

quirements implicit in our contingency planning for a number of the most likely limited war situations, it appears that the equivalent of up to 460 general cargo ships (averaging 15,000 MT capacity, 15-knot speed) might be needed in a future emergency, over and above those available in our own Airlift/Sealift Forces. Simply in terms of size, the U.S. Flag Merchant Fleet (Active and Reserve) is adequate for such contingencies now, and should continue to be so in the future. The real problem, underscored by our recent experience in supporting our southeast Asia deployments, concerns the availability of these U.S. flag merchant ships to the Defense Department on a timely basis.

For the past year and a half, we have been engaged in a massive sealift of men and supplies to Vietnam. In the first quarter of fiscal year 1967, the Military Sea Transportation Service (MSTS) exceeded its fiscal year 1965 average quarterly shipping rate by 165 percent. However, only about a third of the increase was obtained from the U.S. liner fleet (both subsidized and unsubsidized). These, of course, were the ship operators who had been given preference in carrying peacetime Defense cargoes, who up until recently (when MSTS introduced competitive bidding) had collectively negotiated freight rates with MSTS, and on whom Defense had traditionally counted for the "hard core" of its sealift augmentation in wartime. But, when the heavy demands for sealift to southeast Asia began to develop, most of the liner operators chose to continue to ply their normal commercial trade routes, and in the July-September 1966 period only 8 percent of the subsidized fleet and something less than 10 percent of the non-subsidized liner fleet were under charter to MSTS. This choice was understandable under the circumstances. In a total war, neither the Government nor the shipline operators would have any choice, the ships would be requisitioned. But in a limited war, such as Vietnam, the issue is not as clear; the shipline operators, understandably, don't want to lose their place on the world trade routes and the Government doesn't want to be forced to requisition the ships it needs.

Fortunately, in the present situation, we have been able to obtain the needed sealift without recourse to requisitioning, principally through the use of the unsubsidized tramp fleet and through reactivations from the Reserve Fleet (NDRF). Almost two-thirds of the increase in Defense sealift capacity achieved since the start of the Vietnam buildup has come from these sources.

While these resources have successfully met the needs of the present emergency, they may not all be available in another emergency a decade hence. By 1975, most of the ships in the NDRF will be 30 to 35 years old and will require larger expenditures for conversion to assure satisfactory reliability. Moreover, the unsubsidized tramp/irregular fleet will probably have disappeared because its aging World War II vessels cannot be replaced at an economical price. As a result, the Defense Department may in another emergency be far more dependent on the subsidized berth line operators than it is today.

The greater requirement for berth line ships is disturbing not only because of the problem of responsiveness but also because of the cost implications involved. We know from past experience (and we cannot realistically expect it to be otherwise) that, unless the operators are assured a good profit (at prices established in a tight market), their ships will not be forthcoming voluntarily in an emer-