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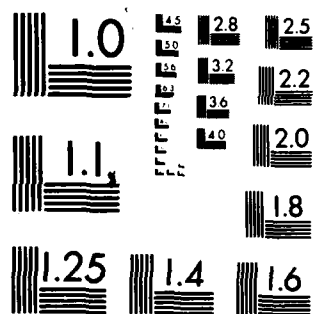
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COMMAND AND CONTROL OF CIVILIAN CONTRACT MANNED
NAVY FLEET SUPPORT AND MILITARY SEALIFT COMMAND SHIPS

by

Mary Louise Franzia

December 1983

Thesis Advisor:

D. C. Boger

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Command and Control of Civilian Contract Manned
Navy Fleet Support and Military Sealift Command Ships

by

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Commander, United States Navy
B.S., Sacramento State College, 1966

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

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ABSTRACT

This study considers the decline of seagoing jobs in the U. S. maritime industry. A remedy for this decline proposed by the maritime unions is the civilian contract manning of Navy fleet support and Military Sealift Command (MSC) ships. Whether the Navy utilizes civilian contract manning will be influenced, in part, by how the Navy will be able to maintain command and control of ships that are crewed by contract mariners. Questionnaires were provided to maritime trade and labor organizations to determine how various command and control situations would be handled. The responses to the questionnaires form the basis for concluding that the implementation of civilian contract manning is still too general and uncertain for the Navy to accept. Recommendations are that the Navy should maintain its present manning policies of fleet support and MSC ships and continue to require that the specifics of the civilian contract manning proposal be addressed in full.

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TABLE OF ABBREVIATIONS

AFL	American Federation of Labor
AMO	Associated Maritime Officers
ARA	American Radio Association
BME	Brotherhood of Marine Engineers
BMO	Brotherhood of Marine Officers
CIO	Congress of Industrial Organization
COMPGEN	Comptroller General of the United States
IBU	Inland Boatmen's Union
ILA	International Longshoremen Association
ISU	International Seamen's Union of America
JMC	Joint Maritime Congress
MFP	Maritime Federation of the Pacific
MMP	Masters, Mates and Pilots
MSC	Military Sealift Command
MEBA	Marine Engineers' Beneficial Association
NMEBA	National Marine Engineers' Beneficial Association
NMU	National Maritime Union
RFP	Request for Proposals
ROS	Reduced Operational Status
SIU	Seafarers' International Union

SUP	Sailor's Union of the Pacific
SBA	Small Business Administration
USCG	United States Coast Guard
WSA	War Shipping Administration

I. INTRODUCTION

A. BACKGROUND

The U. S. maritime industry has been experiencing a decline for many years. Recently, there has been a number of economic difficulties to deal with: underemployment of ships and mariners, tough competition from foreign sources, escalating costs and diminishing revenues, and significant overcapacity [Ref. 1]. As a result, members of the industry have been trying to find remedies.

One remedy that is especially appealing to some of the maritime unions is to focus their attention on the fleet support ships operated by the U.S. Navy. These ships and the prospect of providing additional seagoing billets for union mariners have become a very tantalizing prize to be pursued.

The Navy has traditionally manned its fleet support ships with military personnel. In 1971, the Navy began to operate some fleet auxiliaries with Civil Service mariners through the Military Sealift Command (MSC). MSC has a nucleus fleet of 58 ships manned by approximately 5,500 Civil Service mariners. MSC also has a total of 28 ships that are contract operated and charters 54 merchant ships. The contract operated and charter ships are manned by commercial mariners. Of greater interest, however, are the Navy's 71 fleet support ships that are manned by 38,500 uniformed sailors.

B. STATEMENT OF THE PROBLEM

As a result of the declining number of seagoing jobs in the U. S. Merchant Marine, the maritime unions have proposed that the Navy utilize civilian contract manning on its fleet support ships, including those ships currently operated by the MSC and crewed by Civil Service seamen. The decision to utilize contract manning of these ships will be partially influenced by how the Navy will be able to command and control the ships when contract crews are aboard. Under current procedures, selection, training, assignment, and discipline of civilian crews are controlled by the unions. The Navy is greatly concerned that command and control problems involving civilian contract crews will disrupt the service that is required of its support ships. Several unions, in rebuttal, have proposed courses of action to eliminate these problems, but the question is whether those proposals are sufficient to convince the Navy that the command and control problems of civilian contract manning can be eliminated.

C. OBJECTIVE OF THE STUDY

A questionnaire was prepared and forwarded to several maritime trade and labor organizations to get their reactions to a proposal that attempts to eliminate command and control problems in contract manning. The objective of this study is to present those organizations' responses and to determine if the Navy can or should reconsider its position.

D. CONTENTS

A presentation of the major maritime unions' backgrounds and histories is included in Chapter II. Chapter III presents the civilian

contract manning proposal of the National Marine Engineers' Beneficial Association (NMEBA) and discusses reasons why this alternative is desirable. The NMEBA has also provided some means to eliminate the command and control problems that such a proposal may create. Chapter IV contains the Navy's reasons for opposition to civilian contract manning of its fleet support ships. Previous studies are summarized in Chapter V. Chapter VI presents the responses of several maritime unions and trade associations to questions regarding the implementation of the proposed solutions to eliminate the command and control problems. Chapter VII summarizes this thesis and presents some conclusions and recommendations.

II. A BRIEF HISTORICAL SURVEY OF MARITIME LABOR UNIONS

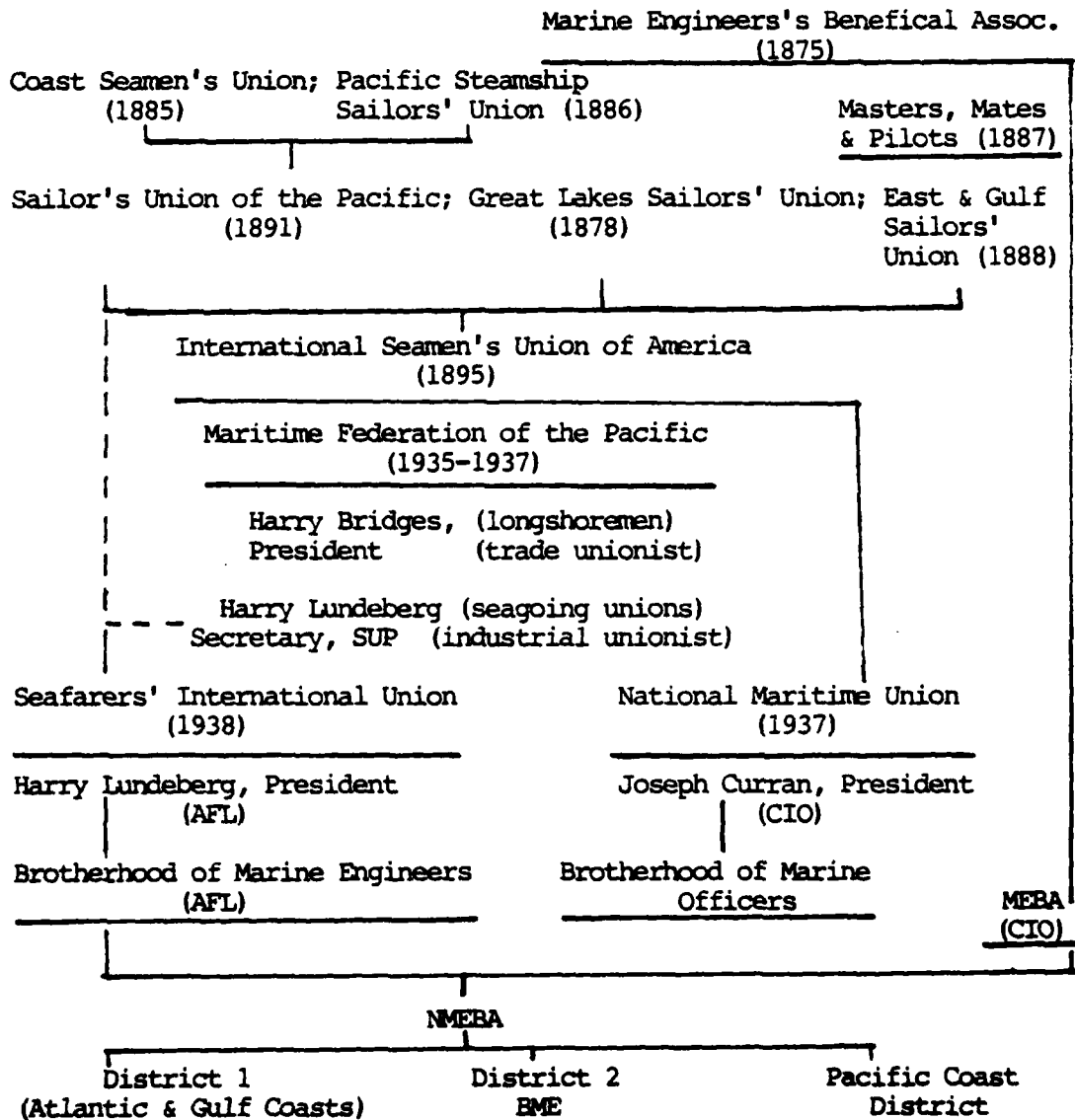
The unique characteristic of U. S. maritime unions is their rivalry with each other. This rivalry is especially depicted in the relations between the National Maritime Union (NMU) and the Seafarers' International Union (SIU), two unions that represent unlicensed seamen. Their histories can be viewed as a long series of events in which one union is reacting to the other. The unhappy result is a history of strikes and job actions and indirect harm to the U. S. maritime industry. Table 1 shows the development of the major maritime unions.

A. BEGINNING OF MARITIME UNIONIZATION

In the United States, maritime unions date back to 1853 when the Riggers' and Stevedores' Union Association was organized in San Francisco. The Association represented skilled riggers until 1919, when it was dissolved and its members found their way into other unions. There were other early attempts to organize after the Civil War, but none was successful. In 1866, San Francisco was the site again for the formation of the Seamen's Friendly Union and Protective Association. The association attempted a strike at San Francisco to increase wages, but it failed.

The first seamen's union formed that still exists today is the Marine Engineers' Beneficial Association (MEBA), organized in 1875 by engineers employed on ships working the Great Lakes. There were several other organizations formed that attempted to organize Great Lakes and Pacific Coast seamen, but these lasted for only a short time.

TABLE 1: MARITIME UNION DEVELOPMENT



On the Pacific Coast, the longshoremen formed the Longshore Lumbermen's Protective Association in 1880. It remained a viable organization until 1900 when it became affiliated with the International Longshoremen's Association. In 1885, the Coast Seamen's Union was formed at San Francisco, representing the sailors who sailed the Pacific Coast in lumber schooners. This union was a forebear of the Sailors' Union of the Pacific (SUP), which was formed in 1891 as the result of a merger between the Coast Seamen's Union and the Pacific Steamship Sailors' Union.

The SUP was under the leadership of Mr. Andrew Furuseth, a Norwegian sailor who became a well-known labor leader for over half a century. He is credited as the developer of the job action technique which is still used by unions today and consists of unions signing articles of shipping, then leaving the ships, and refusing to work. Furuseth was a fervent trade unionist who believed that the maritime laws in effect were unfair to seamen. In his opinion, a sailor had no control over his person or his labor. Consequently, he considered the job action technique as a tool to make unwilling shipowners meet with the union and discuss grievances and demands.

In 1895, the SUP, the Great Lakes Sailors' Union, and the Eastern and Gulf Sailors' Union were drawn together to form the International Seamen's Union of America (ISU). Furuseth served as the ISU's first and only president until it disintegrated in 1937. The ISU eventually suffered its demise as a result of the rebellion within it and the raiding of its membership by more militant industrial unions. Although the ISU's membership started with less than 5,000 and grew to more than

115,000 at its height, its achievements as a national union were shortlived. After World War I, shipowners refused to deal with the union and would not sit down to discuss wages or working conditions. Part of the ISU failure was also due to its structural organization. The ISU was structured along strictly craft lines by coastal areas, and its membership belonged to eighteen different autonomous unions. Such an organization fostered division and suspicion among the various units and made any united action very difficult.

During World War I, the maritime unions worked very closely with the United States Shipping Board, which was created by Congress in the Shipping Act of 1916. The Shipping Board operated all wartime shipping and provided enormous leverage that caused ship operators to sign their first written agreements with the ISU. Immediately after the war, wages were relatively high and remained so because of the shipping boom experienced through 1919 as a result of the shortage in tonnage. The boom lasted until the fall of 1920 when ocean freight rates began to drop. By the end of 1921, rates had decreased to one-third of what they were at the height of the boom.

B. MARITIME FEDERATION OF THE PACIFIC

The decade of the 1920's saw the maritime industry in the United States steadily decline due to a worldwide recession, and labor union strength declined accordingly. Membership was down due to the shortage of jobs, and strikes had no effect on the shipping companies.

The emphasis put on organized labor during President Roosevelt's New Deal caused the formation of the Maritime Federation of the Pacific (MFP) in 1935. The MFP brought two strong labor leaders together in one

organization: Mr. Harry Lundeberg, representing the seagoing unions and Mr. Harry Bridges, representing longshoremen. Lundeberg and Bridges had differing philosophies on how labor should exert its power, and these differences were reflected in how each segment of the Federation operated. Lundeberg was an advocate of industrial unionism and favored direct action. He strongly opposed any attempt to restrict the use of job action and denounced the concept of demonstrating responsibility. Bridges, on the other hand, was a trade unionist and believed that the tactic of job action should be controlled by the Federation and used by the members only when thought to be in the best interests of the Federation. Bridges wanted to have the appearance of being a responsible union leader who was reasonable and fair. Although Lundeberg and Bridges had their strong disagreements in philosophy and tactics, their members cooperated through the MFP when they had to deal with shipowners.

C. NATIONAL MARITIME UNION

The ISU suffered during the declining 1920's but enjoyed a comeback during the resurgence of unionization in 1934. Prior to this time, the SUP was taken over by members of the Industrial Workers of the World, which caused a new and militant leadership to emerge on the West Coast. As this emerging leadership tried to make new gains on the East Coast, it began to come in conflict with the old-line leadership of the ISU. Shipowners continued to deal with the old leaders rather than see the militant representatives gain control. This action on the part of the owners helped to legitimatize the more radical elements and to weaken the effectiveness of the old-line ISU leadership. The resultant

infighting caused the American Federation of Labor (AFL) to call an election within the ISU. The AFL was tardy in this action, however, due to its growing conflict with the Congress of Industrial Organizations (CIO). As a result, the militancy in the ISU grew to the point that the NMU was established under the leadership of Mr. Joseph Curran in 1937. Due to the loose organizational control of the ISU and the appealing philosophy of the NMU, the NMU expanded rapidly while the ISU fell apart.

The NMU, a CIO affiliate, at first had strong Communist domination. Its constitution, however, was considered democratic in that the union adopted a non-discriminatory policy, resulting in a largely non-white and Latin membership.

D. SEAFARERS' INTERNATIONAL UNION

As the NMU began to grow and gain membership, the SUP, once an affiliate of the ISU, felt threatened on the West Coast. To offset the NMU growth, the AFL issued a charter to the SIU in 1938 under the leadership of Lundeberg, who still served as secretary of the SUP. The SIU also had districts on the Atlantic and Gulf Coasts. Along the Gulf Coast, the SIU had been preceded by an AFL Seamen's Union that consolidated any remaining ISU units that were opposed to the political and racial mix of the NMU. With Lundeberg as the president of the SIU, the union's philosophy was to favor job action tactics.

E. RIVALRY

Very strong rivalry between the NMU and the SIU thus ensued as the unions competed with each other to unionize unlicensed seamen. All forces present seemed to dictate that the unions would be competitors,

rivals, and eventually adversaries. The greatest forces were the differing philosophies, personalities, and ideologies of the various leaders and their differences in tactics. The entire organized labor movement was in turmoil with the AFL and the CIO locked in conflict.

F. COOPERATION IN WARTIME

During World War II, the NMU and the SIU cooperated with the War Shipping Administration (WSA) so that there would be no disruption in shipping due to labor disputes. However, there was still a marked difference in union attitude regarding the increased role of the Federal Government. The NMU cooperated entirely with the WSA and worked for union participation in decision-making with the Government. The SIU, however, was strongly against any Government participation in labor relations. The SIU severely criticized the NMU for its compliance. Although the SIU fully supported the war effort, it fought against its members having to carry draft deferment cards or having to take annual physicals. The SIU feared that the requirement to pass an annual physical might harm its older members. Any and all attempts of the Government to become involved in the union were viewed as attempts to undermine the union and were opposed.

G. JURISDICTIONAL DISPUTES

After the war, the U. S. maritime industry was completely unionized. The NMU and SIU were not intent on raiding each other's membership because increasing membership was no longer the issue. What did become the issue was the job—which union had jurisdiction over the available jobs at sea. Another factor adding to this fierce rivalry was that the

hiring hall practices of each union resulted in a completely closed union shop.

The jurisdictional dispute situation can be summarized as follows:

Most jurisdictional disputes since the mid-1950's have followed a consistent pattern. Every dispute, no matter how complex and multipartied, has been between, and never within, the camps of the two rivals and their respective allies. Some of the disputes arise on the spur of the moment and have not always appeared in the best interests of one or both of the central figures. However, the fact that disputes within coalitions either do not occur or do not result in strikes, and clashes between unions of different loyalties always result in bitter conflict, can be explained only in terms of an expanded NMU-SIU rivalry [Ref. 2].

The rivalry between the NMU and SIU spread to the officers' unions when the SIU formed the Brotherhood of Marine Engineers (BME) to counter the expansion of the MEBA. MEBA had represented licensed marine engineers since before the turn of the century and was affiliated with the CIO. Since the SIU was in the AFL camp, the formation of the BME was considered a justifiable act to head off the CIO.

In 1949, MEBA went on strike against a company, but the BME crossed MEBA picket lines and signed on. This same action occurred in 1951 when the BME again crossed MEBA picket lines. This action forced the MEBA into an anti-SIU position and, at the same time, closer to the NMU. The NMU and MEBA also shared a CIO affiliation.

The International Organization of Masters, Mates and Pilots (MMP), the union of deck officers, desired to be removed from the rivalry going on, but it could be said that there was a slight bit of favoritism for the NMU. There were two radio operators' unions, one affiliated with the AFL and the other with the CIO. When the AFL-CIO merged, the American Radio Association and the Radio Officers' Union began to cooperate with each other.

The closeness of the NMU and MEBA dissolved during the conflict with the American Coal Shipping Corporation in 1956. The MEBA and the MMP established picket lines in the dispute, but the NMU and the Brotherhood of Marine Officers (BMO), which was affiliated with the United Mine Workers, crossed the picket lines to work the struck ships. The result was that in the ensuing battle, the SIU, MEBA and MMP were on one side against the NMU and the BMO on the other side. The BMO was subsequently received into the NMU and became a subdivision.

The MMP was able to return to an aloof position after the conflict was resolved, but the MEBA was still firmly entrenched with the SIU . Because the BME was so available to cross MEBA picket lines, there was an agreement signed to merge the MEBA with the BME. The BME became a local of the MEBA when the MEBA membership approved the merger in 1959. In 1961, the MEBA was re-organized into the NMEBA, consisting of three parts or districts. District 1 included MEBA's Atlantic and Gulf Coast locals. District 2 was formerly the local made up of the BME. The MEBA locals on the West Coast became the Pacific Coast District of the NMEBA. In the years that followed, District 2 aligned itself with SIU policies.

III. UNION PROPOSAL FOR CIVILIAN CONTRACT MANNING OF FLEET SUPPORT SHIPS

A. INTRODUCTION

The Navy's seventy-one fleet support ships are presently manned by 38,500 uniformed sailors. These seventy-one ships can be categorized by mission and size.

Category 1: 11 station ships, consisting of oilers and combat support ships. Military crew: 4,900. These ships provide direct support to combatants and are required to steam with battle fleets.

Category 2: 21 shuttle ships, providing ammunition, oil and other supplies to the station ships and, occasionally, the combatants. Military crew: 7,200.

Category 3: 24 major support ships, such as submarine and destroyer tenders. Military crew: 22,100, consisting mainly of repair specialists.

Category 4: 15 minor support ships, such as salvage and submarine rescue ships. Military crew: 1,600.

In addition to these categories of fleet support ships, there is another category consisting of 58 support ships operated by the MSC. These ships are cargo ships, tankers, Naval Fleet Auxiliary Force ships, and scientific support ships. The crews are Civil Service mariners, numbering 5,500.

As the Navy mans its fleet support ships with military seamen, the number of seagoing jobs in the maritime industry has declined. The

figures in Table 2 show how seagoing employment of U. S. civilian merchant mariners has changed during the period of 1926-1981.

The military billets at sea and the decline in seafaring employment have not gone unnoticed by the maritime unions. Various leaders of the unions have argued in favor of contract manning for Navy fleet support ships. Mr. Frank Drozak, President of the SIU and Mr. Thomas Martinez, Secretary-Treasurer of the NMU testified before the House Committee on Merchant Marine and Fisheries on 3 June 1981. Both leaders were strongly in favor of an increased private sector role in providing naval support. Mr. Talmadge Simpkins, Executive Director of the Maritime Committee, AFL-CIO in conjunction with Mr. Eugene Spector, Research Director of the NMU, suggested in a 22 June 1982 memorandum to MSC that the Navy replace military manned logistical ships with union hall hires. This suggestion was proposed by the NMU at a time when approximately 5,000 of its members were waiting for shipboard assignment. Mr. Simpkins viewed this suggestion as an alternate method of hiring seamen for MSC billets and as a means of increasing job opportunities for the unemployed NMU members.

B. NMEBA POSITION

On 25 April 1983, the president of the NMEBA, Mr. Jesse M. Calhoon, testified before the House Armed Services Committee's Subcommittee on Seapower and Critical Materials. His topic was "Merchant Marine Compensation Questions and Measures to Rebuild the U. S. Merchant Marine". Mr. Calhoon requested permission to address the Subcommittee after Vice Admiral Kent Carroll, USN, MSC Commander, had testified on 5 April 1983.

TABLE 2: SEAFARING EMPLOYMENT, OCEANGOING COMMERCIAL SHIPS:
1,000 GROSS TONS AND OVER, 1 JANUARY 1926-1981

<u>YEAR</u>	<u>CARGO</u>	<u>TANKERS</u>	<u>PASS/COMBO</u>	<u>TOTALS</u>
1926	26,350	10,280	20,250	56,880
1931	25,730	10,850	22,350	58,930
1936	22,630	12,170	21,200	56,000
1941	22,380	12,670	13,560	48,610
1946	131,570	29,970	4,010	165,550
1951	28,123	17,712	8,107	53,942
1956	32,482	15,067	8,249	56,329
1961	28,668	12,053	8,560	49,281
1966	32,827	10,985	7,084	50,896
1967	37,620	11,291	7,084	55,995
1968	35,982	10,877	6,207	53,066
1969	32,107	11,094	5,019	48,220
1970	27,985	10,748	3,151	41,884
1971	22,257	10,567	2,178	35,002
1972	17,111	9,372	1,218	27,701
1973	16,346	9,414	1,464	27,224
1974	14,775	9,754	798	25,327
1975	14,234	9,280	798	24,312
1976	12,043	7,598	860	20,501
1977	12,319	7,553	860	20,732
1978	11,870	8,017	860	20,747
1979	11,277	8,840	388	20,505
1980	10,628	8,844	388	19,860
1981	9,878	8,722	618	19,218

Source: Maritime Administration

In his testimony, Mr. Calhoon argued that civilian contract operation of Navy and MSC fleet support ships was in the national interest. He presented the following points:

- Navy personnel savings. More than 17,000 Navy personnel could be freed for assignment elsewhere in the Navy. If the Navy carries out its plans to build a 600-ship fleet, these personnel can be used to man the new ships without having to increase recruiting efforts or return to the draft.

- Strengthened Merchant Marine work force. Civilian contract manning means an increase of at least 60 percent in the number of seagoing jobs available. The new jobs will attract young people to the sea so that a future work force can be formed.

- Improve productivity. Civilian merchant mariners have more at-sea experience than their average Navy counterparts and thus can do a better job with reduced manning.

- Cost savings. Reference is made to several studies that indicate that contract manning is less expensive than military manning.

- Strengthened Merchant Marine/Navy cooperation. In previous conflicts, such as World War II, there has been time to construct ships and train personnel to sail them. There is no guarantee that the next conflict will provide sufficient lead time to get ready. Civilian contract manning is the best way to increase the number of merchant seamen who are trained and ready to serve with the Navy.

C. CIVILIAN CONTRACT MANNING PROPOSAL

In his testimony, Mr. Calhoon presented proposals and supporting arguments similar to those presented in an article in the Third Quarter

1982 issue of the Defense Management Journal. The article, entitled "Naval Support Ships: The Case for Civilian Manning," was written by Mr. David A. Leff, executive director of the Joint Maritime Congress (JMC), and Mr. Thomas W. Scoville, director of policy and planning, also of the JMC.

This civilian contract manning proposal involves turning over all four of the above categories of naval ships to civilian contract operation. Exceptions to this proposal can be made in the case of certain specialized and strictly military missions that must be performed by Government personnel. Shipping companies are responsible for commercial operation and engage in competitive negotiations to contract. The ships' masters are employees of the companies but are under the operational direction of designated Government officials. The crews are members of the maritime unions.

The success of the proposal depends on the existence of Navy command and control of the civilian contract manned ships. As fleet support ships, there must be responsiveness to Navy requirements. To ensure effective command and control, the proposal includes the following points:

- (1) Contract operated or crewed support ships would remain under direct Navy and MSC operational control. Although the masters and the crews are civilian, they are subject to the directives and orders of the fleet commanders to whom fleet support is provided.

- (2) Contract crewmembers would be formed into a special pool (as distinct from normal union hiring halls) that would be available for service, trained in fleet support work, and security-cleared where

required. The issue is whether or not a contract crew is capable of conducting naval support activities as well as military or Civil Service crews. In some job areas, such as stewards or engineers, there may be no difference in capability. In some operations, such as replenishment-at-sea, contract crews are presently not as proficient. Training and practice can equip them with the necessary skills and experience. The training can be conducted at union-run schools with the Navy providing the technical input. Availability can be assured by each union maintaining a pool of these specially trained seamen to ensure that they are trained, properly cleared for security, and prepared to serve on fleet support ships.

(3) The unions involved would agree to binding no-strike guarantees. The Navy's ships cannot be immobilized due to a strike or any other job action. This possibility can be eliminated by an ironclad no-strike agreement with the unions.

(4) Contract crewmembers could agree to become members of the Navy's active reserve, available for immediate call-up. This provision strengthens the responsiveness of the crew to military commands.

(5) Where required for particularly sensitive military operations, a Navy officer could be the ship's captain. Such operations may include underway replenishment in battle or intelligence gathering. In these special situations, the civilian master is replaced by a naval officer who is eligible for command at sea.

(6) Where required, contract manned ships could have a military detachment on board for defense or communications. The detachment can also assure smooth interaction with Navy combatants.

There are costs savings associated with the contract manning proposal. The NMEBA position is that Navy military manning is the most expensive mode of operation. There is considerable controversy, however, over which mode of civilian operation is the most economical: contract or Civil Service. Since the controversy stems from the identification and calculation of the costs involved and is beyond the scope of this thesis, the cost issue will not be addressed.

IV. NAVY POSITION ON CIVILIAN CONTRACT MANNING PROPOSAL

The Navy objects to civilian contract manning of its fleet support ships for three major reasons:

- A. Cost;
- B. Potential for disruption of operations; and
- C. Loss of command and control.

These reasons were discussed by the Navy in answers submitted to questions raised by the House of Representatives Committee on Merchant Marine and Fisheries in hearings conducted in July 1981.

A. COST

The Navy claims that cost comparison studies have shown that the use of contract manning is 20 percent more expensive than Civil Service personnel. Table 3 is a comparison of four specific ratings showing the difference in pay for a point-to-point tanker without overtime or premium/penalty pay.

Overtime, premium, and penalty pays are influenced by type of ship and mission. If these pays were included, however, the cost difference would be greater. Overtime on Civil Service operated point-to-point tankers ranges from 75 to 90 percent of base pay. Overtime on contract operated tankers for MSC ranges from 120 to 140 percent of base pay. Since the higher rates for contract operated tankers are applied to higher base rates, the cost in overtime with contract operation is considerably greater than with Civil Service operation.

TABLE 3: ANNUAL COST BY RATING—BASE PAY AND FRINGE
BENEFITS—SEALIFT TANKER BASED ON PAY RATES
OF 16 DECEMBER 1980
(EXCLUDES OVERTIME/PREMIUM/PENALTY PAY)

	<u>MASTER</u>	<u>3RD MATE</u>	<u>3RD ASST ENGINEER</u>	<u>AB</u>
CONTRACT OPERATION	\$188,863	\$87,736	\$77,833	\$23,136
MSC CIVILIAN MARINERS	<u>73,012</u>	<u>38,480</u>	<u>38,480</u>	<u>21,105</u>
DIFFERENCE	\$115,851	\$49,256	\$59,353	\$ 1,991

Source: DoD Testimony in Hearings before House Committee on
Merchant Marine and Fisheries, July 1981, page 151

B. POTENTIAL FOR DISRUPTION OF OPERATION

When dealing with union crews, there is always a strong potential for disruption of service. This disadvantage encompasses more than just the threat of strike. There has been a number of legal battles when contracts have been let to operators with different union affiliations. In each of these cases, the unions affiliated with the previous operators have attempted to upset the procurement action. MSC action was upheld in each case.

1. Contract Disputes

A review of the decisions of the Comptroller General of the United States (COMPGEN) provides the details to several of these disputes.

a. The MSC issued a request for proposals (RFP) to operate thirteen Navy tankers for five years beginning 1 November 1972. Eight proposals were received and examined by an evaluation board. Two of the offerors did not have the minimum experience in tanker operations required by the RFP and were not given any further consideration. The remaining six offerors were requested by telegram on 21 September 1972 to submit projections of their yearly expenses in terms of wages, both regular and overtime, payroll taxes, and subsistence. Based on the data submitted, MSC contracting personnel prepared a five-year projection of the costs of operation for each of the offerors. Hudson Waterways Corporation, affiliated with the SIU, was found to be the company with the lowest projected costs. Two other offerors, also affiliated with SIU, had the second and third lowest projected costs. Mathiasen, affiliated with the NMU, had the fourth lowest projection.

The company with the fifth lowest projection of costs was also affiliated with the NMU. The evaluation board recommended that the award of the contract be made to Hudson, and a notice of award was forwarded to Hudson on 2 October 1972. The NMU protested the award to the COMPGEN and filed a petition in the District Court for the District of Columbia on 9 November 1972 for a preliminary injunction to restrain MSC from further action until the COMPGEN ruled on the protest. The District Court denied the motion for an injunction on 21 November 1972 (National Maritime Unions of America, AFL-CIO v. John W. Warner, et al., USDC, D.C., D.A. No. 2236-72). The COMPGEN reviewed the circumstances of the solicitation proceedings and considered NMU's protest that the award to Hudson was invalid. The COMPGEN found that the MSC followed all procurement statutes and regulations by utilizing competitive procedures. NMU's protest was denied, and the decision was released on 30 April 1973.

b. On 19 December 1973, a RFP was issued to operate MSC's fleet of nine tankers for a period of five years with consecutive two-year options totaling 23 years. In addition to the standard requirements, the RFP also required that offerors have had recent satisfactory experience in the operation of either Government-owned tankers under contract with the Navy or a fleet of privately-owned tankers of T-2 size or larger of which at least two must have been United States flag. Five proposals were received, and it was determined that Iran Destiny Carriers, Inc., had submitted the lowest offer. At the request of the contracting officer, a preaward survey was performed on Iran by the Defense Contract Administration Services Region, New York and by the

Defense Contract Audit Agency, New York. It was concluded that Iran lacked the financial capability to perform the contract. Iran's recent performance of its tankers was subsequently evaluated. On the basis of that evaluation, the contracting officer on 29 March 1974 determined Iran not to be responsible. The determination was brought to the attention of the Small Business Administration (SBA). Iran had certified itself as a small business, and the SBA became involved with Iran's filing of an application for a certificate of competency. On 22 April 1974, the SBA formally appealed the MSC determination of nonresponsibility, but the appeal was denied and the decision of the contracting officer was affirmed. Award of the contract was then made to the next low offeror, Marine Transport Lines, Inc. Shortly after the award, the president of MEBA, District 2, protested the nonresponsibility determination on Iran which was affiliated with the union. In its protest to the COMPGEN, MEBA attempted to respond to MSC's reasons for determining Iran not responsible. Upon review of the circumstances of the case and the governing principles, the COMPGEN concluded that the record was sufficient to substantiate the MSC determination. The protest was denied, and the decision was released on 27 November 1974.

c. MSC decided to exercise its option under the contract with Marine Transport Lines to allow for the continued operation of nine oil tankers. MEBA, District 2 and the SIU protested the exercise of the first option to the COMPGEN. The COMPGEN reviewed the circumstances of the contract award and considered whether the MEBA and the SIU were interested parties. The COMPGEN concluded that MEBA and SIU were not

and dismissed the protest. The decision was released on 5 December 1980. Injunctive relief was also sought but was denied (District 2, MEBA v. MSC, USDC D.C., CA, No. 79-1173).

2. Job Actions

There have been recent incidents of job actions that have resulted in disrupted operations.

a. On 18 June 1981, SS TRANSCOLORADO (TC) experienced a labor dispute while in port at New Orleans, Louisiana. The ship, a dry cargo vessel specially modified for a heavy lift capability, was time-chartered to MSC by Hudson Waterways Corporation. The dispute involved the Masters, Mates and Pilots (MMP), the American Radio Association (ARA), the International Longshoremen Association (ILA), and District 2, MEBA-Associated Maritime Officers (AMO). Hudson's contract with the MMP and the ARA expired on 16 June. Because of financial difficulties, Hudson notified the unions that it contemplated terminating its shipping operations. On 15 June, Hudson hand-delivered a letter to the unions, informing them that Point Shipping Corporation of New York had agreed to assume the operational responsibilities of the Hudson ships, one of which was the TC in New Orleans. The MMP sought emergency arbitration on 15 June, the day before its contract expired, but achieved no action. At Point Shipping's request, District 2, MEBA-AMO supplied licensed deck, engine, and radio officers to those ships previously under Hudson's control. The MMP members of the TC refused to leave, and the ARA began to picket the TC. As a result, the ILA refused to cross the ARA picket line to work the TC. The TC was ordered to depart New Orleans on 25 June but was unable to do so because

the pilot refused to cross the ARA picket line. The services of an independent pilot were obtained on 26 June, and the TC set sail for Norfolk, Virginia. The labor dispute on board was still unresolved.

The TC arrived in Norfolk on 29 June. Three ILA gangs had been ordered, but none showed up, refusing to cross ARA picket lines outside the gate of the naval station. MSC's plan was to offload the TC with Civil Service personnel on 22 July and place it in reduced operational status (ROS) at the Military Ocean Terminal in Bayonne, New Jersey. The ROS was changed the next day when MSC Headquarters ordered the ship to sail in ballast to Bremerhaven, Germany via Charleston, South Carolina. Upon arriving in Charleston on 31 July, picket lines were in place at the terminal gate. ILA refused to work the ship. MSC continued efforts to load Charleston cargo, but the longshoremen continued to honor the ARA picket lines. The TC scheduled sailing for 2 August was cancelled. The dispute prevented any further loading in Charleston, so the TC departed for Bayonne where MSC placed the ship in ROS on 8 August. The labor problems were reported resolved on 29 September. MSC returned the TC to full operational status on 2 October when it commenced loading at Bayonne for its voyage to Bremerhaven via Charleston. The TC had been out of use since 18 June.

b. On 26 August 1981, the Sea Land Marine Terminal in Seattle, Washington was closed as a result of picketing action by the MMP. The MMP was attempting to organize shore-side administrative personnel at Sea Land. MSC reported that the SS NEWARK had to delay its departure from Seattle because loading was interrupted by the labor dispute. Sea Land requested a temporary restraining order to remove pickets so that

loading could be completed. On 27 August, Sea Land was able to get a restraining order in Seattle. Pickets departed, and the NEWARK sailed on the same day. Sea Land had also requested a restraining order from a San Francisco court so that SL DEVELOPER and SL FINANCE, currently at Oakland, California, could be free to sail. Sea Land was unable to obtain the restraining order, so the DEVELOPER and the FINANCE were prevented from sailing. Meanwhile, SL LIBERATOR arrived in Long Beach, California on 27 August, and work was resumed in that port when pickets were withdrawn. At this time, MSC began to identify alternative lift capabilities. On 1 September, all reefer cargo in Oakland had been removed as a result of re-bookings. Agreement was reached between the company and the union on 2 September. SL DEVELOPER was scheduled to depart Oakland on 2 September, and SL FINANCE was scheduled to depart on 4 September. Picket lines had been thrown up in Seattle, Oakland, and Long Beach. The pickets in Seattle required a temporary restraining order to remove them, but no such action occurred in Oakland. Instead, two ships were unable to sail and alternate lift means had to be arranged. There was no disruption in Long Beach.

c. On 1 September 1981, the Inland Boatmen's Union (IBU) went out on strike against Dillingham Tug and Barge Company, the principal interisland barge service to all major Hawaiian Islands and tug operator for arriving and departing Matson and U. S. Lines Ships in Honolulu harbor. Management personnel were used to operate the tugs and barges but at a reduced rate of only 35 percent. On 5 September, cargo bookings were accepted on a priority basis as the company continued to operate at 35 to 40 percent of normal. However, there was Government

cargo that could not be moved due to the reduced operations. By 9 September, all military cargo was moving, including some vehicles. Some cargo had been diverted to air shipments. The company and the union reached an agreement on 9 September.

C. LOSS OF COMMAND AND CONTROL

Fleet support ships must be under direct management control of the Navy in order to provide sufficient flexibility to meet fleet requirements. Civilian contract manning does not allow this direct management control. Civil Service manning, on the other hand, allows the Navy to have sole control of qualification requirements, manning scales, selection and assignment, and discipline.

There are contract difficulties in the provision of these support services for which no resolution is forthcoming. Present law prohibits personal services contracts. No Government official can be put in charge of non-Government employees and be expected to supervise their work. Other difficulties include establishing and administering maintenance standards and susceptibility of an award to attack by unsuccessful offerors.

The hearings before the House Committee on Merchant Marine and Fisheries of 23 July 1981 presented the following points in favor of Civil Service manning:

- (1) Civil Service mariners are subject to uniform Navy control through MSC Area Commanders and are disciplined exclusively by MSC. Under contract operations, control is indirect. The crew is employed by a shipping company, and MSC must deal with the company.

(2) Personnel regulations are developed and issued by the Navy. Under contract operations, most pertinent regulations are Coast Guard, and others are contained in union/management contracts.

(3) MSC has complete control in crew selection and assignment, subject to veterans preference and Civil Service procedures. They have had extensive damage control and specialized missions. They have much more experience in ships with specialized missions. Under an operating contract, contractors obtain crews from union hiring halls. Referrals from the union are based on possession of appropriate USCG documents, seniority groupings, and time on the beach. Union referrals to shipping companies range from marginal to superior, but companies have no choice.

(4) MSC crews are more stable in that they can be continuously assigned to the same ship or type ships, subject to relief for vacation purposes. Under commercial contract manning, mariners sign Shipping Articles for a specific ship and voyage. They may or may not elect to sign for the next voyage. Some unions preclude their doing so, if attempts are being made to share the work. These mariners owe their loyalty to the unions which place them in the job, and secondly to the companies which hire them.

D. SUMMARY

Although civilian contract manning would free military personnel for other uses, the Navy still considers such civilian manning to be unreliable because of lessened management control. No rationale has been established to support any benefit that may be gained by shifting over to commercial contract manned fleet support ships.

V. PREVIOUS STUDIES

The prospect of civilian contract manning of fleet support ships is not a new topic. It has been the subject of many studies, several of which are summarized below.

A. INVESTIGATION OF THE POTENTIAL FOR INCREASED USE OF CIVILIAN MANNING IN FLEET SUPPORT SHIPS (CIVMAN), MARCH 1978

This study was conducted by Information Spectrum, Inc., Arlington, Virginia at the request of the Chief of Naval Operations when there existed the strong potential for a future military manpower shortage. The study was one of several initiatives conducted by the Navy to examine the supply-demand problem in total force manpower management. The study examined the costs, risks, capabilities, and benefits of manning Navy fleet support ships, alternatively, with Navy military personnel, Navy Civil Service mariners, and commercial contract mariners. Ninety-five fleet support ships were considered, using the three manning alternatives to evaluate certain factors such as operating policy, manpower requirements and costs, and risks to the Navy. The study findings are shown in Table 4. Regarding command and control of a civilian crew, it was found that both forms of civilian manning presented a risk to the Navy. The study summarized the risks as follows:

- (1) Reduced military control in civilian-crewed ships;
- (2) Legislation required to deal with personal services contracting under contract manning; and

TABLE 4: PROS AND CONS OF THE THREE MANNING ALTERNATIVES

<u>PROS</u>	<u>CONS</u>
<u>Military Manning</u>	
● Direct fleet chain of command. ● Largest crew for damage control/survivability/product delivery. ● Direct line of military command. ● Provides command and training billets. ● Greater endurance during a war/contingency.	● Highest peacetime cost. ● Lowest on-station productivity during peace time. ● Peacetime OPTEMPO policies limit mission flexibility.
<u>Naval Civil Service Manning</u>	
● Lowest peacetime cost. ● Releases military personnel to combat roles. ● Peacetime ship utilization higher. ● Compatible with peacetime mission of fleet	● Reduced operational control. ● No defense capability. ● Lower survivability due to fewer on-board personnel. ● Loss of Navy command and training billets. ● Potential endurance problems during a war/contingency. ● Eventual loss of most Navy Military Manned fleet support skills.
<u>Commercial Contract Manning</u>	
● Cost lower than Navy Military manning. ● Releases military personnel to combat roles. ● Peacetime ship utilization higher. ● Supports the private sector of the economy. ● Potential political support from the private sector. ● Compatible with peacetime mission of fleet.	● Cost higher than Navy Civil Service manning. ● Least operational control. ● No defense capability ● Lower survivability due to fewer on-board personnel. ● Limited control over crew selection. ● Loss of Navy command and training billets. ● Minor contractual/legislative problems need to be overcome. ● Potential endurance problems during a war/contingency. ● Eventual loss of most Navy Military Manned fleet support skills.

SOURCE: CIVMAN

(3) Potential strike threat or other job actions could disrupt service unless a no-strike agreement is secured.

Overall, commercial contract manning resulted in costs higher than Navy Civil Service manning, the least operational control, and limited control over crew selection.

B. A TOTAL FORCE MANPOWER ALTERNATIVE—CIVILIAN SUBSTITUTION AT SEA,
JUNE 1979

This study was conducted by Commander Steven E. Fabry, Supply Corps, U. S. Navy, through the Center for Advanced Research at the Naval War College, Newport, Rhode Island. The purpose of the study was to examine the proposal of employing civilians, either Civil Service mariners or contractor employees, aboard Navy combat and fleet support ships. The projected manpower shortfall of the 1980's and 1990's, the deficit of Navy petty officers, and increasing costs of training caused the study to be conducted. The civilians would perform certain duties in areas where there were inadequate numbers of Navy military personnel. The study also looked at the problems that would be experienced with this proposal. It presented precedents for civilians afloat and in combat and discussed the administration of discipline. The study noted that contractual solutions to disciplinary infractions, habitability aboard ships, strike clauses, a combat zone bonus, and conduct standards aboard Navy vessels need further clarification.

C. CIVILIAN CONTRACT OPERATION OF GOVERNMENT SHIPS, DECEMBER 1981

This study was conducted by Booz, Allen and Hamilton, Inc., for the Joint Maritime Congress to examine the potential for civilian contract operation of Government-owned ships operated by the Navy and the MSC,

among others. Seventy-one Navy fleet support ships and sixty-one MSC ships were considered for conversion to contract manning to determine the degree of conversion flexibility and the impact of such conversion. The study concluded that using contract manning on Navy Fleet auxiliaries and MSC ships would provide more benefits than losses. The study also pointed out that while contract manning could maintain effective performance of Governmental missions, it would require some changes in current commercial practices. Examples of such changes are:

- (1) Dedicated pools of merchant mariners for each Government-type ship to ensure crew continuity;
- (2) Specialized training so that fleet support work could be done by commercial mariners;
- (3) Direct operational control by Government officials; and
- (4) Work practices and freedom to strike.

These changes were identified, but the study did not provide any description or discussion of how the unions and companies would effect these changes.

D. FINAL REPORT CIVILIAN MANNING OF AE, AFS, AND AD TYPE SUPPORT SHIPS, APRIL 1983

This study was prepared by Information Spectrum, Inc., Arlington, Virginia for the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). The study considered the AE-26 (ammunition), AFS-1 (combat stores), and AD-37 (destroyer tender) classes of Navy auxiliary ships when manned with Navy military, Navy Civil Service, and commercial contract mariners. The three modes of manning on the three classes of ships were analyzed on the basis of

manpower requirements, mission capabilities, operational impacts, and costs. In the discussion of current commercial contract operations, the study noted that one issue was the disciplinary control which could be exercised over Navy Civil Service and commercial contract seamen aboard fleet support ships during peacetime, contingency, or wartime. Such disciplinary control might not be as direct compared to Navy military or Civil Service personnel, but the study indicated that this issue might be an area for contractual negotiations and remedies.

E. SUMMARY

Previous studies have examined the prospect of civilian crews on Navy ships. While the studies have concluded that the concept of civilian manning is probably workable, there are risks involving reduced command and control and potential for strikes or other job actions.

VI. QUESTIONNAIRES AND RESPONSES

A. INTRODUCTION

Through Congressional testimony and various publications, maritime unions have reported that they would cooperate with the Navy in the implementation of civilian contract manning of fleet support ships. However, there are questions about how the proposal would be implemented by the unions. Therefore, a questionnaire was prepared to ask specific questions about how the proposal for civilian contract manning would be implemented.

The selection of maritime unions to be sent the questionnaire was done on the basis of the size and makeup of membership. Each union is connected with a maritime trade association whose purpose it is to conduct studies, review pertinent maritime legislation, and provide research service to the union. The unions selected to receive the questionnaire and their corresponding associations are:

<u>UNIONS</u>	<u>TRADE/LABOR ORGANIZATION</u>
Marine Engineer's Beneficial Association (MEBA), represents deck, engine, and radio officers. Approximate membership: 11,700	Joint Maritime Congress (JMC) Washington, D.C.
Masters, Mates and Pilots (MMP) represents deck officers. Approximate membership: 10,000	Maritime Institute of Research and Industrial Development (MIRAID) Washington, D.C.
Seafarers' International Union (SIU), represents unlicensed seamen, (deck, engine and steward). Approximate membership: 15,900	Transportation Institute Washington, D.C.

National Maritime Union (NMU)
represents unlicensed seamen
(deck, engine and stewards).
Approximate membership: 20,000

AFL-CIO Maritime Committee
Washington, D.C.

A second questionnaire was prepared to be sent to several shipping organizations to determine their reactions to the civilian contract manning proposal. Organizations with wide representations were selected to receive the questionnaire. The three shipping organizations are:

Council of American-Flag Ship Operators (CASO)
Washington, D.C.

American Institute of Merchant Shipping (AIMS)
Washington, D.C.

Maritime Service Committee
New York, New York

A draft questionnaire identified the proposal as coming from Mr. Calhoon's testimony. Prior to sending the questionnaire to the unions, telephone contact was made to lay the foundation for the receipt of the questionnaire in the mail. During the call to the Joint Maritime Congress, it was suggested by Mr. Scoville of that organization that the questionnaire would no doubt be better received by other organizations if mention of Mr. Calhoon was deleted. The deletion was made as suggested.

The questionnaire presented the proposal to use civilian contract manning on all Navy fleet support ships, including MSC ships. For the labor organizations, a questionnaire consisting of eleven questions was developed. The main areas covered by the questions dealt with the special pool of trained personnel, hiring hall changes, strikes and job actions, and discipline. In the case of the shipping organizations, a questionnaire of six questions was developed. The questions intended to

get reactions to the propositions of (a) a ship's captain working directly for the Navy, (b) no strikes or job actions, and (c) owning or leasing Navy ships for fleet support operations. The questionnaires and cover letters are found in Appendix A.

B. RESPONSES FROM LABOR ORGANIZATION

Four labor organizations were requested to participate in the survey. Two written responses were received.

1. Joint Maritime Congress

The responses to the questionnaire were prepared by Mr. Thomas W. Scoville, the director of policy and planning. He emphasized in his cover letter, contained in Appendix B, that the answers can be considered as coming from Mr. Calhoun of NMEBA.

Q: What is your organization's overall reaction to the proposal?

A: We enthusiastically support it.

Q: What is your reaction to the concept of a special pool of union members, available for and trained in fleet support work and cleared for security reasons?

A: We believe that the use of this device would ensure operational responsiveness and operational control--two imperatives for the Navy which we believe are essential. The purpose of fleet support in the first place is to support the Navy; therefore, any plan must be consistent with national security. This is the overriding criterion.

Q: How would union members be selected for service in this special pool?

A: We believe that this should be worked out in cooperation with the Navy. The standards set must be high. Navy and union representatives should meet to agree on such criteria as physical standards, training (including specialized training that may be necessitated by fleet support role), age, availability, etc. Union members that meet these agreed standards would then be permitted and encouraged to join the pool.

Q: How would this selection process impact on current union hiring hall rules?

A: There would be no impact. We already have companies that do not hire through union hiring halls, but instead the hiring is negotiated with individual companies. CIVMAN could be accomplished in this manner.

Q: What specific procedures would be adopted in union hiring hall to accommodate this special pool?

A: See the response to (the above) question... Union hiring hall rules need not enter into the picture if a specific collective bargaining contract is used.

Q: Do you believe that unions would be able to ensure crew continuity? If so, please be specific in describing how this continuity would be accomplished.

A: Crew continuity is not a problem in the merchant marine today; indeed, many officers and specialists work the same ship voyage after voyage. For example, at present two U. S. Lines ships, the SS AMERICAN RAPID and the SS AMERICAN ROVER, under long-term charter to the MSC to carry military cargo, are being sold to Central Gulf. Although the ownership is changing, the same MEBA crews will man the ships. This provides an excellent sample of the type of crew continuity that is already practical and that can be easily achieved if CIVMAN is implemented. Additionally, the special CIVMAN labor pool will be big enough to ensure continuity to trained personnel. One should note that the Navy faces a similar problem with its personnel and still manages to ensure continuity.

Q: How would union guarantee no-strikes or job actions?

A: No-strike and no job action would be guaranteed by signed contract. It should be noted that the seagoing unions have never struck a commercial ship loaded with military cargo. For example, during the last maritime strike in 1965, special provisions were made so that ships carrying military cargo were not affected.

Q: What action is seen if a particular union must give up crewing a ship due to a contract re-negotiation?

A: This happens often during commercial operations and does not generate strikes or job actions. No disruptive action is foreseen; besides, if necessary, provisions to effect smooth transitions could be written into civilian contract operation contracts.

Q: Would union honor shoreside picket lines in ports?

A: This union would honor its contract. Its record in this regard is excellent.

Q: How would disciplinary problems, such as on-duty and off-duty misconduct, be handled?

A: Disciplinary problems would be handled the same as they are with today's merchant fleet—with very strict rules regarding infractions of discipline. Today, for example, the penalty for possessing one marijuana cigarette at sea is forfeiture of seamen's papers and with it loss of the sailor's right to go to sea. One can, as well, be docked 32 days pay for being late to work.

Q: Would your reaction to this proposal change as a result of peacetime, contingency, or wartime conditions?

A: No. In fact, we believe that this proposal will enhance our maritime capabilities by broadening the support and mobilization base available to the Navy.

2. AFL-CIO Maritime Committee

The questionnaire was not directly addressed by Mr. Talmadge E. Simpkins, executive director of this organization. He did provide, however, a copy of his statement before the Subcommittee on Seapower and Strategic and Critical Materials of the House Armed Service Committee. His cover letter is contained in Appendix B. He commented that his statement addressed the issues raised in the questionnaire. A portion of that statement is presented:

At present the military is almost exclusively the only source of new business to the (maritime) industry. The DoD through the MSC can either operate ships in-house with Civil Service crews or it can contract with a private operator to perform the function. Currently, MSC has a "Request for Proposals" out to operate two C-3s by a commercial operator. These ships are at present operated by MSC with Civil Service crews. We await the results, particularly the comparative costing between the use of union and Civil Service crews, with great interest.

The NMJ is prepared to develop collective agreements governing operations for the military that would be

competitive or cheaper than Civil Service operations. However, MSC costs should reflect the real world and be fair and equitable. We firmly believe the current costing of fringe benefits such as time off, pension, welfare, training, payroll taxes, etc., are unfairly loaded in favor of Civil Service operations.

The NMU, in concert with the Seafarers International Union of North America, AFL-CIO, has proposed the establishment of a system or procedure whereby the Navy and/or the Military Sealift Command would hire unlicensed seamen directly from the union hiring halls.

The general concept of manning a number of the Navy's noncombatant refueling tankers, supply vessels and special projects ships (these ships are currently manned by Navy blue jacket seamen) with private civilian merchant mariners has been discussed in and out of Government for the past twelve years....

...there have been private nongovernment studies conducted. To our knowledge all of these studies have demonstrated that the private civilian manning concept is feasible and practical....

The specific proposal that the NMU and SIU have made pertains to unlicensed seamen only.

This concept is not new because it has worked with another government agency for the past forty-five years. The unlicensed seamen who manned the ships of the Panama Line of the Panama Railroad Company and its successor agencies were hired directly from the NMU hiring hall. This practice was followed from the mid-thirties until the last ship was laid up in 1981. These agencies agreed to pay the wages and fringes, including pension and welfare contributions, as they were established by the NMU and the private companies. These agencies, instead of signing an agreement with the union which they contended they could not do, would by letter notify the NMU of their intentions to pay the wages and fringes as established.

For reasons which have not been totally explained, the Administration's objective of expanded utilization of the private maritime personnel concept has not been adopted by the Navy.

We are, however, continuing in this effort. Most recently, it has been suggested to us by Navy that the mariners who would be employed in the manner we suggest would have to be Civil Service employees and that their fringe benefits would be covered by applicable Civil Service laws and that it would take special legislation to

enable Navy to contribute to union pension and welfare funds. The conclusion is then drawn—"As a consequence, it appears that your proposal could not be put to practical application."

It is our belief that the Navy is opposed to the private manning concept because of misconceptions pertaining to the following:

1. Cost.
2. Potential disruption of service because of union actions.
3. The seamen would not work directly for the Command and, therefore, the Command would not have direct control.
4. The commercial operators do not have an understanding of the complexities of the logistical support activities.
5. Seamen in private industry do not possess the necessary skills needed in the support activities.
6. When crews are assigned from the hiring halls, there is no continuity of crew.

We believe that an open-minded fair appraisal of our proposal would answer these misconceptions:

The two unions have suggested that they would agree, as a part of the proposal, to:

- the establishment of an adequate training program;
- a system which would provide for continuity of crew;
- security clearances for the crew and the issuance of "special" papers for shipping on Navy vessels;
- the application of health standards;
- discuss the application of the Jones Act and/or the Federal Workmen's Compensation to seamen when injured; and,
- appropriate manning sizes.

COST

All studies on this concept which we are aware of have projected a cost savings. We have offered to sit down with the Navy's finance and operation people and demonstrate to them where and the amount of the cost savings. Our proposal applies to "unlicensed" seamen only. We are proposing that most of the provisions in the private industry NMU/SIU collective bargaining agreement—including pension and welfare contributions—could be put into effect without the Government being a signatory to a collective bargaining contract. This was the procedure followed by the Panama Canal agencies for over forty years. The agencies would,

by letter, inform the NMU that they would honor the applicable NMU industry-wide collective bargaining agreement.

Section 202 (8) of the Classification Act mandates that government seamen shall be paid in accordance with the private industry. Therefore, the wages of the unlicensed seamen in the private industry and those employed on the government-owned ships in the Civil Service group are very similar.

The NMU/SIU would negotiate a contract with the MSC which would fit the needs of both the Command and the members of NMU/SIU.

DISRUPTION OF SERVICE

NMU/SIU recognizes that labor stability is a necessity in any military operation and would sign a "no-strike" agreement with the operating agency.

CONTROL OF SEAMEN

The current practice of employing private industry seamen through the issuance of RFP's and private operating companies does create the situation where the seamen are technically employed by the companies rather than MSC.

The NMU/SIU is proposing that MSC employs its seamen directly from the hiring halls of the NMU/SIU. The agreement to supply the seamen would be a part of the so-called collective agreement.

OPERATOR'S UNDERSTANDING OF OPERATION

The Navy or the MSC, and not the private companies, would be the operators of the ship under the direct hire proposal.

SKILLS

If it is a fact that currently seamen do not possess the necessary skills needed in support activities, it would be overcome through the establishment of the proposed training program. The unions are discussing the establishment of needed training courses at their training facilities.

CONTINUITY OF CREW

The unions are agreeing to discuss with the operating agency proposals that would provide continuity of assignment of seamen to a particular ship.

3. Transportation Institute

No written response was provided. During several follow-up telephone conversations, a spokesman indicated that although the overall concept of civilian contract manning was good, the Transportation Institute declined to respond to the questions. The Institute was concerned about the questions asked, and their tone, and believed that they were in areas that were the prerogative of labor, not management. The Institute also declined to state this position in writing.

4. Maritime Institute of Research and Industrial Development (MIRAID)

No written response was provided. After several follow-up telephone calls, a representative stated that the workload of the staff did not allow time for responding. No further comment was made.

C. RESPONSES FROM SHIPPING ORGANIZATIONS

Three shipping organizations were requested to participate in the survey. Two written responses were received.

1. Council of American-Flag Ship Operators (CASO)

This organization did not respond to the questionnaire because CASO does not represent any of its member companies in collective bargaining matters. As a result, CASO has no policy statements to make regarding many of the questions. Mr. Albert E. May, executive director of CASO, wrote that the Board of Directors supported contract manning of ships engaged in point-to-point transportation of supplies and equipment and certain other vessels not directly engaged in fleet support operations. CASO's letter response is contained in Appendix B.

2. America Institute of Merchant Shipping (AIMS)

This organization indicated that it was unable to respond to the questionnaire. AIM's letter response is contained in Appendix B.

3. Maritime Service Committee

No written response was provided. After several follow-up telephone calls, a representative stated that the workload of the staff did not allow time for responding. No further comment was made.

VII. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

A. SUMMARY

The number of seagoing jobs and maritime union membership are in a decline. The unions are looking for more jobs at sea and have targeted Navy fleet support ships for civilian contract manning. The Navy has resisted this proposal because it is concerned about the costs, the potential for disruption of operations, and the loss of command and control. The purpose of this thesis was to focus on the non-cost specifics of the civilian contract manning proposal and to provide the unions with an opportunity to discuss the implementation of the proposal.

B. CONCLUSIONS

1. The maritime unions have had a history of fierce and bitter rivalry. When threatened as a whole, maritime labor can come together to battle a common enemy. Once the problem is resolved, the old rivalries surface and competition for jobs becomes the predominant behavior of maritime labor.

2. The union proposal for civilian contract manning of fleet support ships appears to be the answer to the question of how can more seagoing jobs be created for union members. The need for Navy command and control is acknowledged but is not given primary importance.

3. The Navy remains unconvinced that the benefits of civilian contract manning will outweigh the losses it will experience. Due to

the nature of management-labor relations in the past, civilian contract manning presents an unacceptable risk to the Navy.

4. Civilian contract manning assumes that the Navy can contract directly to hire civilian crews. This action is currently illegal and would require a change in law.

5. Previous studies have examined the concept of civilian contract manning. The areas of command and control have been recognized as problems to be resolved if the concept is to work.

6. The unions' responses to questions regarding implementation of civilian contract manning appear to be too general in nature. For example, the concept of having a pool of trained and available seamen for fleet support ships will have an impact on union hiring hall procedures. When asked specifically what changes will occur, none were provided.

7. Maritime unions, with the exception of the NMEBA and NMU, did not use this opportunity to make their positions and supporting arguments known.

8. The shipping organizations' responses indicate that they consider civilian contract manning of fleet support ships a labor initiative. Apparently, they do not have a preference for this alternative manning proposal.

C. RECOMMENDATIONS

1. That the Navy maintain its present manning policies; that it continue to man MSC ships with Civil Service mariners to ensure necessary command and control; that it continue to man Navy fleet support ships with uniformed personnel who are trained and capable.

2. That the Navy, through the MSC, continue to conduct investigation of civilian contract manning but that specifics attempt to be addressed through further discussion with the maritime unions.

APPENDIX A: QUESTIONNAIRES AND COVER LETTERS
SENT TO LABOR AND SHIPPING ORGANIZATIONS

QUESTIONNAIRE

The purpose of this questionnaire is to obtain your organization's views and recommendations regarding the proposal that all Navy fleet support ships, including the Military Sealift Command ships, be civilian contract manned. To ensure that the Navy continues to have command and control of these fleet support ships, the proposal includes the following stipulations:

(1) Contract operated or crewed support ships would remain under direct Navy and Military Sealift Command operational control.

(2) Contract crew members would be formed into a special pool (as distinct from normal union hiring halls) that would be available for service, trained in fleet support work, and security-cleared where required.

(3) The unions involved would agree to binding no-strike guarantees.

(4) Contract crew members could agree to become members of the Navy's active reserve, available for immediate call-up.

(5) Where required for particularly sensitive military operations, a Navy officer could be the ship's captain.

(6) Where required, contract manned ships could have a military detachment on board for defense or communications.

Each addressee is requested to consider the above proposal and to answer the questions listed on the following pages.

If responses exceed the space provided, please feel free to use additional sheets.

1. What is your organization's overall reaction to the proposal?
2. What is your reaction to the concept of a special pool of union members, available for and trained in fleet support work and cleared for security reasons?
3. How would union members be selected for service in this special pool?
4. How would this selection process impact on current union hiring hall rules?
5. What specific procedures would be adopted in union hiring hall rules to accommodate this special pool?
6. Do you believe that unions would be able to ensure crew continuity? If so, please be specific in describing how this continuity would be accomplished.
7. How would unions guarantee no-strikes or job actions?
8. What action is seen if a particular union must give up crewing a ship due to contract re-negotiation?
9. Would unions honor shoreside picket lines in ports?
10. How would disciplinary problems, such as on-duty and off-duty misconduct, be handled?
11. Would your reaction to this proposal change as a result of peacetime, contingency, or wartime conditions?

THANK YOU FOR YOUR COOPERATION.

PLEASE RETURN THIS COMPLETED QUESTIONNAIRE IN THE STAMPED, SELF-ADDRESSED ENVELOPE THAT IS PROVIDED.

Naval Postgraduate School
SMC # 1477
Monterey, California 93943
22 September 1983

Mr. Thomas W. Scoville
Joint Maritime Congress (JMC)
444 North Capitol Street, Suite 801
Washington, D.C. 20001

Dear Mr. Scoville:

As we discussed by telephone yesterday, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

I hope you have a pleasant trip to Portugal, and I will be looking for the completed questionnaire after your return on 16 October. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

Naval Postgraduate School
SMC # 1477
Monterey, California 93943
22 September 1983

Mr. Julian Singman, President
Maritime Institute of Research
& Industrial Development (MIRAID)
1133-15th Street, NW--Suite 600
Washington, D.C. 20005

Dear Mr. Singman:

As we discussed by telephone today, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

It is requested that the completed questionnaire be returned no later than 14 October 1983. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and early return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

Naval Postgraduate School
SMC # 1477
Monterey, California 93943
22 September 1983

Mr. Larry Evans
Transportation Institute (TI)
5201 Auth Way
Camp Springs, Maryland 20746

Dear Mr. Evans:

As we discussed by telephone today, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

It is requested that the completed questionnaire be returned no later than 14 October 1983. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and early return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

Naval Postgraduate School
SMC # 1477
Monterey, California 93943
23 September 1983

Mr. Talmadge Simpkins
AFL-CIO Maritime Committee
100 Indiana Avenue, NW--Suite 301
Washington, D.C. 20001

Dear Mr. Simpkins:

As we discussed by telephone today, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

It is requested that the completed questionnaire be returned no later than 14 October 1983. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and early return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

QUESTIONNAIRE SENT TO SHIPPING ORGANIZATIONS

The purpose of this questionnaire is to obtain your organization's view and recommendations regarding the proposal that all Navy fleet support ships, including the Military Sealift Command ships, be civilian contract manned. To ensure that the Navy continues to have command and control of these fleet support ships, the proposal includes the following stipulations:

- (1) Contract operated or crewed support ships would remain under direct Navy and Military Sealift Command operational control.
- (2) Contract crew members would be formed into a special pool (as distinct from normal union hiring halls) that would be available for service, trained in fleet support work, and security-cleared where required.
- (3) The unions involved would agree to binding no-strike guarantees.
- (4) Contract crew members could agree to become members of the Navy's active reserve, available for immediate call-up.
- (5) Where required, contract manned ships could have a military detachment on board for defense or communications.

Each addressee is requested to consider the above proposal and to answer the questions listed on the following pages.

If responses exceed the space provided, please feel free to use additional sheets.

1. What is your organization's overall reaction to the proposal?
2. What is your reaction to the proposal that the ship's captain be a USN officer?
3. What is your reaction to having a military detachment on board for defense and communications?
4. What is your reaction to the no-strike or job action stipulation?
5. Would your organization be interested in buying government ships and operating them for the Navy?
6. Would your organization be interested in leasing government ships and operating them for the Navy?

THANK YOU FOR YOUR COOPERATION.
PLEASE RETURN THE COMPLETED QUESTIONNAIRE IN THE STAMPED, SELF-ADDRESSED
ENVELOPE THAT IS PROVIDED.

Naval Postgraduate School
SMC # 1477
Monterey, California 93943
23 September 1983

Admiral James L. Holloway, III
President, Council of American Flag
Ship Operators (CASO)
1627 K Street, NW--Suite 1200
Washington, D.C. 20006

Dear Admiral Holloway:

As your secretary and I discussed today by telephone, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

It is requested that the completed questionnaire be returned no later than 14 October 1983. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and early return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

Naval Postgraduate School
SMC #1477
Monterey, California 93943
23 September 1983

Rear Admiral W. M. Benkert, USCG (Ret.)
President, American Institute of
Merchant Shipping (AIMS)
1625 K Street, NW--Suite 1000
Washington, D.C. 20006

Dear Admiral Benkert:

As Ms. Beth Mullally and I discussed by telephone today, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

Ms. Mullally advises me that you will be out of town until 11 October, so I will be looking for the completed questionnaire a week or two after your return. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and early return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

Naval Postgraduate School
SMC # 1477
Monterey, California 93943
23 September 1983

Mr. Martin F. Hickey
Maritime Service Committee
11 Broadway, Room 1712
New York, New York 10004

Dear Mr. Hickey:

As Ms. Anne Marie Konopka and I discussed by telephone today, I am currently pursuing a master's degree at the Naval Postgraduate School, Monterey, California, in the field of Transportation Management. I am presently collecting research data for my master's thesis on the subject of contract manning of Navy fleet support ships. The purpose of this research effort is to obtain the views and recommendations of various portions of the maritime industry regarding the command and control problems in contract manning.

My approach to this study is to request the completion of the enclosed questionnaire by several maritime trade associations and labor organizations. The completion of the questionnaire is extremely important and is very beneficial in providing the current policies and positions of the maritime industry on the subject of contract manning.

It is requested that the completed questionnaire be returned no later than 14 October 1983. A stamped, self-addressed envelope is provided for your convenience.

Your assistance in the completion and early return of the questionnaire is greatly appreciated.

Sincerely,


MARY L. FRANZIA
Commander, U. S. Navy

Enclosures (2)

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APPENDIX B: COVER LETTERS RECEIVED FROM LABOR
AND SHIPPING ORGANIZATIONS



JOINT MARITIME CONGRESS

Hall of the States Building, 444 North Capitol Street, Suite 801, Washington, DC 20001 Telephone (202) 638-2405

David A. Leff
Executive Director

October 25, 1983

Commander Mary L. Franzia
Naval Postgraduate School
SMC #1477
Monterey, California 93943

Dear Commander Franzia:

Enclosed is your questionnaire regarding contract manning with our answers to each of your questions. I emphasize the word "our", because I went over each question with Mr. Jesse M. Calhoon, President of the National Marine Engineers' Beneficial Association, and the answers should be taken as his speaking as President of the union. That should give them added significance for your study.

Please do not hesitate to let me know if I can help out in any way. We'd be interested in seeing the final study when it's done; it's an important subject.

Sincerely yours,

Thomas W. Scoville
Director of Policy and Planning

TWS/kmy

Enclosure

SHANNON J. WALL
CHAIRMAN



TALMAGE E. SIMPKINS
EXECUTIVE DIRECTOR

THE VOICE OF MARITIME LABOR

100 INDIANA AVENUE, N.W., WASHINGTON, D.C. 20001 • (202) 347-5980

November 1, 1983

Commander Mary L. Franzia
United States Navy
Naval Postgraduate School
SMC # 1477
Monterey, California 93943

Dear Commander Franzia:

Attached is a copy of our statement before the Subcommittee on Seapower and Strategic and Critical Materials of the House Armed Services Committee. In this testimony we addressed the issues raised in your questionnaire. If you have any questions after you have read this proposal, please let me know.

Also attached for your information is an article which appeared in the Defense Management Journal on civilian manning of Naval support ships.

Sincerely yours,


Talmage E. Simpkins
Executive Director

Attachments (2)

Confidential
Anti-Trust, Anti-Competitive

TELEPHONE ROOMS
FACSIMILE ROOMS

October 4, 1983

Commander Mary Franzia
Naval Postgraduate School
SMC # 1477
Monterey, CA 93943

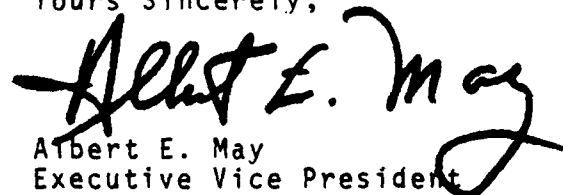
Dear Commander Franzia:

Admiral Holloway, who is travelling, has asked me to respond to your letter of September 23rd requesting that CASO complete a questionnaire on the subject of contract manning of Navy fleet support ships.

CASO does not represent any of its member companies in collective bargaining matters, and accordingly, we do not have a policy with regard to a number of the questions which you have asked. I can advise you that the CASO Board of Directors supports contract manning of ships engaged in point-to-point transportation of supplies and equipment and certain other vessels not directly engaged in fleet support operations. With regard to your other questions, we believe that they should best be answered by our individual member companies.

With best wishes for successful completion of your master's thesis,

Yours Sincerely,


Albert E. May
Executive Vice President

AEM:krb



AMERICAN INSTITUTE OF MERCHANT SHIPPING

October 27, 1983

Mary L. Franzia
Commander, U.S. Navy
Naval Postgraduate School
SMC #1477
Monterey, California 93943

Dear Commander Franzia:

Our President, RAdm. Benkert, has reviewed your questionnaire on the contract manning of Navy fleet support ships and unfortunately is unable to respond to your questions on behalf of our association. However, if you would like his personal opinions regarding command and control problems in contract manning, he would be more than happy to discuss the issue with you by telephone.

Sincerely,

Elizabeth Mullally
Public and Legislative
Affairs Coordinator

LIST OF REFERENCES

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2. Kilgour, John G., The U. S. Merchant Marine, National Maritime Policy and Industrial Relations, Praeger Publishers, 1975, p. 117.

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10. Mr. Thomas W. Scoville
Director of Policy and Planning
Joint Maritime Congress
444 North Capitol Street, Suite 801
Washington, D.C. 20001
11. Commander Mary L. Franzia, USN
23306 Cypress Point Drive
Ripon, CA 95366

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