace never does come cheap. Neither does preparedness.

And it is preparedness which is now at stake. The U.S. Navy, and the nation, are not now prepared to meet the present danger posed by the large, capable, well-coordinated, and still growing Soviet naval and maritime fleets. Unless the United States is willing NOW to take the necessary—and necessarily costly—steps to meet the challenge, the price that will *later* be paid will inevitably be much higher.

But "later" may be, in any case, and no matter how high the price, *too* late to make any substantive difference, and the cost that may have to be paid will be not in dollars, but in lives.

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OUT AT: 0900
Monday, 6 Oct.

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Bill Casey

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Bill Brock

Dean Burch
(For Ambassador Bush)

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Bill Morris

INFORMATION

The enclosed speech will be given by RR on Thursday, 9 Oct. in the A.M. Please review and advise me of any comments or corrections by 12-Noon Tuesday, 7 October. Thank you.

TO: Jim Brady, Lyn Hefziger, Martin Anderson, Mike Deaver

FROM: Bob Carrick

SENT: Oct.

RR Address, Natl Maritime Union, St. Louis 10/9 Draft 1 JMc 10/5 1630

President Wall, delegates to this 18th NMU Convention,
Ladies and Gentlemen:

I am pleased, and honored, to have this opportunity to address this convention this morning. For I know that you and I share many deep concerns about this country and what may happen to it in the future.

We stand on the eve of a national election that may well decide the direction this country will take for years into the future. It is, in the eyes of many, a fateful moment, and it is well that we should pause and take stock of where we are.

The prospects of peace in the world are uncertain. The Soviet Union, in Afghanistan directly and in a dozen other countries by proxy, has played an increasingly aggressive role toward the end of bringing millions of people under Soviet influence and domination. The strongest assurance of peace in the world has heretofore been the strength and will of these United States. But today that strength is doubtful; our equipment insufficient; our economy stumbling; our will confused and irresolute. The margin of safety that preserved world peace for the past 35 years has shrunk. Some would say that it has disappeared.

Here at home, eight million Americans are out of work. Instead of making steel, putting America on wheels, and working day and night to move our country's vital cargoes, men and women are standing in line for unemployment checks.

Meanwhile the value of the dollar is shrinking almost day by day. The dollar you earned in 1976, when President Ford was in the White House, is worth only 68¢ today. Steady, persistent inflation has robbed pensioners of their savings. It has driven up interest rates so ^{many of} our young families have little hope of buying a home of their own. The home builders association estimates that this year 840,000 homes that Americans badly need will go unbuilt, at a great economic and social cost to our people.

America runs on energy. And yet in the past four years we have seen gas lines, closed schools and factories, and continuing uncertainty about future supplies. We discovered that the Administration in Washington had piped millions of barrels of petroleum into an underground reservoir - and had no pumps to get it out again. Later that same Administration proposed all kinds of mandatory rules on the economy, including government-policed temperatures in restaurants and hotels.

All of these things are serious - national security, the economy, jobs, inflation, energy. But today I would like to address a particular problem that does much to reveal how the failure of the Carter Administration's leadership has endangered both our naval capability and our maritime strength.

Because of Jimmy Carter's failure of leadership, this country has suffered a shocking decline in those two interrelated areas. That decline comes at a time when the United States is more dependent upon the use of the seas for our national well-being than ever before in our history.

The magnitude of this decline is difficult for most Americans even to comprehend. At the close of World War II, the United States was the most powerful maritime nation in the history of the world. Our Navy was 1,000 ships strong. Our merchant fleet carried 42% of our foreign trade.

Today our Navy has less than 500 ships, many of them overage and of doubtful value. There are some 500 U.S.-flag ocean going vessels - but they now carry less than five percent of our own commerce. Ninety-five percent of U.S. trade is carried in foreign bottoms. In time of crisis, will those ships be available? Some will - but for many of them, we simply don't know. When we find out, it may be too late.

There are today only nineteen US flag dry bulkers in operation, most of them overage. There are dozens of oil shuttle ships operating in our coastal waters; all of them fly foreign flags. Fifty four passenger ships operate out of US ports. Only one flies the Stars and Stripes. Many of the drilling rigs on our continental shelf are manned by foreigners.

I am determined that the United States survive as a strong and prosperous nation. Given the present state affairs, we must have new leadership, strong leadership, leadership that will come to grips - quickly - with the problems we as a nation face on the high seas of the world.

This nation badly needs a revitalized maritime policy. That policy must reverse the drift and decline of the Carter Administration. It must reaffirm the importance of sea power - both naval and commercial - to America's future. It must

reestablish the US-flag commercial fleet as an effective economic instrument for the support of US interests abroad. And above all, that policy must insist upon America's effective control of the seas where our national interests are threatened.

Maritime policy is not a thing unto itself. It is - or should be - an integral part of our overall foreign policy. If it is not, our national interest cannot be served and protected. Since there are many who must be involved in developing a coordinated maritime policy, constant communication and a feeling of mutual trust must be developed by a President and his top executives and the many unions, shipping firms and others within the private sector.

Our maritime industry is in such difficulty that I have taken the perhaps extraordinary step of setting that coordinating process in motion already - acting on the gratifying but not altogether unreasonable assumption that three months from now I may be President of the United States. Last month my chief of staff Ed Meese and I met in Washington with more than 60 of this country's maritime leaders. At that meeting we worked out a specific seven point plan for a strong American maritime industry for the remainder of this century. Tal Simpkins was there for NMU. There were shipbuilders and allied industry people, and inland waterway people, and other union leaders. We have also been in contact with the dredging industry, the Water Resources Congress, and the port authorities.

Let me summarize for you the most important elements in that plan.

We must, first of all, provide a unified direction for all government programs affecting the maritime interests of the

United States. The Navy and the commercial maritime industry are governed by different federal departments. Those departments must learn to cooperate. I can tell you this: my appointees to those key posts will learn to cooperate quickly. For eight years as Governor of the largest state of this country I had the responsibility for making people cooperate. Those who did get promoted. Those who couldn't figure out how to get the job done went looking for another job. We cannot afford to have bureaucratic jealousy or turf-protection get in the way of long-range ship building programs vital to the national interest.

The cargo policies of other nations pose a challenge to the United States. We have traditionally believed in free trade and freedom of the seas. Today, however, we are faced with a network of foreign governmental preferences and priorities designed to advance the interest of foreign shipping at the expense of our own. It is much the same as a country which subsidizes its steel industry to enable it to dump steel in the U.S. market at prices below actual production cost. That's not free trade - that's dirty pool. We have let others play that game too long. We cannot sit by while a foreign government demands that 50% of its cargoes be carried on its own flag ships, while U.S. shippers get to compete only for what is left over. Those countries will have to be told they can't have it both ways_ protection for their ships, and competition for everybody else. Because if they insist on rigging a special deal for their own shipping, they cannot expect other nations to refrain from doing the same thing. As President, I intend to make that fact very clear to a number of people who have apparently not heard much from the Administration of Jimmy Carter on this point.

Next year an international maritime convention drafted by the United Nations Conference on Trade and Development (UNCTAD) is expected to come into effect. It provides for the sharing of liner conference cargoes on the basis of 40% to the vessels of importing nations, 40% to the vessels of exporting nations, and 20% for all others. The convention will not by its own terms apply to U.S. trades, but it will almost certainly lead to the enactment of new laws by many of our trading partners which will affect our trade - perhaps drastically. We must not fail to act to protect our maritime industry by negotiating bilateral agreements to assure equal access to cargoes. We have such agreements with some countries now - such as Brazil and Argentina. Events will probably force us to have many more. A major goal of my administration will be to assure that American flag ships carry an equitable portion of our trade, consistent with the legitimate aspirations and policies of our trading partners.

Our merchant marine is a vital auxiliary to the U.S. Navy. At a time when the Navy's support capability is open to serious question, we should be increasing the merchant marine's role - and yet we are not.

We know that integrated commercial support of the Navy is possible. The SS Erna Elizabeth proved that eight years ago in a demonstration planned by a previous Republican Administration. Today, however, the Carter Administration acts like that demonstration never took place.

Jimmy Carter's Assistant Secretary of Commerce for maritime affairs was recently asked if there were plans to augment the

Navy's uniformed manpower by merchant marine personnel. This came after the skipper of the Navy Oiler Canisteo refused a sailing order because his ship was too short-handed to carry out its mission.

And the Assistant Secretary replied "that the administration is considering an experimental effort to test the capability of merchant seamen and contract with them to man naval auxiliary vessels and naval support vessels..." In California, this sort of response is called a "laid back attitude". Is it possible that the top maritime executive in the Carter Administration is totally unaware of the Erna Elizabeth's performance? Eight years ago, as many of you know, this 35,000 ton US-flag tanker steamed 13,000 miles and refueled some 40 Navy ships, including the carrier John F. Kennedy. The experiment worked perfectly. The refuelings were on time. There was no ship damage. There was no personnel injury. The Chief of Naval Operations said that the test "proved the feasibility of using commercial tankers to consolidate Navy replenishment ships and to provide limited replenishment of combatant ships." And after all this, eight years ago, the Carter Administration is "considering" reinventing the wheel - or perhaps I should say, the rudder.

I know, and you know, that the maritime industry can assume many Navy support functions. It will save the Navy money, and it will release trained sailors to man the new ships my Administration will build for the fleet. This kind of integration and cooperation will strengthen our defense, strengthen our maritime industry, and provide the American taxpayer with the most for his money.

Let me conclude these remarks by saying a few words about the future of America.

Seafaring men discovered this land. They assured its prosperity by carrying the products of its farms and factories to foreign markets. They defended it by carrying the battle to the enemy's shores, and by denying the use of the sea to those who would threaten our freedom and our well-being.

Now we are faced with perhaps the greatest challenge in our nation's lifetime. Will our naval strength and our maritime strength grow once again to the level required by a great and strong nation? Will we be able to bring back to our shores the vital imports which fuel our transportation system and provide the raw materials for our industries? Will we be able to deliver our export products to foreign buyers? Will the world's greatest land power - the Soviet Union - preempt our traditional ^{maritime} supremacy?

As Holmes once wrote of Old Ironsides, will "the harpies of the shore pluck the eagle of the sea"?

I say to you today, at this convention, that four years from now, at the end of the first Reagan administration, America will have risen to these challenges. Four years from now, if I am your President, an administration in Washington will have worked hard and effectively to assure that an equitable portion of our trade travels in American bottoms. It will have worked hard - and succeeded - in integrating Navy needs and merchant marine resources. There will be more Americans at work throughout our economy - more cargoes moving in trade - more money in your pocket - and more security for this great nation.

I ask you now - all of you: let's work together. Let's make a new beginning. Let's make America great again.

MASTER

FROM: BOB GARRICK

OUT AT: 0900

Monday, 6 Oct.

MARITIME SPEECH

ST. LOUIS

Senator Paul Laxalt ✓

Ambassador Anne Armstrong ✓

Bill Casey ✓

Ed Meese ✓

Jim Baker ✓

Bill Brock ✓

Dean Burch ✓
(For Ambassador Bush)

Peter Dailey ✓

Mike Deaver ✓

Drew Lewis ✓

Lyn Nofziger ✓

Verne Orr ✓

Bill Timmons ✓

Dick Wirthlin ✓

Congressman Tom Evans ✓

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Martin Anderson ✓

Jim Brady ✓

Ed Gray ✓

Others

Ray Bell ✓

Bob Gray ✓

Bill Morris ✓

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I ask you now - all of you: let's work together. Let's make a new beginning. Let's make America great again.

pls call me on this garrick
TO: ANDERSON, NOFZIGER, DEEVER, BRADY

FROM: GARRICK, McClaughry

Sent: T 10/7

RE: MARITIME SPEECH (ST. LOUIS) REVISIONS (for 10/9)

ON page 2, line 21: Change to read "naval forces and our maritime industry".

On page 3, line 11: Delete "Some will - but for many of them, "

3 26-7: Change to read "It must reaffirm the importance of the sea to America's future. It must "

4 15: Delete "gratifying but"

4 19 Change "worked out" to "presented"

5 22: Change "get to" to "must"

6 Delete first 13 lines, through "many more."

(Note: this language goes beyond the Maritime Statement. It can be interpreted different ways, and NMU could later feel they had been misled if it's not interpreted their way.)

7 23: After "... functions." INsert: "We need a worldwide logistic support system not solely dependent on the Military Sea Lift Command, a system which makes full use of our U.S.-flag merchant fleet in peacetime as well as wartime."

Note: This text was checked with Jack Sands, minority counsel of House Merchant Marine and Fisheries Committee (a McCloskey ally), and he concurs in the deletion on page 6 and supports the idea of integrating commercial and naval fleets for national security.

Jones Act: Here is an optional paragraph on the Jones Act, which does not appear in the draft, but is important to NMU:

"The principle that a nation's own ships should carry its coastal trade, presently embodied in the Jones Act, has been part of this country's maritime policy since the early days of the nation. I am told that 70% of the membership of this union works in that trade. I can assure you that a Reagan Administration will not support legislation that would jeopardize this long standing policy or the jobs dependent upon it."

Note: This is new policy; it does not appear in the Maritime Industry Statement we issued.

X X X

*7 Oct 11:25 AM
send EDT
Bob Garrick*

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Sent: T 10/7

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X X X

*7 Oct 11:25 AM EDT
send
Bob Garrick*

*TORR 11:50
215-244-019
(Home)*