

Chronological: Admiral of the Ocean Sea Award, New York City, 1985-09-27

Senator Daniel K. Inouye Papers

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SENATOR DANIEL K. INOUE
ADMIRAL OF THE OCEAN SEA AWARD
SEPTEMBER 27, 1985

FIVE YEARS AGO I HAD THE HONOR OF ADDRESSING THE MARITIME
INDUSTRY ON A SIMILAR OCCASION, AND THIS EVENING IS NO LESS
JOYOUS FOR ME. BECAUSE TONIGHT YOU HAVE CHOSEN TO GIVE YOUR
MOST PRESTIGIOUS AWARD TO MY LONG TIME FRIEND, BOB PFEIFFER, AND
TO AN INSTITUTION WHICH IS SO VITAL TO OUR NATIONAL DEFENSE --
THE U.S. NAVY'S MILITARY SEALIFT COMMAND.

THE ADMIRAL OF THE OCEAN SEA AWARD IS, OF COURSE, PRESENTED
BY THE UNITED SEAMEN'S SERVICE, AN ORGANIZATION WHICH DOES SO
MUCH TO SERVE OUR SEAFARERS IN PORTS THROUGHOUT THE WORLD.
AND ON BEHALF OF ALL OF US, I WOULD LIKE TO SAY "WELL DONE."

AS ISLANDERS, BOB PFEIFFER AND I KNOW HOW VITAL A STRONG
MERCHANT MARINE IS TO THE ECONOMIC PROSPERITY AND NATIONAL
SECURITY OF OUR NATION. FOR THE PAST THIRTY-FIVE YEARS, AS A
MANAGER OF OCEAN TRANSPORTATION COMPANIES, HE HAS DONE HIS BEST
TO ENSURE THIS PROSPERITY AND SECURITY, AND OUR COUNTRY AND OUR
MARITIME INDUSTRY ARE GRATEFUL FOR HIS EFFORTS.

AS ONE WHO HAS SPECIAL RESPONSIBILITIES IN THE SENATE FOR
OUR MERCHANT MARINE AND OUR NATIONAL SECURITY, I KNOW HOW
ABSOLUTELY ESSENTIAL ADEQUATE SEALIFT IS TO OUR NATIONAL DEFENSE,
AND I BELIEVE IT IS MOST FITTING THIS EVENING THAT WE ALSO
RECOGNIZE THE EFFORTS OF THE U.S. NAVY'S MILITARY SEALIFT COMMAND.

WHEN I HAD THE PRIVILEGE OF SPEAKING FROM THIS PODIUM
IN 1980, I SAID THAT INASMUCH AS OUR NATION MUST IMPORT SO
MANY ESSENTIAL RAW MATERIALS, I WAS PUZZLED BY THE LOW
NATIONAL PRIORITY WE PLACED ON A STRONG AND VITAL MERCHANT MARINE.

TODAY, MANY ARE ASKING IF THE U.S. MERCHANT MARINE IS ON
ITS DEATH BED. IN RECENT DAYS, SOME EXPERTS HAVE SUGGESTED AS
MUCH, AND CITE THE FOLLOWING STATISTICS TO SUPPORT THEIR
CONTENTION.

- o THE DECLINE OF THE PRIVATELY-OWNED OCEAN-GOING
U.S. MERCHANT FLEET CONTINUES UNABATED WITH THE
NUMBER OF VESSELS IN THE U.S. REGISTRY DROPPING
TO LESS THAN 500, THE LOWEST POST-WAR TOTAL EVER.

- o IN 1984, ONLY 4.4% OF OUR INTERNATIONAL WATERBORNE TRADE MOVED ON U.S. BOTTOMS.
- o THERE ARE ONLY 23 COMMERCIAL SHIPYARDS IN OUR ACTIVE SHIPBUILDING BASE. THIS IS 4 LESS THAN IN 1980. TODAY NO U.S. SHIPYARD IS BUILDING A DEEPWATER VESSEL FOR OUR FOREIGN TRADES.

PERHAPS MOST SIGNIFICANT OF ALL IS THE RAPIDLY DECLINING NUMBER OF SEAFARING PERSONNEL. THEY ARE THE CRUCIAL NATIONAL DEFENSE COMPONENT OF OUR MERCHANT MARINE BECAUSE AVAILABILITY OF SHIPS IS OF NO VALUE, IF THERE ARE NOT SUFFICIENTLY TRAINED SEAFARERS TO MAN THEM.

- o IN DECEMBER 1951, THERE WERE ALMOST 2,000 ACTIVE SHIPS IN THE U.S.-FLAG FLEET OFFERING ABOUT 100,000 BILLETS.

AS OF JUNE 1, 1985, THERE WERE 409 ACTIVE
SHIPS IN THE FLEET PROVIDING LESS THAN 16,000
BILLETTS FOR U.S. SEAFARERS.

CLEARLY, THE HEALTH OF THE U.S. MERCHANT MARINE HAS BEEN
DECLINING STEADILY IN THE POST WORLD WAR II ERA. SO, EVEN IF
IT IS NOT ON ITS DEATH BED, ANYONE WOULD BE HARD PRESSED TO DENY
THAT IT IS GRAVELY ILL.

FIVE YEARS AGO I SAID THAT IF OUR MERCHANT MARINE WAS TO
BE REVITALIZED, A CHANGE OF ATTITUDE BY OUR GOVERNMENT WAS ESSENTIAL.
OUR GOVERNMENT MUST DO WHATEVER IS NECESSARY TO ENSURE WHAT
EVERY OTHER GOVERNMENT DOES -- MAKE CERTAIN THAT ITS FLAG-VESSELS
HAVE THAT 'EXTRA EDGE' IN COMPETING FOR CARGO IN ITS OWN TRADES.

EVENTS SINCE THEN HAVE ONLY REINFORCED MY CONVICTION.

LAST MONTH, A REPORT OF THE CONGRESSIONAL OFFICE OF TECHNOLOGY
ASSESSMENT FOUND THAT:

THERE IS STILL NO GENERALLY ACCEPTED U.S.
CARGO POLICY, BUT FOREIGN GOVERNMENTS HAVE ADOPTED
SUCH POLICIES, WHICH INCREASED THE DISADVANTAGES
OF U.S. SHIPPING INTERESTS.

THE REPORT WENT ON TO SAY THAT:

HISTORICALLY, ALL MARITIME NATIONS HAVE
PROTECTED THEIR TRADE AND SHIPPING INTERESTS
THROUGH SOME FORM OF CARGO POLICY. GENERALLY,
THIS HAS BEEN DONE BY RESERVING SOME OR ALL
OF THE TRANSPORT OF CERTAIN COMMODITIES
FOR A NATION'S OWN NATIONAL CARRIERS.

THE UNITED STATES IS NO EXCEPTION, ALTHOUGH
IT APPEARS TO HAVE DONE THE LITTLE IT HAS DONE
WITHOUT MUCH ENTHUSIASM.

WHAT ARE SOME OF THE REASONS UNDERLYING THE REPORT'S
CONCLUSION THAT OUR GOVERNMENT HAS NO ENTHUSIASM FOR CARGO
RESERVATION.

- o IN 1983, EVERY ONE OF THE TITLE I AND TITLE II
PL-480 PROGRAMS, AND THE SEC. 416 DAIRY DONATION
PROGRAM FAILED TO COMPLY WITH OUR CARGO PREFERENCE
LAWS, EVEN THOUGH IT WAS BEYOND DISPUTE THAT THOSE
LAWS APPLIED.
- o THE ADMINISTRATION HAS NOT ONLY FAILED
TO INSIST THAT VARIOUS FEDERAL AGENCIES
COMPLY WITH THE CARGO PREFERENCE LAWS,

IT IS ATTEMPTING TO OVERTURN A RECENT FEDERAL COURT RULING WHICH DECLARED THAT THE 50% U.S.-FLAG CARRIAGE REQUIREMENT IN THE CARGO PREFERENCE ACT OF 1954 WAS APPLICABLE TO CARGOES GENERATED BY THE U.S. DEPARTMENT OF AGRICULTURE'S BLENDED CREDIT PROGRAM.

- o THE ADMINISTRATION HAS CONSISTENTLY OPPOSED MY BILL WHICH WOULD REQUIRE THAT THE U.S. POSTAL SERVICE SHIP OVERSEAS MAIL ON AMERICAN-FLAG VESSELS, WHEN THEY ARE AVAILABLE. IN 1983, FOR EXAMPLE, THE POSTAL SERVICE GRANTED 37 OUT OF 45 CONTRACTS TO FOREIGN SHIPPING LINES, INCLUDING ONE FROM A SOVIET-BLOC COUNTRY (POLISH OCEAN LINES), FOR THE CARRIAGE OF U.S. MAIL TO OVERSEAS DESTINATIONS. AS OF LAST JANUARY, THE SCORE WAS 33 OUT OF 44 CONTRACTS.

- o THE MILITARY TRANSPORT ACT OF 1904 REQUIRES THAT 100% OF THE SUPPLIES SHIPPED FOR THE USE OF THE U.S. ARMED FORCES MUST MOVE ON U.S.-FLAGS. THAT REQUIREMENT IS CLEAR ENOUGH, BUT LET'S TAKE A LOOK AT HOW IT WAS APPLIED RECENTLY WHERE THE CARRIAGE OF MILITARY CARGOES BETWEEN THE U.S. AND ICELAND WAS INVOLVED.

IN 1984, A NEW U.S.-FLAG COMPANY, RAINBOW NAVIGATION CO., CHARTERED A SMALL VESSEL FROM THE MARITIME ADMINISTRATION TO ENTER THIS TRADE. ICELAND'S GOVERNMENT OBJECTED TO OUR STATE DEPARTMENT,

BECAUSE SERVICE ON THIS ROUTE WAS BEING PROVIDED EXCLUSIVELY BY ICELANDIC SHIPPING LINES. THE GOVERNMENT OF ICELAND WENT ON TO POINT OUT THAT ICELAND'S ECONOMY AND SECURITY DEPENDED UPON THE WELFARE OF ITS SHIPPING LINES.

WOULD YOU BE SURPRISED TO KNOW THAT LATE LAST SUMMER, THE DEPARTMENT OF NAVY FOUND A "LOOPHOLE" IN THE 1904 LAW, AND OPENED UP THE CARRIAGE OF MILITARY CARGO IN THAT TRADE TO FOREIGN-FLAG VESSELS? THAT ESSENTIALLY MEANS THOSE OF ICELAND.

THE U.S.-FLAG COMPANY HAS APPEALED THE DEPARTMENT OF NAVY'S DECISION TO THE U.S. DISTRICT COURT.

IT WASN'T TOO MANY YEARS AGO, OF COURSE, THAT THE DEPARTMENTS OF STATE AND JUSTICE FILED AMICUS CURIAE BRIEFS IN SUPPORT OF A SOVIET-FLAG, AND IN OPPOSITION TO THE FEDERAL MARITIME COMMISSION, IN AN EFFORT BY THAT AGENCY TO ENFORCE OUR LAWS AGAINST PREDATORY RATE PRACTICES BY STATE CONTROLLED SHIPPING LINES.

IN CASE ANYONE SHOULD THINK I AM BELABORING THE POINT, A FEW STATISTICS WILL, I BELIEVE, ILLUSTRATE JUST WHAT CARGO RESERVATION MEANS TO THE U.S. MERCHANT MARINE.

- o IN 1980, U.S.-FLAG VESSELS ONLY CARRIED 4.7% OF THE CARGO THAT MOVED IN OUR INTERNATIONAL TRADES. 30 - 40% OF THAT MEAGER AMOUNT WAS CARRIED BECAUSE OF OUR CARGO PREFERENCE LAWS.

o IN 1983, U.S.-FLAG VESSELS CARRIED 5.8% OF THE
CARGO THAT MOVED IN OUR INTERNATIONAL TRADES.

OVER 50% OF THAT MEAGER AMOUNT WAS CARRIED
BECAUSE OF OUR CARGO PREFERENCE LAWS.

CLEARLY, CARGO RESERVATION IS A NECESSARY ELEMENT OF ANY
SUCCESSFUL MARITIME POLICY. SEEMINGLY EVERY TRADING NATION BUT
THE UNITED STATES RECOGNIZES THIS FACT OF LIFE.

RECENTLY, IN RESPONSE TO MY INQUIRY, THE DEPARTMENT OF
AGRICULTURE SAID THAT NONE OF THE 2 MILLION TONS OF CARGO
SHIPPED UNDER ITS BLENDED CREDIT PROGRAM MOVED ON U.S.-FLAGS,
BUT IT WAS QUITE POSSIBLE SOME MOVED ON SOVIET-BLOC VESSELS.

CAN YOU IMAGINE ANY SOVIET COMMODITIES BOUND FOR AFRICA MOVING ON U.S.-FLAGS? MY QUESTION BECOMES EVEN MORE ABSURD IF I WERE TO ASK IF YOU COULD IMAGINE THE SOVIETS USING U.S.-FLAGS AND EXCLUDING THEIR OWN! AND YET, THE U.S. DEPARTMENT OF AGRICULTURE APPEARS TO BE QUITE WILLING TO DISCRIMINATE AGAINST U.S.-FLAG VESSELS IN THIS WAY!

BECAUSE CARGO IS THE NAME OF THE GAME IN YOUR INDUSTRY, IT SEEMS TO ME THAT THIS IS THE FIRST AREA WHERE THE GOVERNMENT MUST CHANGE ITS ATTITUDE. I DO NOT MEAN TO IMPLY THAT A CHANGE IN ATTITUDE SHOULD END THERE, HOWEVER. FOR EXAMPLE:

- o THE ADMINISTRATION WOULD ELIMINATE THE CAPITAL CONSTRUCTION FUND. THAT FUND IS THE MARITIME INDUSTRY'S IRA, AND IS ONE ELEMENT OF WHAT WAS ONCE A MULTI-FACETED FEDERAL MARITIME PROMOTION PROGRAM.

MOST OF THOSE PROMOTIONAL ELEMENTS HAVE BEEN
OR ARE IN THE PROCESS OF BEING ELIMINATED BY
THIS ADMINISTRATION, AND THE CAPITAL CONSTRUCTION
FUND IS NEXT ON THE HIT LIST.

IT SEEMS TO ME THAT THE MISCHIEF THIS PROPOSAL
WOULD DO IS NOT LIMITED TO OUR SHIP OPERATORS,
AND OUR SHIPBUILDING INDUSTRY. BECAUSE, DEPRIVING
THE DOMESTIC SHIP OWNERS OF THE IMMEDIATE TAX
DEDUCTION WHICH THE CCF PROVIDES, WILL AFFECT
THEIR PROFITS, AND THAT IN TURN WILL CREATE AN
UPWARD PRESSURE ON DOMESTIC OCEAN FREIGHT RATES.

o FOR BETTER OR WORSE, THE ADMINISTRATION HAS
ELIMINATED THE CONSTRUCTION DIFFERENTIAL SUBSIDY
PROGRAM. THE MAJOR PROGRAM TO PROMOTE OUR SHIPYARDS.
BUT, IT HAS NOT PROPOSED AN ACCEPTABLE ALTERNATIVE.
AS A CONSEQUENCE, U.S.-FLAG OPERATORS CAN NO LONGER
AFFORD TO BUILD IN OUR YARDS AND REMAIN COMPETITIVE
WITH THEIR FOREIGN COUNTERPARTS. AND THIS LOSS IN
TURN HAS CONTRIBUTED TO THE PRESENT SITUATION WHERE
THERE IS NOT ENOUGH WORK TO MAINTAIN OUR ACTIVE
SHIPBUILDING BASE.

I WISH THE EXAMPLES I HAVE CITED WERE ISOLATED CASES,
RATHER THAN ILLUSTRATIONS OF THE FEDERAL GOVERNMENT'S GENERAL
ATTITUDE TOWARDS OUR MERCHANT MARINE.

WHAT MAKES THE SITUATION EVEN MORE FRUSTRATING IS THAT WHEN THE GOVERNMENT DOES ANY OF THESE THINGS, WE ARE USUALLY TOLD THEY ARE BEING DONE TO PROMOTE AND STRENGTHEN THE INDUSTRY.

WITHOUT MEANING TO SOUND FRIVILIOUS, MAY I SUGGEST THAT IF THE GOVERNMENT IS THAT BADLY INFORMED, WE MIGHT BE BETTER OFF SEEKING TO CHANGE ITS ATTITUDE TO ONE OF "BENIGN NEGLECT."

UNDER THE LEADERSHIP OF THE CHAIRMAN OF THE MERCHANT MARINE SUBCOMMITTEE, TED STEVENS, SOME OF US IN THE SENATE ARE DOING OUR BEST TO FIND SOLUTIONS TO THE PROBLEMS WHICH AFFLICT THE INDUSTRY. AMONG THE OBJECTIVES WE ARE WORKING TO ACHIEVE ARE:

- o A CARGO POLICY WHICH ACTUALLY ENSURES THAT U.S.-FLAG VESSELS CARRY A SUBSTANTIAL PORTION OF OUR WATERBORNE EXPORT AND IMPORT COMMERCE.

THIS REQUIREMENT IS IN THE LAW NOW, BUT, AS I
HAVE INDICATED, IT IS MORE HONORED IN THE BREACH
THAN IN THE OBSERVANCE.

- o A POLICY THAT WILL ENABLE ALL U.S.-FLAG
OWNERS TO BUILD AND OPERATE THE MOST MODERN
AND EFFICIENT VESSELS; WHILE AT THE SAME TIME
ENSURING THAT NOTHING THE GOVERNMENT DOES
RESULTS IN A COMPETITIVE ADVANTAGE FOR ONE
U.S.-OPERATOR VIS-A-VIS ANOTHER.

- o A POLICY THAT WILL ENSURE AN ADEQUATE
SHIPBUILDING BASE.

IF WE ARE SUCCESSFUL IT NATURALLY FOLLOWS THAT THE MOST VITAL COMPONENT OF OUR MARITIME INDUSTRY WILL ALSO BE STRENGTHENED IMMEASURABLY. THERE WILL BE SUBSTANTIALLY MORE JOBS FOR OUR SEA-GOING AND SHORE-SIDE MEN AND WOMEN.

JUST LAST WEEK THE CHAIRMAN OF THE SUBCOMMITTEE AND I INVITED THE CHIEF EXECUTIVE OFFICERS FROM A SIGNIFICANT CROSS-SECTION OF THE MARITIME INDUSTRY TO A MEETING ON OCTOBER 16. THE PURPOSE OF THAT MEETING IS TO EXPLORE THE POSSIBILITY OF AN INDUSTRY CONSENSUS ON SOME ELEMENTS OF A MARITIME POLICY.

I WISH TO EMPHASIZE THE WORDS INDUSTRY CONSENSUS. BECAUSE IF OUR EFFORTS ARE TO BE SUCCESSFUL, THERE MUST FIRST BE AGREEMENT AMONG THE DIVERSE SEGMENTS OF THE MARITIME INDUSTRY.

MANY FACTORS HAVE CONTRIBUTED TO OUR FAILURE SO FAR, BUT THE MOST SIGNIFICANT ONE, IN MY OPINION, IS THE INTERNECINE STRIFE WITHIN THE INDUSTRY. TO MENTION JUST TWO INSTANCES:

- o THE OMNIBUS MARITIME BILL WHICH THE HOUSE MERCHANT MARINE COMMITTEE CONSIDERED A FEW YEARS AGO.
- o THE BREAKDOWN IN THE NEGOTIATIONS AMONG U.S. LINER OPERATORS IN THEIR EFFORTS TO ACHIEVE A CONSENSUS ON A NEW BUILD FOREIGN POLICY.

IN ALL OF THESE INSTANCES THERE IS ENOUGH BLAME TO GO AROUND, AND I DO NOT BELIEVE RECRIMINATIONS WOULD SERVE ANY USEFUL PURPOSE.

IT SEEMS TO ME, HOWEVER, THE QUESTIONS FACING THE MARITIME INDUSTRY ARE VERY MUCH LIKE POLITICAL QUESTIONS IN THE SENSE THAT THE KEY TO THEIR SOLUTIONS IS A GENUINE GIVE AND TAKE BY ALL PARTIES. BY GENUINE, I MEAN THE "GIVE" HAS TO "PINCH." IF IT IS PAINLESS, THE GIVER CANNOT REALISTICALLY EXPECT TO RECEIVE A WINDFALL IN RETURN.

SO I WOULD URGE ALL SEGMENTS OF THE INDUSTRY TO RENEW THE DIALOUGE AMONG THEMSELVES, AND, IN THE PROCESS, BE REALISTIC. YOU HAVE TO GIVE UP SOMETHING TO GET SOMETHING.

FINALLY, IF YOUR FRIENDS IN CONGRESS ARE TO BE SUCCESSFUL, WHAT YOU AGREE UPON MUST BE REALISTIC IN TERMS OF THE ECONOMY AND OTHER NATIONAL PRIORITIES WHICH ALSO HAVE A CLAIM ON THE STRAINED FEDERAL BUDGET.

YOUR RECOMMENDATIONS MUST ALSO RECOGNIZE MODERN TECHNOLOGY AND THE REALITIES OF THE MARKETPLACE. NO INDUSTRY CAN EXPECT FEDERAL ASSISTANCE IF IT IS NOT WILLING TO KEEP PACE WITH DEVELOPMENTS IN THE REAL WORLD.

AGAIN, I WISH TO CONGRATULATE BOB PFEIFFER, THE MILITARY SEALIFT COMMAND, AND THE UNITED SEAMEN'S SERVICE, AND TO REASSURE EVERYONE IN THE MARITIME INDUSTRY THAT I SHALL CONTINUE TO DO MY BEST TO HELP RESTORE OUR INDUSTRY TO ITS PROPER PLACE AS NUMBER ONE AMONG THE MERCHANT FLEETS OF THE WORLD.