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SHIPBUILDERS COUNCIL OF AMERICA 01173

Minutes
Board of Directors Meeting

A regular meeting of the Board of Directors of the Shipbuilders Council of America was held at the Watergate Hotel, Washington, DC on June 14, 1978 at 10:00 AM.

Edwin M. Hood, Chairman of the Board and President presided. Present were:

B. B. Cook, Jr.	DeLaval Turbine, Inc.
Ralph W. Cousins	Tenneco/Newport News Shipbuilding
Wilfred J. Eggington	Rohr Marine, Inc.
John T. Gilbride	Todd Shipyards Corp.
William Gorvine (representing P. T. Veliotis)	General Dynamics Corp., Electric Boat Division
Edwin Hartzman	Ogden/Avondale Shipyards, Inc.
Robert B. Hedges	Combustion Engineering, Inc.
Peter S. Hepp	Sun Shipbuilding & Dry Dock Co.
David H. Klinges	Bethlehem Steel Corp.
Robert L. Massa	Coastal Drydock & Repair Corp.
Riley O'Brien (representing E. C. Forbes)	The American Ship Building Co.
E. L. Pickler, Jr. (representing J. L. Roper, III)	Norfolk Shipbuilding & Drydock Corp.
Ralph E. Ryan	Seatrain Shipbuilding Corp.
Roger A. Simmons (representing G. G. Whipple)	Lockheed Shipbuilding & Construction Co.
John F. Sullivan, Jr.	Bath Iron Works Corp.
John V. Walsh	Sperry Marine Systems Division, Sperry Rand Corp.

Guests

Albert L. Bossier, Jr.	Ogden/Avondale Shipyards, Inc.
R. C. M. Calvert*	Tenneco/Newport News Shipbuilding
John A. Chantrey, Jr.	Ogden/Avondale Shipyards, Inc.
James W. Charrier, Jr.*	Ogden Transportation Corp.
David T. Cianelli*	Bethlehem Steel Corp.
Richard W. Cook	Lockheed Corp.
Robert J. Farrington	Todd Shipyards Corp.
R. A. Fiorelli*	Bethlehem Steel Corp.
E. David Foreman, Jr.*	Ogden/Avondale Shipyards, Inc.
Allan C. Glaser	Seatrain Shipbuilding Corp.
James Harvie	Bath Iron Works Corp.
Donald E. Kidder*	General Dynamics Corp.
Gerald A. Livingston*	Ogden/Avondale Shipyards, Inc.
Stewart E. Niles, Esq.	Jones, Walker, Poitevent, Carrere and Denegre

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SBCA 5082

yard problems has been strongly supported by this Board of Directors and you will receive a more detailed report on this topic later in the meeting.

"Further in regard to political strategy, we have established rapport with the Southern Governors' Conference which has, in turn, named a Task Force on Shipbuilding, under the Chairmanship of Governor John N. Dalton of Virginia. More than 50 percent of the coming downturn in employment will occur in the South, and it is planned that the Southern Governors will submit a specific recommendation for corrective measures directly to President Carter in September.

"The Council has, in addition, been engaged in a variety of other endeavors, as will be seen from the attached listing of actions, other than meetings, since the start of 1978. It is hoped that you will find time to review this compilation as a means of better comprehending the diversity of activities which must be pursued to carry out the purposes of the Ccuncil.

"Finally, it should be noted that the Council's SHIPYARD WEEKLY has again received an award for 'overall excellence.' A favorable reaction to this publication has been steadily multiplying in recent years, and more and more it is being cited as an authoritative source for information pertaining to the U.S. shipbuilding/shiprepairing industry."

EXECUTIVE COMMITTEE

The President reported that the Executive Committee had met earlier in the day to discuss guidelines for preparation of the 1979 budget and other business. He indicated that the Committee had directed him to submit his proposed Budget for the coming year to the Executive Committee, as well as to the Finance Committee, by August 15, 1978 to enable consideration prior to the September meeting of the Board.

The Executive Committee recommended to the Board that the Council fund a $125,000 proposal from Data Resources, Inc. (DRI) to collect the necessary data to construct and/or modify econometric models to provide the Council with information and analyses on the impact of various maritime policy alternatives on the economy. Both the Commercial Shipbuilding Committee and the Naval Shipbuilding Committee view this project, a study of "The Economic Impact of the U.S. Shipbuilding and Ship Operating Industries", as a baseline for justification for any meaningful shipbuilding program to improve the present outlook.

Upon discussion of the study objectives and the qualifications of DRI, the Board of Directors unanimously approved underwriting the proposal which is to be funded by means of

a special assessment on shipyard members in proportion to annual dues. This special assessment is to cover the DRI project and the previously approved study of workers' compensation costs under the Longshoremen's and Harbor Workers' Compensation Act, now nearing completion by the consulting actuarial firm of Tillinghast, Nelson and Warren, Inc.

FINANCE COMMITTEE

The President, reporting for Mr. Hartzman, advised that the Committee, at a meeting earlier in the day, had reviewed (1) the financial statement for the first five months of 1978, noting that extenditures are within budget, (2) the Investment portfolio managed by Loomis, Sayles & Company, Inc., concluding that performance was satisfactory under current market conditions; and (3) Bylaw requirements to establish a semi-annual assessment for the second half of 1978.

On motion, duly made and seconded, the Board unanimously approved the report of the Finance Committee and reaffirmed the existing semi-annual assessment rate for the remainder of 1978 as follows:

> BE IT RESOLVED, That, pursuant to Sections 3 and 4 of Article VI of the Bylaws a semi-annual assessment on each REGULAR member of $5.00 per employee is levied as shown by the Member's report of employment for the six-month period January 1, 1978 to June 30, 1978, to cover dues for the period July 1, 1978 to December 31, 1978.

On motion, duly made and seconded, the financial statement for the period ending May 31, 1978, as recommended by the Finance Committee, was also unanimously approved.

COMMERCIAL SHIPBUILDING COMMITTEE

At the Shipbuilding Roundtable Dinner on the prior evening (June 13, 1978), the President reported on details of a proposed program developed over the last several months by the Commercial Shipbuilding Committee. This proposed program is comprised of 22 program elements and supporting "national needs" studies which are to form the underpinning needed to justify any substantive new program designed to improve the outlook for commercial shipbuilding. The three basic "national needs" were identified as follows:

I. The Relationship of Shipbuilding/Shiprepairing to National Security (Harbridge House Study)

II. The Relationship of Shipbuilding/Shiprepairing to the National Economy (Data Resources, Inc. Econometric Model)

III. The Relationship of Shipbuilding/Shiprepairing to Manpower Needs and Social Advancement Programs (Data Resources, Inc. Econometric Model)

Additionally, a cost impact study will be made by the Council to provide a partial answer to why shipyard prices are higher in the U.S.

The Board approved contracting with Data Resources, Inc. (DRI) for the proposed study to address the economic and social impact issues. DRI will link their macroeconomic model to new input-output tables on the shipbuilding, shipping and supplier industries to forecast national, regional and state-by-state economic benefits in terms of:

- Gross National Product
- Balance of Payments
- Employment
- Social Costs of Unemployment
- Taxes
- Investment

The relationship of shipbuilding/shiprepairing to national security is to be addressed by Harbridge House, Inc., a consulting firm contracted by the U.S. Maritime Committee in a separate effort to review that adequacy of the shipyard mobilization base, including supplier industries, and the availability of a trained labor force, under all economic and strategic contingencies.

NAVAL SHIPBUILDING COMMITTEE

The President provided a brief presentation of the objectives and activities of Naval Shipbuilding Committee, in his capacity as Chairman of that Committee. He noted that the Committee had evaluated those critical issues in the Navy/industry relationship that deserve particular attention in an attempt to improve the environment under which the task of constructing and repairing naval ships is accomplished. The Committee has prepared an "improvement" program made up of specific issues, each with plans of action aimed at improving the naval shipbuilding environment. Program elements below were described by the President:

I Industrial Base Maintenance
II Decision Making Practices
III Administration Requirements
IV Risk Distribution
V Estimating and Scheduling
VI Technical Management
VII Workforce Utilization
VIII Cost Reduction
IX Shipbuilding Image

It was noted that each of the action plans described has been assigned to individual members of the Naval Shipbuilding Committee and are underway. A complete progress report will be presented to the Board at the September meeting.

The President thereupon introduced a Committee recomendation that the Council support the establishment of a "Naval Shipbuilding Commission" as proposed by the Senate Committee on Armed Services in the FY 79 Military Authorization Bill. The Committee feels that the "Commission" could provide a timely and visible forum for presentation of Council's positions and recommendations relative to naval shipbuilding problems. The Board unanimously concurred.

WORKERS' COMPENSATION COMMITTEE

Mr. Chantrey, Chairman, reported that on April 18, 1978, the Council had testified for three and one-half hours before the Subcommittee on Compensation, Health and Safety of the House Committee on Education and Labor. This comprehensive testimony was well received. Chairman Joseph M. Gaydos (D-PA) remarked that Council's presentation was one of the best the Committee had received during the current series of "oversight" hearings.

Mr. Chantrey went on to say that informed sources indicate that a single issue amendment clarifying jurisdiction and coverage under the Longshoremen's and Harbor Workers' Compensation Act at the waters edge might be favorably considered by the Subcommittee this year if sufficient Congressional support can be demonstrated. He recommended that the Board approve an intensive lobbying campaign to be initiated immediately by the Chief Executives of member shipyards, and to be essentially completed by June 30, 1978. Several members of the Board questioned if the lobbying effort could be successful without first obtaining a "no opposition" position from organized labor. It was the consensus that while opposition from organized labor could be a valid concern, there was not enough time to pursue this matter with the many voices of shipyard labor. Therefore, the Board endorsed Mr. Chantrey's recommendation. The President then offered to act as the focal point of the lobbying campaign which is to be administered from Council's offices in Washington, DC.

Mr. Cook suggested additionally that the Council write Senator John C. Stennis (D-MS) Chairman of the Subcommittee on Defense of the Senate Committee on Appropriations and request that he solicit the position of the Navy on this matter. The President agreed to transmit a letter forthwith.

ALLIED INDUSTRIES COMMITTEE

The President stated that the Allied Industries Commit-

tee had held a meeting on May 17, 1978, and that the minutes were included in the report to the Board. He added that at 2:30 p.m. he would be testifying before the House Committee on Merchant Marine and Fisheries in favor of a strengthened Buy-American Bill (HR-8204) which would require Jones Act ship construction to have procurement regulations similar to those applicable to construction differential subsidy (CDS) ships.

LEGISLATIVE DEVELOPMENTS

Mr. Pasco reported that as a result of rulings by the U.S. Customs Service and the U.S. Coast Guard, it became evident that owners of existing American-flag tankers could have retrofit work to meet new tanker safety standards performed in foreign yards without payment of duty and without loss of coastwise privileges derived from the Jones Act. These conflicting rulings of Customs and Coast Guard were of special significance with regard to the installation of segregated ballast tanks, crude oil washing systems and inert gas systems. The Council succeeded in having introduced and adopted by the Subcommittee on Coast Guard of the House Committee on Merchant Marine and Fisheries, an amendment to the House version of S-682, the Tanker Safety bill which requires that unless retrofit of the above mentioned items is accomplished in U.S. shipyards, the owner of the tanker vessel will not be able to operate in the domestic trades. This amendment was introduced by Congressman David C. Treen (R-LA), supported by Congressman Mario Biaggi (D-NY), Chairman of the Subcommittee, and was passed without any opposition.

During the Committee mark-up of HR-10729, the Maritime Authorization Bill, Congressman Paul N. McCloskey (R-CA) introduced several amendments, some of which would have affected the shipbuilding industry. One amendment would have denied CDS in the construction of LNG vessels, and this proposal was rejected by the Committee. However, the Committee did adopt an amendment offered by Mr. McCloskey which would have denied CDS to any vessel not participating in the Defense Department's Sealift Readiness Program. Since the latter program now applies only to liner vessels, the effect of this amendment would have been to deny CDS to LNG and other types of bulk carriers. Through the efforts of Congressman Paul S. Trible, Jr. (R-VA), the Bill was amended on the floor of the House to provide that the "offering" of a vessel by the owner for the Sealift Readiness Fleet was sufficient to retain eligibility for CDS. Mr. Trible's amendment was supported by Chairman John M. Murphy (D-NY), of the House Committee on Merchant Marine and Fisheries and concurred in by Mr. McCloskey; the problem was thus resolved. Mr. McCloskey offered a number of further amendments, including a second effort to deny CDS for LNG vessels, but all were defeated.

Mr. Pasco further reported that a bill, (HR-12959) to amend the definition of "Qualified Vessel" under Section 607 of the Merchant Marine Act, 1936 had been introduced by Congressman Murphy to permit the use of Capital Construction Funds for the construction of vessels for operation in U.S. domestic commerce. The expansion of this authorization would free a substantial amount of capital construction funds which are presently restricted to vessel construction for the foreign trade (with certain exceptions). Enactment of the pending legislation could very well stimulate new U.S. construction of domestic trade vessels.

On the matter of Coast Guard icebreakers, Mr. Pasco said that the Appropriations Subcommittee on Transportation, of the Senate Committee on Appropriations, chaired by Senator Birch Bayh (D-ID), held a hearing on the possibility of providing funds during the current fiscal year for the construction of a Coast Guard icebreaker to be used in the Great Lakes. The Council presented testimony to the Subcommittee supporting this proposal and taking the further position that in view of the fact that this vessel was to be built with Federal funds, construction should be required to be accomplished in the United States. The Wartsila yard of Helsinki, Finland, has been aggresively seeking this contract. It appears that the Council's action has dampened the "Build Abroad" idea, but the prospects of an appropriation this year are uncertain.

In a review of Deep Seabed Mining Legislation, Mr. Pasco stated that the Senate Committee on Energy and Natural Resources has reported S-2053 with a proviso that any recipient of Federal investment guarantees must build necessary mining, processing, and ore carrying vessels in the United States. This amendment to require American construction was sponsored by Senator J. Bennett Johnston (D-LA). This Bill has now been referred to the Senate Committee on Commerce, Science and Transportation. It was noted that the "Build American" feature is tied to a controversial investment guarantee provision which is opposed by the Administration and may be deleted by the latter Committee, in which event revival by a floor amendment may be necessary.

SHIPYARD CAUCUS

The President briefed the Board on progress made in the formation of a Congressional Shipyard Caucus. He announced that the Caucus will probably be co-chaired by Congresswoman Lindy Boggs (D-LA) and Congressman Paul S. Trible, Jr. (R-VA). A total of 41 Congressmen have already evidenced a willingness to join in this endeavor.

POLITICAL ACTION COMMITTEE

On March 15, 1978, the Board authorized the establish-

ment of a Political Action Committee (PAC). Before the PAC can be activated, Bylaws for this new entity must be adopted. On motion, duly made and seconded, the Board unanimously approved the PAC Bylaws prepared by Collier, Shannon, Rill, Edwards and Scott, Attorneys at Law transmitted by memorandum to all members of the Board on April 27, 1978.

ADDITION TO COUNCIL'S PURPOSES

In furtherance of a discussion at the March 15, 1978 meeting, the Board unanimously passed a resolution adding to the Council's purposes under Article II, Section 2 of the Bylaws this statement:

> "to preserve a balanced workforce and to promote employment opportunities for disadvantaged citizens"

AD HOC COMMITTEE ON ASBESTOSIS

Mr. Kesterman briefed the Board on recent events associated with Asbestosis suggesting a heightening of potential problems and liabilities for shipyards:

- The Asbestosis Questionnaire being circulated to present and former shipyard employees by the National Cancer Institute
- The rapid increase in workers compensation claims and negligence law suits affecting naval shipyards and, to a lesser extent, private shipyards
- The National Cancer Institute has hired Porter Novelli Marketing of Washington, DC to put together a public service campaign. Porter Novelli has in turn hired Bean/Kahn Films International, Inc. to provide television public service spot announcements. This firm has already filmed an asbestos ripout at Philadelphia (PA) Naval Shipyard with the approval of the Chief of Naval Information
- A study at Long Beach (CA) Naval Shipyard concluded that about one-third of its employees over the past 17 years have contracted asbestosis

The Board approved the establishment of a special Ad Hoc Committee on Asbestos/Asbestosis to bring the problem into focus, to exchange information on unfolding developments, and to assess possible methods for dealing with present and past employees, Government Agencies, the public and the media. Mr. Kesterman noted that Mr. David A. Lavalette of the General Dynamics Corporate Office, St. Louis, MO, has agreed to serve as Chairman of this Ad Hoc Committee.

NEXT MEETING

The next meeting of the Board of Directors will be held in Jacksonville, Florida on September 12, 13 and 14, 1978.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:00 Noon. The guest speaker at the luncheon was Vice Admiral James H. Doyle, Jr., USN, Deputy Chief of Naval Operations for Surface Warfare.

Frank Kesterman

Frank R. Kesterman
Vice President and
Secretary

PLAINTIFF'S EXHIBIT
SBCA 5051
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FOR THE ASBESTOS INFORMATION ASSOCIATION

PROGRAM ABC News Closeup STATION WJLA-TV ABC Network

DATE July 14, 1978 10:00 PM CITY Washington, D.C.

SUBJECT Asbestos: The Way to Dusty Death

JULES BERGMAN: Asbestos is a common mineral, easily mined, to make textiles, cement, insulation, and hundreds of commercial products. The darker side is the dust. When inhaled, it can start the body towards cancer or irreversible lung disease years later.

MAN: Sometimes it's so dusty there that it was just like a foggy day. And one time I asked my supervisor, and all he said to me, "Well, we know that it's a little uncomfortable, but it won't hurt nobody."

BERGMAN: Before this century ends, asbestos will kill or cause serious disease in hundreds of thousands of people.

MAN: The real effect of the disease is the living death. The person is crippled. He is a respiratory cripple.

MAN: Fifty percent of those people who've worked around asbestos to any degree will die of lung cancer or some other related cancer.

MAN: It's the same as putting a gun to your head and pulling the trigger, and the bullet has 20 years to get there. what you breathe today is going to kill you 20-30 years from now.

WOMAN: My mother died 10 years ago from pleuromesothelioma. And my father died last year of metastatic edena passanoma (?), a form of cancer. And I was stricken last May with pleruonesothelioma. I directly attribute it to asbestos exposure.

MAN: [Coughing]

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BERGMAN: The real tragedy is that this need not have happened. There were clear warnings, but they were ignored by industry, by a negligent government, and by the medical profession. All failed to warn millions of workers in time.

MAN [singing]: They tell me I can't work at all, there ain't no need of tryin'. But livin' like some used-up thing is just short of dyin'.

BERGMAN: In this program we'll look at what happened to the workers and other victims, and who allowed this human disaster to take place, who led them on the way to a dusty death.

* * *

BERGMAN: Georgia Tech had some great football teams in the early '50s, and Franklin Brooks was part of them. The Yellow Jackets played in four consecutive bowl games, and Franklin Brooks played in all of them. That's him, number 60, making the tackle.

This is the Sugar Bowl game of 1956. Franklin Brooks was voted the most valuable player.

Summers, he worked in an insulation plant, like this, with asbestos board and pipes. It was dusty. No-one told him it was dangerous.

Football was his life. First as a player, then as a coach. By age 42, he was back at Georgia Tech, an assistant coach.

Then he got sick: mesothelioma, the most deadly of asbestos cancers.

FRANKLIN BROOKS: I'd say it's worsened lately, because I have the most severe pain that I've had and I have a real shortness of breath. I've had to get an oxygen tank in my room. And I haven't used it yet, but it won't be long before I think I'll have to use oxygen.

I can't walk fast or walk up steps. If I do, I get out of breath. That's an indication that things are not as good as they were, the shortness of breath and the severe pain that I have.

BERGMAN: The asbestos dust that does the damage has to be magnified thousands of times before you can see it. Two hundred and fifty thousand of these specks laid end to end would equal one inch. It was just such specks that changed Franklin Brooks' life.

BROOKS: I was just about a 200-pounder, and that's what I weighed when I became ill. I'm down now to about 140. I wear my turtleneck to hide the loss of my muscles.

I have two children, one youngster 20 and a daughter 16. I'm not sure that they realize how serious it is. I've tried to talk to them at times,, but they're very reluctant to talk about it, you know, and my wife is reluctant to talk about it.

MRS. BROOKS: I think one day it's going to get better and it's going to all disappear. But I guess not. I'm hoping for a miracle. Well, maybe. Because we love him.

[Clip of woman saying prayers with Frank Cullen]

BERGMAN: Frank Cullen is too sick to go to church, so the church comes to him.

[Clip of praying]

BERGMAN: It's been more than 30 years since Frank Cullen last worked with asbestos. That was during World War II.

[Clip of praying]

BERGMAN: Frank Cullen was a boilermaker during the war, serving on destroyers like the U.S.S. Davidson.

FRANK CULLEN: Every time you did 2000 hours you'd have to remove the asbestos on the lines. While they were doing this, you'd be walking in all this garbage, asbestos all over the place, soot. You name it, it was all there.

MAN [singing]: I did my part in World War II, got wounded for the nation. Now my lungs are all shot down, there ain't no compensation. I'm going to go to work on Monday one more time. I'm going to go to work on Monday one more time, one more time. I'm going to go to work on Monday one more time.

BERGMAN: Frank Cullen never worked with asbestos again. He left the Navy, married, had eight children. Now he has eight grandchildren as well.

Then, in 1977, he started to cough uncontrollably.

DR. IRVING SELIKOFF: These are Mr. Cullen's X-rays. This first film in 1975 was normal. Actually, his lung at the time was not normal, but we couldn't see it on the X-ray. A little over a year or a year and a half later he began to have some problems. And this film is in April of 1977, and you begin to see something growing here on the lining of his chest. And that's unhappy news. That turned out to be a mesothelioma.

BERGMAN: Dr. Irving Selikoff of New York's Mount Sinai Hospital.

DR. SELIKOFF: Our treatment for mesothelioma is not very effective in most cases.

BERGMAN: Mesothelioma is caused by what?

DR. SELIKOFF: Well, so far the only cause that we know for it is asbestos.

CULLEN: My strength is all gone; I have no strength anymore. I can't even take the top off a catsup bottle. All I know is that I'm 60 years of age right now, and my whole life has taken a complete turn. I was figuring on retiring at 62. Now -- I'm not going to be a bed case, but I'm not going to be able to do anything like I used to do. I used to do a lot of woodworking and stuff like that. I'm restricted now.

I don't sleep in a bed; I sleep in this chair. And I have to elevate this chair. I can't lay in a flat bed. I have to sit up. Otherwise I -- once I lay down, the coughing starts.

I'm at the point now when I have four children married, and these are the times when you should enjoy your family. But the way it is now, you can't even have too many in your house at the same time. You've got to be every mindful of colds and disease and everything that comes in. Because any kind of a respiratory disease that you get, you have a problem. And the biggest danger is pneumonia. If you ever got pneumonia, forget it. You don't have a chance in hell to get over it.

BERGMAN: About every month, Frank Cullen goes into Mount Sinai for a week of chemotherapy.

CULLEN: If this doesn't work, then that's it. There's nothing else open for me at the present time.

Sometimes I feel that my lung is pulled up tight as a golf ball, and I get a little pain, but not anything too -- and then it goes away. You're never completely free of, you know, where you can see you were really feeling good.

BERGMAN: Frank Cullen is deeply in debt. The Veterans Administration has denied his claim for compensation, saying he can't prove that his illness came from his service during World War II. He is the victim of an indifferent Navy, a Navy that for too many years deliberately ignored the dangers of asbestos. And we'll look at that next.

* * *

BERGMAN: In a sense, it all began back in World War II with the frnatic effort to build enough ships to win the war. More than a million men and women worked around the clock in these ship-

yards, and the use of asbestos jumped dramatically. Part of what we're seeing today, a sharp increase in asbestos disease, goes back to those days.

Asbestos is safe and useful as an insulator and flame-retardant as long as it remains intact or is safely covered. That's why so much of it is used on ships' boilers and pipes. But when it breaks down or is disturbed, the sub-microscopic asbestos dust is released, can be inhaled, and ultimately cause cancer.

In the rush to build thousands and thousands of ships, no one really considered the health hazards. Ships to carry goods to our fighting men and allies around the world, and warships, a huge fighting fleet, all using large amounts of asbestos.

CHARLES ~~EYE (?)~~ AY: The Navy, during the early war years, they built a tremendous armada to rain havoc and hell on the whole world. And we did that.

BERGMAN: Charles Eye of the Asbestos Workers Union at the Long Beach Naval Shipyward.

~~EYE~~ AY: And today we have workers who are dying as a result of that tremendous Navy. The only thing that happened is the guns quieted but the disease that we built into that ship now has turned on the person who built it. And we continue to kill our own at the -- actually, at a rate faster than we did -- or, number-wise, more than what we did during the war.

BERGMAN: The Navy could have avoided today's disaster. ABC News has obtained Navy documents never before made public that tell the behind-the-scenes story.

~~In 1947 its own safety review warned of the dangers of asbestos dust. But it took almost 30 years for the Navy to act. Finally, in 1974, the Navy said it would limit the use of asbestos aboard its ships.~~

At about the same time, shipyard unions at the Electric Boat Company in Groton, Connecticut, which makes nuclear submarines, became concerned. They called in Dr. Selikoff's specialists from Mount Sinai Hospital.

DR. SELIKOFF: We examined a thousand men who were actually in the yard at the time. We didn't expect to find too much, because, in general, when you examine people who are working, well, those are the healthy people; and the fellows who are sick aren't there anymore. And we were rather surprised to find that about half of them had changes on their X-rays which were rather typical of what we find with asbestos.

BERGMAN: Half of them?

DR. SELIKOFF: Yes. And mind you, we tended to examine only the men who were there 15 or more years. We examined carpenters and electricians and riggers and machinists, radiation technicians, guards, truckers, all sorts of men who worked in the yard, welders, for example, boilermakers, painters. And among them, 50% had abnormal X-rays.

BERGMAN: The Navy and Electric Boad, did they help you? Did they let you see worker records?

DR. SELIKOFF: No. The Electric Boat Company, in any case, didn't seem to think it was wise to show us any records.

BERGMAN: Did they help you at all?

DR. SELIKOFF: Well, no.

BERGMAN: Even today, Navy yards aren't as clean, and therefore not as safe for the worker, as they should be. The Navy did take some positive steps at the Philadelphia Navy Yard, with high-powered vacuum cleaners and protective clothing for the asbestos workers. This was a demonstration put on just for us, using an asbestos substitute.

The Philadelphia yard was the only one the Navy would would let us film. But ABC News has obtained internal Navy reports which show that its own inspection of that same yard found numerous violations: damaged asbestos insulation, inadequate vacuum cleaners and protective masks, and loose asbestos scrap around the yard. And there is the same pattern of violations at other yards.

Norfolk: personnel protection inadequate, new workers not properly trained.

And at Puget Sound: lack of proper protective clothing, improper use of respirators, and a weak enforcement program.

The conclusion is inescapable. Workers are still being jeopardized.

John Cleary of the Metal Trades Council at Puget Sound.

JOHN CLEARY: So they get in there with saws, saber saws sometimes, which blow air around; and they just chop it away, sometimes with hammers, even. And it looks like a snowstorm when you're in there, pulling these valves and these steam lines out to take them back to the shop to work on them.

BERGMAN: The Navy's medical program is also deficient. Although it made a big show of examining 5000 workers at the Philadelphia yard, the medical procedures were inadequate. You cannot do a proper study for asbestos disease without using specially

qualified doctors to read the X-rays. They're called B readers. The Navy did not bother to hire B readers for the Philadelphia medical survey. The result was that the Navy found only five percent of its shipyard workers had asbestos-related lung changes, a figure far below any other such study.

Nor were there any B readers at the Long Beach Shipyard several years ago when Charles Eye became suspicious of the Navy exams being given.

AY
~~EYE~~: Everyone was told the same thing: "Everthing's all right. Everybody's in good shape." We didn't believe it. We started getting suspicious after looking at some mortality rates. And so my local sent 22 X-rays to Dr. Selikoff, which is a cross-sample, age-wise, duration of trade, that sort of thing. And 17 of the 22 came back with asbestos-related disease.

BERGMAN: Some of those 17 have already died. Charles Eye's father, also a shipyard worker, has died of asbestosis and cancer. And Eye himself now has a problem.

AY
~~EYE~~: I have about 25% of my lung capacity is gone as a result of asbestos disease. I tire very easily going up and down stairs, doing any type of physical, hard physical work. I become very fatigued very rapidly.

But once you get it, it's irreversible. It's a continuous thing, and ultimately I'll die from it.

BERGMAN: Finally, the Navy has started using qualified doctors to interpret the X-rays.

In the study just completed at Long Beach, covering 6640 employees, they found that 1061, almost 16% -- that's 1 out of 6 -- with asbestos-related abnormalities. That was for the whole yard. But for older workers, those who have worked at Long Beach for more than 22 years, the figures doubled. One out of every three of them has asbestos disease, and were told there is no cure.

At Pearl Harbor the Navy seems more concerned about bad publicity than about the health of its workers. Four years after the asbestos-control program began, only 237 out of 3000 workers have been examined, and only 72 of them have been X-rayed. A record so bad, the yard's commander wrote other yard commanders urging they move more rapidly to, quote, get ahead of the power curve before the media make us look like we are being dragged kicking and screaming into doing what is legal and the right thing, end quote.

At the Mare Island Navy Yard, the unions, not the Navy, arranged for a study by Dr. Polakoff, an occupational health specialist from Berkeley, California. Dr. Polakoff examined 359 shipyard

workers, and found that 59% had lung abnormalities. John Morris was one of them.

JOHN MORRIS: Hey, when you're down there, this stuff exposed, you know. It's laying there, it's dormant-like, you know. And once you hit it or tear it, it's going to fly on people, it's going to get on them; and it's going to kill them, you know. And there's nothing that they're doing about it right now.

MAN: It's not the government that has to answer to the widow. The widows call me up and say, "Where do we go from here?" It's not the government that has to answer to the worker who's coughing and short of breath. It's not the government who has to try to file a claim so workers who worked for the government or in private industry for 30 years can get some compensation, whether he's alive or not, to help his children get through school. It's not the government who's answering these questions.

BERGMAN: The Navy has been just as law with its ships as it has with its shipyards. It's older ships were built with asbestos. It's newer ones are supposed to be asbestos-free, wherever suitable substitutes can be found. But these insulating pads containing 80% asbestos came off two brand-new vessels, the U.S.S. Elliott and the U.S.S. Tarawa. Both ships were built by Litton Industries at this shipyard in Pascagoula, Mississippi. When we asked, Litton told us flatly that it used no asbestos on the ships. But these pads came from those ships, and there is a suitable substitute.

So the Tarawa and the Elliott join the rest of the fleet, still using asbestos insulation. And the Navy can't seem to control asbestos repairs at sea to cut the down the exposure of its own crewmen.

Last October, the Navy again prohibited asbestos repairs at sea unless stringent safeguards were met. The directive complained that some ships were not complying with the original orders, and they were not because they could not.

Again, unreleased Navy documents. The Commander of the U.S.S. Enterprise, responding to that directive, said he could not comply because the necessary filters and respirators were not on board.

More recently, and more damning, a Navy study of the Atlantic fleet found that 85% of the ships inspected had no controls at all on asbestos repairs performed at sea.

And so it goes. The Navy issues orders, and nothing much happens.

MAN: You have this giant marshmallow Navy, and where do

you grab the corner to get a marshmallow down on its back? And it's hard to personally get mad at -- if you had somebody standing there denying it, one single person could single out, then the unions could go after that. But we've got the Navy and we've got all their subordinate agencies, and they're contracting this work out. And all of them deny that any of them have an asbestos problem, and that they're doing their best. And as Charlie said, they just snow you under with paperwork.

BERGMAN: We confronted the Navy with its own reports, surveys and audits. It refused to comment. Why? The major reason: hundreds of millions of dollars in unsettled claims.

The government has finally taken a tentative step by advising shipyard workers to see their doctors. It didn't offer to pay for the exams.

Before our asbestos epidemic is over, many years from now, those claims will climb into the billions, not only from shipyard workers, but others as well. And we'll look at that next.

* * *

BERGMAN: The riverside section of Paterson, New Jersey, a grimy part of an old industrial town, an area full of small factories and warehouses. Up on the hill, rows of modest houses. All in all, a drab and depressed area.

When the history of asbestos is written, this building, now a paint warehouse, will play a grimly prominent role. It used to be the Union Asbestos and Rubber Company, UNARCO for short. During World War II, it made asbestos products for our ships.

At the time UNARCO operated here, there were no controls at all. The plant was filthy. And we now know that as little as half-a-day's heavy exposure can start the deadly cycle.

The men who worked here have been studied more thoroughly than any other group of asbestos workers. About 35% of them have already died of cancer and other asbestos diseases. That's more than three times as many as would normally die of cancer. The study, now 10 years old, is still going on.

WOMAN: Your father worked at Union Asbestos and Rubber Company in 1944, and we are interested in what he has been doing since then, and to see if the effects of the asbestos dust manifest themselves 30 years later.

BERGMAN: The UNARCO workers' families are also being studied. So far, 35% of them, as well, have lung abnormalities. The family connection is a new concern.

A week before this interview, one of Mrs. Barbara Gury's lungs was removed. Her only exposure came from her father, an insulator in a Massachusetts shipyard.

MRS. BARBARA GURY: When he came home, his clothing was covered with asbestos. And I don't know if you know what it looks like. It's a chalky substance when it accumulates and dries on clothing, and it forms like a dust-like particle when it's touched. And that was my exposure to asbestos, being hear his -- near my dad when he came home from work, and when my mother took his work clothes and shipped them over the porch to take off the excess dust before washing them.

BERGMAN: You had mentioned you used to run down and meet your father at the bus stop.

MRS. GURY: Yes, very often, and give him a big hug. And he was covered at that time with the asbestos, and it would disseminate in the -- you could see it flying around in the atmosphere.

REPORTER: How did you react when the doctor told you?

MRS. GURY: I was frightened, frightened to death. I knew -- I recalled every day of my mother's illness, recalled my father's illness, and knew what was in store for me. And I was that much more well-read, and I was frightened to death. I'm a 35-year-old mother of two children, a happily married woman with everything to live for. It sort of puts a damper on everything for me.

REPORTER: Ed, how did you feel when you first heard it?

ED GURY: I cried. I -- I wasn't angry, I don't think. I think I was very upset and perplexed. I couldn't believe it. I didn't know anything about asbestos or anything at that time. I knew her father had worked with it, and that's what caused his cancer. And I knew that the mother had also had mesothelioma. And I couldn't at that particular moment in time relate Barbara's mesothelioma with the parents. But as the year went on, boy, it got more bizarre and more bizarre. And I can honestly say that if it hadn't been for God and the gift of faith, that I would have probably jumped out a window a long time ago.

I have two small children whom I love very, very much. And the other day I was -- I left the hospital and I went across the street here to Central Park, and I sat on the rock over there to get a little fresh air and sunshine, and I saw this father playing with his five-year-old boy and his six- or seven-year-old daughter, and they were playing baseball, which I do at home with my two kids. And the girls wasn't as good a hitter as mine, but the -- I just sat there and cried my eyes out, because that is what it's done to my wife.

BERGMAN: Mesothelioma, once very rare, is becoming almost commonplace.

DR. SELIKOFF: From 1930 to 1960 we saw three cases, one every 10 years. And we're a pretty big hospital; we have 1200 beds, we do almost 20,000 operations a year, and so forth. And imagine, we only saw three cases in 30 years. Now, why, Dr. Holland had three cases on his service at any one time.

BERGMAN: It cost Yale University $250,000 to get rid of its asbestos problem. Evry ceiling in its nine-story Art and Architecture Building had to be removed. They had all been sprayed with asbestos. Two thousand students use this building every day.

Despite all we have known about asbestos, it was perfectly legal until 1973 to apply it inside buildings. During the '50s and '60s, thousands were built that way.

Dr. Robert Sawyer of Yale's Health Service set the clean-up in motion.

DR. ROBERT SAWYER: What drew our interest was the facts that these open and exposed ceilings, as we found them, had begun to break apart and to disintegrate. And, for instance, these books that were up near the ceiling were -- if you put the book in, it might strike the ceiling a little bit. It would be covered with the asbestos material. The people would blow them clean on opening them...

BERGMAN: The layer of asbestos dust...

DR. SAWYER: The cloud of dust would come up.

This we found in persons doing maintenance work in the building or doing custodial work, dusting. For instance, we found that the custodians would go through the library area holding a plastic bag in front of their face and dusting the fallen debris into the bag. And we used personnel-monitoring devices to find out what the exposures to these individuals were. We were quite surprised to find that the levels found in such situations, not only in this building but in many, many more that we've looked at since, can be in the vicinity of or indeed, on occasion, exceed industrial standards set by the Occupational Safety and Health Administration for industrial exposure.

BERGMAN: This is the World Trade Center in New York. That's asbestos dropping on the worker below.

Another building in New York. The dust contains asbestos.

An apartment complex in New Jersey. Ceilings throughout

were sprayed with asbestos. Some tenants are suing the builder because they consider the asbestos a health hazard.

Even after 1973, asbestos could still be sprayed if you called it decorative. It took EPA five more years to stop that use.

School buildings, too. Thousands of them had been built with sprayed-asbestos ceilings. A government inspection in New Jersey of 48 schools showed two-thirds of the ceilings were damaged, with considerable risk of asbestos contamination. The government now recommends they be removed.

And in this country, what goes up eventually comes down. Most buildings, except the very oldest, contain some asbestos; and demolition spreads the dust into the area, an unintentional danger for a product that serves man in many useful ways.

Almost everyone who lives in an urban area has some asbestos dust in their lungs.

Despite all that was known about asbestos, the EPA only recently tightened up regulations for house wreckers to keep the dust from spreading. But there are still many people who work with asbestos and don't know that it can be dangerous.

All drum-brake linings contain asbestos, some as high as 73%. As they wear down, or when they are replaced, asbestos dust is released.

Three years ago, government scientists recommended that the asbestos dust be vacuumed out instead of blown. But the Occupational Safety and Health Administration ignored the recommendation. A 1976 study found that 25% of the mechanics sampled had lung abnormalities. Nine hundred thousand workers are exposed to brake-lining dust.

Nor is there any regulation on labeling brake-lining boxes. Of the five we examined, one had rather detailed precautions printed on it. Two had caution labels, one on the bottom of the box, where it was not likely to be seen. And two others had no warnings at all.

And the argument of how much asbestos is too much asbestos still goes on. The current standard is two fibers per cubic centimeter of air. The government wants that lowered. Industry resists.

Dr. Paul Kotin, Medical Director and Senior Vice President of Johns-Manville, the largest asbestos company in the world.

DR. PAUL KOTIN: In the case of asbestos, I think that

we are creating no asbestos disease: lung cancer, mesothelioma, or GI cancer, as you -- at two fibers per cc or less for a working career.

BERGMAN: Then why do the government's top experts want to see the two fibers per cc lowered to .5 or even less?

DR. KOTIN: Because the government experts have been wrong before and they're wrong now.

BERGMAN: Didn't you once say that there is no such thing as a safe level of exposure for any carcinogen?

DR. KOTIN: I sure did, and I said it as part of the Surgeon General's committee in 1970. And I guess I'm going to tell you I'm smarter now.

BERGMAN: A lot smarter now, but smart enough to prevent a recurrence of the past? Dr. Kotin thinks yes. Most other doctors disagree.

Over the years, industry and government too often believed that the limits then in effect were good enough. And time and again, they were wrong.

What is most disturbing is that the dangers have been known for decades, and no one did anything about it.

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BERGMAN: It's not as if the dangers of asbestos have just been discovered. We've known about them for 70 years.

1907: Asbestos disease is reported, for the first time, in Great Britain.

1918: The first report in the United States. The government says there is an urgent need for more investigation of the health aspects of asbestos manufacture. But no one was listening. The war to end all wars was ending. America was about to enter the Roaring Twenties.

Even if the workers knew anything about asbestos -- and they didn't -- there wasn't much they could do. They had few rights. They could be fired at will. Unions were either weak or nonexistent.

1927: The British Medical Journal reports on asbestos. No one seemed to care. Americans were more intrigued by Babe Ruth's 60th home run; and an adventurous young pilot, Charles Lindberg, flew the Atlantic all alone. President Calvin Coolidge said the business of America was business. He didn't say anything

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about the worker.

1928: The Journal of the American Medical Association reported on a young woman who died of asbestosis. It wondered why asbestos disease wasn't getting more attention. One reason, Americans were living it up. Prohibition had been in effect for almost 10 years, but there was still plenty of booze to be had. People were having a good time. No one cared.

1930: The British are now sure. Dr. E.R. Merriweather examined 360 textile workers and found asbestosis in 26% of them. Shortly thereafter, the British took the first steps to reduce asbestos dust in the workplace. No one here did anything.

By this time, America was deep into the Depression. Jobs were hard to come by.

[Clip of song, "Brother Can You Spare a Dime?"]

BERGMAN: Workers competed for what jobs there were. Occupational health got low priority. Nothing was done.

1934: The British medical magazine Lancet reports on 100 cases of asbestosis and the first cases of lung cancer in asbestos workers.

1935: In this country, Dr. Anthony Lanza, in a study done for the industry, recommends dust-control measures in asbestos factories. The industry, he says, seems quite uninformed of the hazard. Little, if anything, is done.

There were other things to worry about: natural disasters, drought creating dust storms.

[Clip of song, "I'm a Dust Bowl Refugee"]

BERGMAN: By this time, asbestos production is growing, from under 100,000 tons in 1910 to 700,000 tons at the end of World War II. Millions of people have been exposed. And still, little is done.

1949: Dr. Ken Smith, Medical Director of the Johns-Manville Company, studies 708 asbestos workers and finds 534 with lung changes.

John McKinney, the President of Johns-Manville.

Did you know Dr. Ken Smith when he was your corporate medical director?

JOHN MCKINNEY: Yes, I did.

BERGMAN: You know he did a study of 708 Johns-Manville employees and found an asbestos danger way back in 1949?

MCKINNEY: Yes.

BERGMAN: Smith called for a warning label on asbestos packages, and has since -- and it was overruled, he's testified, for business purposes. He was told it would hurt business.

MCKINNEY: I know nothing about that, that that was the reason for it. I know that Dr. Smith has testified to that, but I don't know that that's accurate at all.

BERGMAN: Well, it's sworn testimony in a federal court.

MCKINNEY: Undoubtedly. We think Dr. Smith was mistaken about a lot of things, including his own policies.

BERGMAN: By the '50s and '60s, there are scores of reports on asbestos. But the government turned its back, closed its eyes, and did very little.

Dr. William Johnson, a former Public Health Service physician.

DR. WILLIAM JOHNSON: The U.S. Public Health Service conducted surveys of these plants under assurances of confidentiality. They essentially shared the data between themselves and the companies, and in a few instances with state agencies, which traditionally have not been very aggressive as far as occupational health protection.

BERGMAN: What you're saying is that the government, state governments, and companies worked together.

DR. JOHNSON: Yes, very much so.

BERGMAN: Doesn't that amount to collusion?

DR. JOHNSON: If you want to call it that, I think it's fair to say.

Unfortunately, I think there was an attitude of, "Well, let's -- let's treat the worker as a guinea pig out there in that plant, and let's expose him over a lifetime. Let's see how many of them develop problems with asbestos-related diseases. Then maybe in that way, over a long time, we can determine what a safe level of exposure to asbestos is.

DR. SELIKOFF: What we're seeing now is the result of our inadequacies of the past, of research that wasn't done, of inspections that weren't made, of regulations that weren't pro-

duced, of laws that weren't passed, of studies that were never started. And now, unfortunately, we're paying that price. Unfortunately, too, it's the people who worked under those circumstances that are paying the price; we're not.

It's unhappy to think that these people, like Mr. Cullen, went to work thinking that somebody must be looking at the situation to see that it was safe; or they knew about government departments, industrial hygienists and scientists, and so forth. And there was no somebody.

MAN [singing]: I did my part in World War II, got wounded for the nation. Now my lungs are all shot down, there ain't no compensation. I'm going to go to work on Monday one more time. I'm going to work on Monday one more time, one more time. I'm going to work on Monday one more time. The doctor says I smoke too much, he says that I'm not tryin'. He says he don't know what I got, but we both know he's alyin'. I'm going to go to work on Monday one more time. I'm going to go to work on Monday one more time, one more time. I'm going to go to work on Monday one more time. The last time I went near my job I thought my lungs were broken. Chest bound down like iron bands, I couldn't breathe for choking. I'm going to go to work on Monday one more time. I'm going to go to work on Monday one more time, one more time. I'm going to go to work on Monday more more time. The doctor says both lungs are gone, there ain't no way shake it. But I can't live without a job, somehow I've got to take it. I'm going to go to work on Monday one more time. I'm going to go to work on Monday one more time, one more time. I'm going to go to work on Monday one more time. They tell me I can't work at all, there ain't no need of tryin'. But livin' like some use-up thing is just short of dyin'. I'm going to go to work on Monday one more time. I'm going to go to work on Monday one more time....