MMS OFFSHORE GULF OF MEXICO

ORAL HISTORY PROJECT

Interviewee: Alistair Macnab

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Bio

Captain Alistair Macnab is from Scotland and began his maritime career with a Scottish steamship company. He spent 29 years in the international shipping/trade business, spending most of his later years working from the USA, including serving as company port captain in New Orleans in the late 1960s. With the emergence of containerized cargo, his Scottish ship line left the USA market and relocated to Europe. Macnab married a Yankee girl and stayed in the US. He took a job at the Port of Houston with the Greater Houston Port Bureau and has served as its director for 9 years. He is on the board of directors for the Houston Maritime Museum.

Tape 1, Side 1

JT: This is an interview with Alistair Macnab on July 24th, 2006, by Jason Theriot. Alistair Macnab is director of the Houston Port Bureau, and sits on the board for the Houston Maritime Museum. Alistair Macnab, oral history on the Port of Houston, tape one.

Okay, Captain Macnab, tell me a little bit about your background.

AM: Well, I'm Alistair Macnab and I come from Scotland, where I was born and educated. I went to sea when I was seventeen, straight out of high school. I went to work for a Scottish trading and shipping, ocean-shipping company, and my first foray into that business, which was completely unknown to me—I had no idea what I was getting in for, but I had always liked the idea of an international kind of career.

The kind of place I came from in Scotland was not a place in the 1950s where there was a lot of career opportunities, if you weren't going into the steady professions, and I wanted a more varied career, if you like. So the idea was, and then many of my friends did the same, is there was still a tendency to go overseas to the Commonwealth or the colonies, or something like that. That was quite a usual thing. Probably half of my classmates went overseas.

Also, there was a draft at the time, too, so the idea was if you weren't going to have a career in the military, for example, then going overseas to Kenya or South Africa or Australia or somewhere like that seemed like a good idea. In fact, I went out directly from Scotland at seventeen to India, to Calcutta, and I was four years based in Calcutta in the top of the Bay of Bengal, somewhat rather like New Orleans in many respects, you know, up a river from the ocean.

I had leave in that time, but I only had one leave, so I had two two-year tours. So by the time I came home I was twenty-one, you know, so it was quite a big chunk out of my growing-up time. So then I went to college after that, and ultimately after that I was over I went back out to South Africa for four years, again, two two-year tours.

During that time, because it was an ocean-shipping and a trading company, I would spend time on ships and time in the office, working on both sides. We had rice mills and we had teak forests, and engineering works, and had savings and

loan companies, and a whole bunch of industrial activities in addition to our ships, so I was very fortunate to have a good background in both.

So I'm talking in the fifties, '53 up until, let me see, '68, where I was variously at sea and variously at shore at the various places. I also spent time in Hong Kong as well. So I didn't really get to the United States until 1968. So I knew everything there was to know east of Suez, but anything this side of the world I really didn't know anything about. And in typical fashion, you might say, of the British way of doing things, you know, it was sort of you get all your experience in one place, then they throw you in the deep end in a place that you don't know anything about.

So I came over here as port captain to New Orleans first of all, in 1968, and then in '73 I moved up to New York as the head person in this continent here. I was there until, when would it be, '77 I imagine, 1976, 1977, when we bought a couple of other steamship lines and amalgamated them together, and then headquartered them here in Houston.

And you might say, well, why Houston, you know, because New York was still the center of ocean shipping in those days. Well, the idea was that most of our business was related to the gulf states. A lot of our cargo came from here, a lot of our customers were here, and it made good sense to do business here. We operated our services out of Houston and New Orleans to Australia, New Zealand, the Pacific Islands, South Africa, and back to Europe again. So we had a lot of business here. We had something like twelve to fifteen ships a month here in the Port of Houston.

JT: What were some of the main cargos?

AM: Just about everything. You know, a lot of it was related to the oil-well industry, drilling muds, machinery, trench diggers, Caterpillar tractors, carbon black, sulfur, cotton, thinking in terms of agricultural products as well. All of this was before containerization, of course, and all this was break-bulk cargo. We filled the ships up, sent them out of here, and brought stuff back in. We usually brought in manufactured goods from Europe, and from the Pacific Islands we brought in palm oil, coconut oil, copra, coffee, cocoa, tea, things like that from the Pacific Islands.

So it was a pretty exciting time, and, of course, at that time, from '77 onwards, I was a major customer of the Port of Houston, you know, with all the ships coming in here to the turning basin. So what happened, though, was that the company was a very old company, but it was a family owned company, and we had gone through three generations of the family during my twenty-nine years with them, and the latest generation were less interested in all of the things that had happened.

And the very fact that containerization was now a major force meant that when you used to pay $10 million for a ship, you were now paying $40 million for a ship, and the owners didn't feel the need to spend so much money on capital expenditures. And, of course, the USA was where all containerization was developing with Sea-Land and many other industrial shipping companies in those days. They're all gone now, of course, but Lykes, of course, a big operator at the time.

So they decided to withdraw from the United States, and not compete in that market. So we built some container ships. There's some pictures of them on the wall there. We didn't exactly go from sailing ships to container ships. We had some other classes of vessels, but there was no great enthusiasm in London for—because headquarters had moved to London during the time I was there—there

was no great enthusiasm. So we built nine of these and that was it. They said, "Well, you're not going to spend any more money."

So they withdrew from the States in '81, and I stayed, because by that time I had what I like to say, married one of the natives, you see. [laughs] I stayed here because I was married and I had children, and we, although my wife had been brought from New York to Houston kicking and screaming, you know, she was a good Brooklyn Irish-Catholic girl, and she didn't think Houston was the kind of place she was going to like. And now that we've been here, what is it, nearly thirty years, I'm not sure that she's still not, you know, put on probation as far as Houston is concerned.

But anyway, our first child had been born in Brooklyn, who's a daughter, and then two boys. They were born here in Houston, so they're genuine Texans, and, of course, they're grown up now. But anyway, we stayed here, and then when the company went away I worked for the stevedores and terminal operators that had been my contractors.

That lasted for a little while, and then they also were a family company, whose family were, you know, the young men in the family were going through college and gradually coming back into the business, so once they were established in the business there wasn't a lot of room for me, because I was, you know, the hired hand if you like.

So I went and I joined a trading company here in Houston, a very European kind of thing to do, because trading companies are not big in America, in this country. The Japanese, the Europeans, they have huge trading companies here in the U.S. Somehow or other it's not an activity we've ever gotten very comfortable with, but this is an exception. It's still around to this day.

I worked for them for six years, and at that time I was a director of the Port Bureau. That's this organization. I guess I was too critical of how the Port Bureau was being managed at the time as a director, to the degree that it actually reached the stage when somebody said, "Well, if you're so damn critical, why don't you run it yourself?"

So I said, "Okay." So here I am, and I've been at the bureau now for nine years. So you could say that I've been directly involved with the Port of Houston since '77.

JT: Explain to me what the bureau is, and what it does.

AM: Yes. It's quite a complicated thing. This is where your oil-and-gas people will be quite interested, because the Port of Houston was a concept of Tom Ball, way back at the turn of the century. Everybody was aghast at the destruction of Galveston in 1900, and it was certainly noted at that time that a seaport right on the edge of the gulf, that didn't seem to be a good idea.

If you think about it, New Orleans is sixty miles up the Mississippi. Even Port Arthur had developed inland from Sabine, and Lake Charles had developed inland from Cameron, so the ports had migrated inland a little bit because of weather conditions. Every summer we had hurricanes, and having a port right on the edge of the Gulf of Mexico didn't seem like a good idea. However, the people in Galveston didn't see it that way. They thought, well, okay, we're down and out, but we're going to redevelop the port and make it work.

Well, what's not generally known is that there was another hurricane in 1906 that knocked Galveston back yet again. And while that was not anything that the Galvestonians didn't take in their stride, it encouraged the folks here in Houston that, yes, there had to be another port, and where would that be but where the

railroads crossed Buffalo Bayou, going from one side, you know, from north Texas to south Texas, and the first bridging point was downtown Houston.

So the idea was to build the seaport up Buffalo Bayou to somewhere downtown, somewhere. They were looking for money from the federal government, but the federal government wouldn't give them anything. The idea was that if the Houstonians or the Texans would build the port, they could get matching funds eventually. So they went ahead on that, and that's why this port to this day is such a manifestation of private enterprise, as opposed to public port authority.

It's not generally understood that the Port Authority as such only owns 15 percent of the facilities up and down the Houston Ship Channel. 85 percent of the ship channel is in the private sector. Now, the Port Authority has the governmental and legal authority for the waterway, but the people on both sides of the waterway, up to 85 percent of them, are, in fact, masters of their own domain. They're not tenants or anything like that. So they have an independent life.

So you could say that the Port of Houston is actually a port of ninety-one different ports, because it's ninety-one riparian proprietors on the ship channel. So the idea there was, well, the Port Authority has its role, and it has helped us to get the money from the federal government, the matching funds, and, of course, that has helped with dredging costs and widening it, straightening of the ship channel and all that good stuff, so it was certainly a good idea to have a port authority.

But as time went on it became quite clear that this was one of those situations—oh, why it stopped here, of course, is because of funding. You know, they got up as far as where the turning basin is now, and they were needing more funds to go further west, up into the downtown area, but funds were not easy to come by. And in fact, the citizens of the City of Harrisburg said, "Why go any further?

This is the hub of the universe here. Harrisburg is a more important city than the City of Houston. Why not just—we'll be happy to have you here."

So it was decided then that Harrisburg was to be the terminal of the port, so the turning basin was created there. And Harrisburg, of course, at that time was a vibrant Anglo city on its own, before it became a suburb. Now, of course, it's a Hispanic subdivision of the City of Houston, and it's still vibrant. You know, this is quite an exciting place. So anyway, that was how the port came to finish where it did.

But this was one of those situations, wouldn't you know it, where the Texas mantra, "Build it and they will come," didn't work. We had the port. We had the thing widened, straightened, you know, out, and deepened as necessary, and it was not used in a very major way.

There's three reasons for that. One was that Galveston wasn't about to sit and watch all the trade be sucked up into Houston. Secondly, New Orleans wasn't prepared to see its role as the principal port in the Gulf of Mexico use out in any way. So both of these organizations made deals with railroads that, for example, a container of—not a container in those days, a railcar of wheat, export wheat from Oklahoma, to Galveston via Houston was cheaper than a railcar of export wheat from Oklahoma to Houston.

And also, going from further afield, the various railroads worked it out that it was always just that little bit cheaper to go to New Orleans than it was to come to Houston. So the people here were pretty frustrated about that, you know, a little bit of collusion going on here, a little bit of dirty pool, not too happy about it. So what to do?

Well, the idea was that they would make a port bureau, a Chamber of Commerce, an organization of business people here, because the Port Authority were in the business of a port. They didn't know anything about what passed through a port, you know. They built the port, they put wharves in, they put the sheds in, they put the connection with the highways, and waited back for something to happen, and nothing happened.

So the idea is, well, if surely there's cargo to move, well, big thought. What makes a port? Not the facilities itself, but the stuff that passes through the port is what makes a port, and without cargo a port is just so much expensive waterfront real estate, and without cargo, steamships are just so much rusting iron, aren't they? I mean, it's the cargo that makes it work. It's not the ships that make it work, nor the port that makes it work. It's the cargo, the freight that passes through that makes it work.

So it took a while for folks to realize that, from 1914 to 1929. Of course, the First World War intervened as well, and there was military activity took place here. You're familiar with the gun plant and the ship building that went on here. So the ship channel got a reprieve, you might say, because of the First World War, but come peacetime 1919 to 1929, the port was not flourishing particularly well.

So the Port Bureau was invented by Anderson Clayton, the cotton brokers, by the Oklahoma Wheat Board, who were fed up being yanked around by the railroads, by Humble Oil, who, of course, are the predecessors of Exxon, and the local banks, and one or two other trading companies, small trading companies that were here in Houston. They were the first directors of the Port Bureau, and they came together, created the Port Bureau, and then gave the Port Bureau instructions to go to Dallas and Oklahoma City and St. Louis and Chicago and Memphis, and get cargo for the port, so that's what the Port Bureau did.

In the process of doing that they had to take rate battles to the federal government, to get equality of rate, and it was actually the Port Bureau, this organization, on behalf of the Port of Houston, that created that rail rates would relate to mileage, not to what the traffic would bear, which it had been up till that time.

So the bureau here, with the Port Authority behind it, created that brand new attitude where the railroads had to recognize distance as part of the rate-making process. They couldn't ignore it. There were still opportunities to fiddle around with rates, of course, but the rates were all controlled, technically speaking. But the railroads, of course, had had lots of fun, you know, like over the nineteenth century getting it all their own way, so this organization was one of the very first to make the railroads behave themselves.

JT: That's fantastic.

AM: Isn't that neat? So anyway, the Port Bureau did that, and, of course, all the rates, the truck rates, the rail rates, the ocean transportation rates were all regulated at that time, so the job here was to keep an eye on everybody's rates and make sure there was nobody did anything, there was no dirty pool, and make sure that if something was going to Galveston by rail it would cost more, only a penny or two more, but it would cost more.

And, you know, when they discovered, for example, that Minneapolis to Houston was fifteen miles shorter than Minneapolis to New Orleans, well, we'd tell everybody in Minneapolis, "Hey, it's cheaper to ship through the Port of Houston." So that was the beginning of the development, I mean that was the beginning of the Port Bureau.

But in the meantime, of course, the very private enterprise people who had put their money into buying land on the ship channel to help to create the ship

channel, like Humble Oil and Crown Oil and the various other, TATX, I mean, I don't remember who they were in the 1930s, but the predecessors to all these people who are up and down the ship channel now, they had developed their refineries and their docks, and all of the infrastructure that turned the Port of Houston certainly into the world's biggest petrochemical complex in the Western Hemisphere, and some may even say in the world, although Rotterdam likes to claim that title.

But I prefer Antwerp's point of view on that. Antwerp says that Houston is the biggest petrochemical center in the world, because they can't stand the fact that Rotterdam next door could be, you see. So I say, I approve of what the Belgians say, so I think we're number one. But anyway, it doesn't really matter, number one, number two doesn't make a lot of difference.

The petrochemical industries here strongly developed largely because of the freedom that having your own facilities. You know the word inter-modal, you know, like where the things move, goods move from one mode to another, move from truck to barge to deep-sea ship to whatever it is, and keep on moving. In a way, by having these big industrial plants on the ship channel with their own docks, the companies were able to integrate the entire movement of the goods from crude oil coming in, to chemicals going out sort of thing, and also having the rail connections on the backside, and the truck connections, and then ultimately the pipeline connections. So I mean, that's why they're here is because they have the freedom to maximize the advantage that a major waterway-front location gives them.

JT: Now, in your experience around the country and around the world, do you find that there were any other major ports that had similar characteristics, pertaining to the ninety-one ports in one port aspect?

AM: No, because most of the other ports are tenants. You know, there's a port authority owns all the land, and the other companies are tenants of that port. I would say we're unique. That may be our main strength.

JT: One of the statistics, and we'll get down to possibly the reasons that answer the question, but in '26 the Port of Houston was ranked eleventh in the U.S. in tonnage, and today it's number one in the U.S.

AM: Well, not entirely number one. We're actually number two in overall tonnage, because the Port of South Louisiana, which is two docks with lots of buoys in the Mississippi River, technically is number one in tonnage terms, you'll be glad to hear. But, of course, they count things twice, you see, once when it comes in from the river, and once when it goes out on the deep sea, and vice versa. We don't do that, we just count it once.

JT: And in 2006 that will most probably change.

AM: Yes. We think we probably caught up with them. We just haven't got the new numbers yet, so we don't know for sure. But yes, it's gradually changing.

JT: Let's talk about the Second World War for just a minute, and what impact that had here on the Port of Houston. We know about some of the ship buildings, but also the elusive German U-boat campaign.

AM: Yes.

JT: What impacts did that have on business at the port during those five years?

AM: Well, I wasn't here then, as you know. But one of the beauties of anywhere in the U.S. Gulf is that there's only two ways in and two ways out. That's the Florida

straits on the east side, and the Yucatan straits down on the other side of Cuba, down in Mexico, so that compared with Baltimore or Jacksonville or anywhere like that, where there's an open Atlantic, you know, the ports in the gulf, once we discovered the German U-boats were getting into the Gulf of Mexico, it was comparatively easy for the U.S. Navy to keep them out, once we found that was a problem.

So that, to many respects, the Second World War was also a further opportunity for gulf ports in general to develop, because of the comparative security of them, and, of course, the fact, too, that the Mississippi River is a major trading, communications artery from the North to the South.

For example, you could ship from Chicago to Baltimore, but if you were moving big things like guns and armaments and everything like that, you found that there were a number of nineteenth-century railroad tunnels that you couldn't get through to get to the dock, whereas from Chicago to Houston there's no tunnels at all, no bridges even. Everything's grade crossing. So it made a lot of sense, really, for the gulf to develop further with war materiel.

Also, we had the armaments factory down here at the Jacinto Port, and chemical works at Point Comfort, and the artificial rubber plants over in Port Arthur and Beaumont. It's probably true to say that all the crazier, wildest chemical processes that would help the Second World War were thrown into the gulf because, (*a*), there was comparative security from the ocean, but, (*b*), because the folks in the Northeast didn't want these dirty, messy, dangerous plants around their place anyway, and there was plenty of room here to locate these strange manufacturing places, you know, artificial rubber and all the synthetics.

JT: And it stayed.

AM: And it stayed, because it was already—you know, it came here because nobody else wanted it. There was the security on the water side, so the ships could get loaded and get out and get on their way sort of thing. Okay, there may very well have been submarines waiting in the Bahamas and off Cuba or off Santo Domingo down there, but by that time the navy had them kind of bottled up in a place where you knew where they were and you could take a potshot at them, or keep them at bay.

So all of these industrial complexes were created here because nobody else wanted them, but also there was the space here, and we were pleased to have them.

JT: I guess I'll add also, we're much closer to where the natural resources of petroleum were.

AM: That's right, because a lot of it related—thank you for reminding me—a lot of it was related to the crude oil, and, of course, with the crude oil with Spindletop in, was it 1900 or so, when the Spindletop came up at Beaumont and Gladys City and all these places, I mean, it was just the right place to put all these things.

JT: One thing that has always fascinated me is the creation or development of, I think it's called the Big Inch and the Little Inch, the pipeline that they developed during the Second World War, to transport crude oil from southeast Texas to ports in the Northeast where they were needed, just the engineering marvel of Americans to do that in the midst of everything that's going on.

AM: Pretty exciting.

JT: It's really amazing.

AM: It's where Enron got its start.

JT: Is that right?

AM: It was a gas pipeline, an oil pipeline company initially.

JT: That's right.

AM: But yes, so I mean, you're right of course, we had the raw materials here as well. We had the labor here, we had the comparative security of being in the gulf, and, of course, to this day, nearly one ship out of three that's in international trade, calling at the USA, is calling at a Gulf of Mexico port.

JT: Is that right.

AM: We have a third of all international transportation moving through the ports within the gulf. I mean, Houston is obviously number one, but then we've got South Louisiana, Corpus Christi. You know, Beaumont is number six or number seven. It's pretty high on the list. And you know Beaumont, it's kind of, I would probably be embarrassing to say, it's a one-horse town. Let's say it's a two-and-a-half horse town, but it's a hugely important seaport.

JT: Is that why they have continuously been repairing Interstate 10 ever since I moved here?

AM: Probably, probably, and it will go on forever. But talking about that, of course, is they realize now that Interstate 10 is actually too close to the Gulf of Mexico now, and they're planning another interstate a little bit further inland, you know, maybe thirty, fifty miles inland, that will sort of be another east-west corridor. It's called the Trans-Texas Highway.

JT: I did a telephone interview with a representative on Saturday. Someone called and said, "Do you mind participating in this survey?"

And I said, "Sure," and it was fascinating, because I had not heard much about it.

AM: There's not much about it, but it's moving ahead pretty fast.

JT: Probably very exciting for what goes on here, too.

AM: Yes. Well, what we're doing is we're planning a spur that will join it down the east side of Houston, come down—you know how there's the plan for the Grand Parkway, which is the next circle around Houston? Well, on the eastern side of the Grand Parkway, which connects with the Fred Hartman Bridge, that will go and connect with the Trans-Texas Highway, because all the industry is on the east side of town. That's the way it's worked out.

So the development of highways, new super highways, electronic highways, is going to be very much part of our strategy of moving forward, to keep the Port of Houston number one.

JT: I think that's very critical. Of course, now I understand those areas, those characteristics of what makes growth in a port essential. I don't think a lot of people understand that, that it's not just the port and ships and the cargo, but it is the freights and the rails and the trucking companies, and the infrastructure that's built around them. For example, at Port of Fourchon when the hurricane hit they were in a bind, because that main artery was under water, and I know that they're now considering, and the federal government is also interested in helping them out, to develop some other means—

AM: And they'll need it.

JT: —of getting the transportation system out of the affected area.

AM: Yes. You know, the steamship lines would love to think that they'd just come in, dump everything on the dock and sail away again. That means that their capital investment is moving around all the time earning money. But, you know, the seaport's location and its ability to move the goods quickly to the hinterland is really the key to the development of the port. The ships will come if we have the land-side infrastructure.

It's the land side. First of all it's the cargo, that's number on. Secondly, it's the land-side infrastructure. Being an old steamship-line man, and always high handed and very proud of my steamship background, thinking that the world owed me a living because I built ships, you see, to carry goods, I learned after I got to Houston that I was only one cog in the wheel, and it was quite a learning experience for me when I realized that ships are only just one element of the whole thing.

I mean, the way steamship companies talk, you'd think that they were god given, you know. But the fact is that they're not. It's the actual cargo people that are god given. The industry, the sweat of the brow of the working man that creates the product that moves internationally. And then, of course, having the infrastructure to move it inland as well as at sea.

JT: Now, let's talk about 1945 onward. What was the port like during post-World War II, with emphasis on the technology that has changed, and how this impacted the port?

AM: Well, of course, at that time the energy industries, the oil—the T-2 tanker and the T-3 tanker were the biggest ships that came in here. One was what, 12,000 tons deadweight. I think the T-3s were 15,000 tons deadweight, you know. Everybody was impressed.

I remember one time going through the Suez Canal very early on in my life, and a friend of mine with whom I had been at school was an apprentice with Shell Oil Company, and he was on the *Velutina*, which was a tanker, brand-new tanker, coming back from the Arabian Gulf on her maiden voyage, and we passed in the Suez Canal. And his ship was the biggest tanker in the world at that time, 28,000 tons. I mean, that's peanuts today. Nobody builds a 28,000-ton ship, you know. But at that time that was it, and, of course, most ships were twelve to fifteen thousand tons. My own fleets were that size, too.

So he would come up here to Houston, and, of course, most of the docks were on the south side. They were just beginning to develop them along this north side of the turning basin, because Anderson Clayton had their own docks across the way on the Harrisburg side. And then, of course, there was Manchester terminals and there was a woodhouse and various, the grain elevators, and you know, the public ball plant I don't think was built at that time, and then all the oil tankers, and then the bulk.

There was Olin Matheson, the phosphate, the fertilizer company, so they shipped bulk fertilizer, and there was all sorts of different docks up and down the place. It was a busy place, and a lot of it was still—Houston had gained tremendously as a port during the Second World War, as people had discovered the ease of getting goods to Houston from the rest of the United States.

It was kind of a status quo for a while, and then it was really only when containerization sort of started, and that was in the early seventies, I think.

Somebody will know more about the dates of containerization. You know, of course, it was the *Ideal X*, the Sea-Land converted tanker that was the first container ship, ran from New Jersey to Houston or Houston to New Jersey. So I mean, we were in right at the beginning of containerization.

But, of course, I was familiar with containerization, because in Europe for many, many years, the railroad companies had always had inter-modal capability. You know, they had railcars with what we called smart bodies that lifted them up, would put them onto railroad-operated ships, and then move them over to Ireland and over to the Continent. So containerization as such was not new, but turning it into the concept of the way to go, that that would be what you would do with anything you could fit in a box would be put in a box.

See, my owners would say, for example, "You mean to tell me that we build a new ship, we buy containers, we lease chassis, and we then give these to a customer, and we charge him less than when it was break bulk? You must be nuts," you know, because containerization, we envisaged, and I did, too, at the beginning, that it was a premium service.

You know, it was something that you'd use containerization because your cargo was valuable, or because it was fragile, or there was a reason to put another package round it, namely the steel box, because there was nothing wrong with it being in a wooden box if it could withstand manhandling back and forward, or it was a sack of asbestos, or it was a coil of steel or something that didn't need to be with further, elaborate packaging.

What we probably didn't realize at the time was that from a labor point of view it would be quite an advantage to move twenty-ton lots instead of twenty-pound lots, you know, back and forward. The ship's port time would be cut drastically, and the vessels would be at sea, and by definition earning money, because when

the ships are in port they're not earning money. When they're at sea they're earning money.

So it took a little while, I think, for folks to catch on, and, of course, a lot of people including myself, we had built a whole series of World War II replacement ships, you know, nice quality, fast, sophisticated cargo liners, and we were not anxious to sort of just throw them away because Malcolm McLean said so, you know. So it was a bit of resistance to it.

And we went through the unit-load, where we palletized everything for a while, made smaller units, you know. But then containerization came, principally here in the United States. So the Port of Houston, of course, lot a lot of American ports, as opposed to European ports, had docks, a fairly narrow wharf edge between the shed and the ship side, and no cranes. Everything was used by ship's gear.

American ports never went in for shoreside cranes at all. European ports and Asian ports always did. They always had these abilities to handle cargo by shore equipment. So the port realized that although Sea-Land was using Dock 13 up here, which happened to be open, the reason it was open was because the grain elevator was there. It wasn't open because of Sea-Land, it was open just because there was room for the chutes and everything else coming down from a grain elevator, and it was a good place to muster the containers before the ship got in, or to receive the ones coming in, the imports.

So the port realized that containerization, if it took off, was not going to work here in the turning basin, so that was when they made the momentous decision to develop Barber's Cut, and that was a big decision, probably took a lot of agonizing. I wasn't here then. Took a lot of agonizing, but by golly, what a good idea it was, because there was the space.

There was a huge—you know, it was a green-field site. There was every opportunity to develop it whatever way containerization went. And Sea-Land of course moved down there when they were the first tenants there, but everybody else all—by that time, everybody was into containerization. They were scrapping their general cargo liners and moving into container ships that were designed to carry containers, and that was how it developed.

And, of course, now going beyond that, Barber's Cut is now maxed out and we're doing the same with Bayport, and again, Bayport is going to be the leading edge. Technology, you see, from the introduction of steamships in the 1850s, right through really until the 1920s when motor ships, diesel-powered ships started, there really wasn't a lot of technological change in how cargo was handled, and it was really containerization that created a brand new way of handling cargo.

Of course, that was a technology that came out just, oh, they say fifty years ago. Really, I don't see it. It's probably thirty-five years ago when it really took off. And you know, we're already into, that technology is now passé. We're now thinking in terms of 10,000-TEU vessels, which are wide, and you know, do we work them from both sides? You know, what's happened to the land side? The ships have gotten bigger, but land side is still the same, you know. We'll have to reorganize the highways.

We will have to reorganize the way we inspect cargo, the way we document everything, because, you know, for everything that moves around, like for every one man that gets his hands dirty, there's nine people pushing paper. And you know, okay, it used to be paper, now it's computerized, but it's not more efficient. There's paper and computers now, you know, so this is where it has changed from being a no-brain and brawn business to a kind of a service industry, just to keep pace with it.

But even that is changing rapidly, because there's still not—I mean, I had an exercise the other day where we chasing a container from inland China to Dallas, via here. It came into Long Beach, and then came by rail to Houston, then it went by truck from Houston to Dallas, which just happened to be the way it was routed. And the steamship line, a very well-known steamship line, has a very—

Tape 2, Side 1

JT: This is Alistair Macnab oral history, July 24th, 2006, tape two, Port of Houston.

AM: The steamship line is a very elaborate communications tool. It's driven by data. There would be the line of progress of the container from the time it was picked up at the factory in inland China, to the time it was put on the ground at the loading port, and then by the time it was picked up at the loading port and put onto the deep-sea ship, the time it was taken off the deep-sea ship in Long Beach or Los Angeles, doesn't matter, the time it was put on the train and the time it got to the Houston railroad yard out in Katy, and by the time a trucker came and picked it up, took it on its way, all the way to town.

All of that was carefully mapped out there, and each time we checked, we found out where it was, you see? Yes, it's there. Like, yes, it was due at Long Beach yesterday, and then we asked two or three days later. "Yeah, it got on the Southern Pacific train and it's on its way," and all that. But the damn thing was still in Shanghai, and nobody knew, you know?

What happened is the system was perfectly lined out for when everything goes right, but when something went wrong it failed to capture it. And it happens all the time, you know. I mean, these systems, everyone sits fat and happy watching them and saying, "Wow, isn't that wonderful? I can see where my container is."

And then you go down to the railroad yards and say, "Well, I'll pick up my container off the train."

And they say, "Hmm, not on this train."

"But yes it is, your computer says it is." So these things happen.

JT: The folly of the high-modernist approach.

AM: Yes, but it's fun, though, and that's the next phase, getting that right. And we'll get it right.

JT: Let's go back a little bit before containerization. In '47 Kerr McGee built the first out-of-sight offshore derrick platform, and began extracting oil from the Gulf of Mexico. That set off an unbelievable phenomenon of oil-and-gas development and discovery in the gulf, which as we know, seriously impacted the ports. How did that change business and activity at the ports, the coming of the big oil?

AM: Well, it didn't change it. Well, it changed it. It made it more so. I mean, we got more and more business, because the pipelines coming from the offshore platforms were coming ashore in various places along the coast, and coming to the refineries. Now, in the meantime, of course, the refineries had all created their master pipeline systems so that the oil could come ashore in Fourchon and then end up in Corpus Christi, depending on who wanted it.

So it was good news, because at that time extracting oil on land was getting more expensive, as the price of oil was still fairly low, and getting the oil from the ocean bed was pretty economical. So that helped us, because we had still access to cheap raw material.

And, of course, the other thing, talking about Kerr McGee, but, of course, what about the *Glomar Challenger*? Have you ever thought about that?

JT: That's fascinating.

AM: I mean, there it was, where it was supposed to be a Howard Hughes folly, you know, to drill in 20,000 feet, you know. Never heard of. Well, of course, it wasn't built for that. It was built to get a Russian submarine off the Pacific floor, but nevertheless it led the way to going further and further out into the gulf, and we're there now.

Then the other development that's happened—perhaps I'm leaping ahead too much—is that we bring in these half-million-ton tankers, crude tankers to just stop in the gulf in deep water, and then they transfer their oil to what's called lightering ships, which are huge in themselves, and they come into the port. So I mean, we're still doing it.

It's because we need the raw material, which is crude oil, and crude oil is such a key ingredient in so many of the things that we use nowadays. You know, of course, all the plastics and the resins and the polypropylenes, and the chemicals and all these things, they all come from oil. Sulfur, well, sulfur's kind of a byproduct, now carbon black, these are kind of downstream products, but still needed nevertheless. I mean, sulfur is still needed for fertilizer.

Carbon black is still needed for many processes, for vulcanizing tires and things like that. And you know that newsprint, the ink in newsprint is petroleum now, it's not ink. That's why when you touch a newspaper you get greasy on your hands, because it's oil, it's an oil base.

JT: Well, because of the fact that a majority of the property down at the ship channel is privately owned, I'm sure that was also very attractive to the Exxons and the Shells and the Humble Oils and the Mobils for coming in. What percentage of business at the port was oilfield related during the fifties, right at the beginning of all this?

AM: Oh, golly. If it wasn't agriculture it was oilfield related. I would put the split at 80-20, or at the worst 70-30. Even all our cargo that we moved from here to Australia, New Zealand, and the Pacific Islands and Europe, if it wasn't a product of the oil industry or the energy industry, it was hardware to develop the oil industry, you know, drilling mud, portable rigs, these—I remember for Schlumberger we used to have these sonar things, you know, these trucks with the thumpers in them. They would go and they would read the echoes from underneath, looking for—our research trucks and things—

JT: Seismic.

AM: Seismic, that's the word that I'm looking for, seismic equipment, the pipes, you know, drill pipes, drill collars, and pipelines themselves, you know, pipes themselves. Oh, golly, it was overwhelmingly oil related, overwhelmingly.

JT: And so a lot of activity here I assume was also repairing ships and building pipe, and manufacturing a lot of the necessary tools for doing the jobs of developing oil?

AM: Yes. The shipbuilding kind of didn't make it here. I mean, there were ships built here during the Second World War, and that kind of faded away. I think it had to do with the cost of labor, as much as anything. But as far as manufacturing of oil well equipment was concerned, which really was the same kind of manufacturing

technology, that was and still is a major activity here, and anywhere around the gulf, not just in Houston.

But a lot of it is concentrated here, you know, Hughes Tool Company and all of the big industrial oil-patch manufacturers all have plants around here. Cameron Iron Works, I mean, they're the big people. The steel works, of course, faded away also down at the ship channel. There was a big Bethlehem Steel works in the ship channel, down at what is now known as Greens Port. That was a huge steel plant. There was also the big steel plant down in Cedar Crossing, which was, I think, built during the Second World War, because it was kind of isolated. It was good for manufacturing steel for building ships and war materiel and things like that. So big steel works faded away here.

Channel View subdivision over on the east side was heavily populated by people from Scotland, for example, who had come here in the fifties to work in the steel mills, because the steel mills in Scotland were declining at that time, so they came here and they had twenty years of work here before the steel declined here as well. But, of course, most recently, Jindal Steel has resurrected the place down in Cedar Crossing, and actually is looking for labor. So it's a cyclic thing, cyclical, yes, coming back.

But as far as the manufacturing of all these things are concerned, this is where it's at. You know, all the major manufacturing companies were here, and still are, in the main. A lot of them have amalgamated, and, of course, over the years they have come together. But the technology is still here.

Now, we lost a little bit of technology lead, though, with the development of the North Sea oil. That was something that put a little bit of a crimp in us here, because of the need at that time to work, translate what we did here into a hostile environment. But then after we moved further off the shore here, we then brought

it all back to the United States, because we were now working in a hostile environment here ourselves, and up in Alaska, so that, you know, these things kind of move around a little bit.

JT: Now, what is the percentage today if it was 80-20 back then, what is the percentage today of oilfield-related cargo and activity and business?

AM: Well, as far as ship numbers are concerned, it's 50-50. The tankers, meaning the crude oil and the chemical tankers that are involved in carrying oils or products that have been developed from crude oil, that's still about 50 percent of the port's activity. But the other 50 percent of the port's activity is quite removed from the oil industry.

But whilst you could have said that in 1970 that 90 percent of the tankers were crude tankers, or clean-product tankers moving up the coast after being refined here, moving up the coast, now you could say that of the tank-vessel movements, truly 50 percent of them are specialist chemical tankers now, carrying ammonia and glycol and, I can never remember the names of all of these things, but really quite a devil's brew of liquid cargos that move around the world.

JT: So it's essentially not a fact that the industry declined in oil and gas, it's that other industries—

AM: Oh, absolutely, yes. I mean, the tonnages are huge. They have grown every year. But they're no longer—I mean, the port in itself has doubled its tonnage throughput in the last twenty years.

JT: Let's talk about the pilots, the Coast Guard, and the Port Authority, those three organizations. How do they intermesh together, how do they provide, say, security, and what—

AM: Well, there's a pre-9/11 and a post-9/11 situation there. The pilots have always been the pilots. You know, they're the folks that guide the ships into the docks, and then guide them away again, and they've been very helpful. They're a separate organization. They're not controlled by anybody, although they're chartered by the state, and they have, there's a supervisory role put in by the Port Authority. They've been given that job.

The pilots have been very positive in moving with the times. I mean, they're the ones who have perhaps permitted the port to take increasingly larger ships, in line with developments of dredging and various other navigational improvements that are made. I would say the pilots have never knowingly stood in the way of moving up a notch to another group of improvements that are necessary to service the port.

The Coast Guard prior to 9/11 were very much an administrative organization. They looked after the mariners' licenses, they looked after, oh, golly, sort of safety things around the port, and that sort of thing. But after 9/11 they were given this huge new role of leading the security programs of the various ports. Now, the head of the Coast Guard has always been known as the captain of the port, but the captain of the port was kind of a nominal figure until 9/11. Now the captain of the port is a very important figure in the security of the port.

What we always had here in Houston was a port safety group called HOGANSAC, which is the Houston Galveston Area Navigation Safety Committee, which was a private-sector safety group with the Port Authority's and the Coast Guard's participation. That, of course, over the years, with increasing legislation to maintain the quality of ships, and avoid oil pollutions and all these other things that might happen, that has become quite an important group, and after 9/11 the Coast Guard have kind of taken it under the wing, quite largely.

The other one is Area Maritime Security Committee, AMSC, which was formed after 9/11, and it is most assuredly headed by the captain of the port, the Coast Guard, again with the participation of the private sector and the Port Authority.

You see, it's kind of, this is where it's become quite interesting, because even Washington at the beginning after 9/11, and the time they were thinking of giving grant money out to secure our ports, make them more secure, even Washington were under the impression that if they gave money to the Port of Houston Authority, they were giving money to the Port of Houston. It was only when people like Shell and Exxon and various people said, "Hey, what about us?" that they said, "Well, you know, you get participation from the port."

"The port doesn't give us a penny, you know. We have our own terminals. This is nothing to do with the Port Authority." So there was kind of red faces in Washington, because, you see, Houston was unique in that respect. All the other ports, they'd give it to the Port of Baltimore Authority and everybody benefits. They give it to the Port of Houston Authority, and only the Port of Houston Authority benefits from it, you know, with their 15 percent participation.

So that had to be changed, and that meant that last time when we got grant money, which was last fall, the port got fifteen and a half million, and the private sector got sixteen and a half million. So they finally worked it out. So the Area Maritime Security Committee has been very instrumental in ensuring that people understand the Port of Houston, and where the security money needs to go. If there's going to be money, well, let's make sure it goes to the right place, you see.

So the Area Maritime Security Committee, under the Coast Guard captain of the port, has had a very important role, a role that did not exist prior to 9/11, and it has brought us together quite strongly. The Port Authority, the pilots, the Coast

Guard, and again, the 85 percent of the port that's in the private sector, brought us all together, and it's really made the port very strong and very efficient, because it has removed a lot of, some of the obvious duplications, or the less obvious oversights.

You know, there would always be the odd terminal that was not living up to its standards, like there would be a hole in the fence and they'd say, "It's not in this year's budget. We'll do it next year, maybe," you know. Now, of course, all that's been put an end to, is there is a certain standard of security that everybody has to belly up to the bar to observe.

So I for one am particularly excited about the relationship that has evolved since 9/11 amongst the Coast Guard, the pilots, the Port Authority, and the private sector, and the Port Bureau has been one of the instruments of creating that.

JT: That's a great perspective on the question I was going to ask towards the end. We've only got a little bit more time here, Captain Macnab, so just I want to jump to a couple of biggies here, and you let me know if our time is up. And if we do have time, I'd like to ask your opinion about how the port has changed with relation to the near miss with Hurricane Rita, but we'll see if we have time for that.

A little bit more about the oilfield industry here. With more mechanization, I notice you guys have got four giant new cranes here, that certainly takes the labor away from a good many of the would-be blue-collar workers. With more mechanization and fewer people entering the field, what do you see as the future of the port in this century? With an increase in demand on petroleum products, which has jumped tremendously since '95, 17 percent, and the necessity to keep the port growing rapidly with the new developments, particularly in going deeper off the Continental Shelf, how are all of these things, with the fact that fewer

people are getting involved, what is the port's plan for keeping up with these changing environments?

AM: Well, don't forget, it's not the port's plan that's going to make any of that happen. It's going to be the plan of the individual people who are involved in doing it. The Port Authority is not a center for the creation of overall strategy. The Port Authority is not in that business. The Port Authority is here to manage the public interest in a seaport.

Now, with regard to labor, of course, that's something if there was a shortage of labor the Port Authority might very well call up the unions and have meetings, and discuss what would happen with a shortage of manpower. And there is a shortage of manpower here in the turning basin, because the workers can all earn more money by going down to Barber's Cut where it's mechanized, you see. So there are problems, and the port within its own area of influence is concerned.

But with regard to the offshore, the further development of the oil terminals, you'd really have to ask the oil companies what they do, because it's nothing to with the port. You see, this is the uniqueness of the Port of Houston, is its diversity. There's no one organization runs this place, believe it or not. This place is run by ninety-one different operations, and they all have their own concerns, their own interests, their own desire to make money, make money.

JT: That's keeping it going.

AM: But as far as having the infrastructure's concern, as far as having the depth of the ship channel, the width of the ship channel, the navigational safety of the ship channel, the ability to respond to incidents, all of these things, with all of these considerations the Port Authority has an interest in all of these. These are the principal things as the sponsor of the ship channel, you see. Think in terms of the

Port Authority as the sponsor of the Port of Houston, not as the guy who runs it, but as the sponsor of the Port of Houston.

JT: With appointed officials as well.

AM: With appointed officials, yes. I mean, we had the commissioners court this afternoon here, and you know, they sat upstairs and they spent probably about eighteen, twenty million dollars, you know, like just in thirty minutes. It's great fun.

JT: Let's talk a little bit about the public. Explain why it's important to educate the public about the port, and keep in mind the fact that I would say that a majority of the folks living in this city, four and a half million, probably do not understand a tenth of what you just described to me.

AM: Yes, they do not, and it's a pity. Now, why does Jim Edmonds come on the radio and the television and tell you all about the Port of Houston, you know, "the port delivers." He does it for two reasons. One is like the tenor of your question, he recognizes that people don't know much about the Port of Houston. And that's a pity, because the Port of Houston is one of the principal engines of industrial enterprise in this region. The port by its very existence creates millions of jobs and billions in economic impact. So, you know, it's nice if people would think about us now and again.

Also, the fact that it would be nice also to encourage the next generation of folks to think of taking an interest in a career in what makes the port run. You know, I've talked to you about the one man getting his hands dirty, with nine guys pushing paper or working at a keyboard. It's probably more than that. I mean, you've got the attorneys who you need to keep everybody playing by the rule book.

You've got the truck lines, you've got the railroads, you've got the people who manage the steamship companies, the ship's agents, you've got the customs house brokers, you've got the freight forwarders, you've got the service industries, you know, the repair companies, electronics people who keep all the electronics on the ships working. You've got laundries, you've got the workers in the oil terminals. All of these people, they're all jobs, and they're not the first job that people think of.

We don't want to run short of people, and we don't want to run short of people at a time where technology is changing, and if we don't encourage the right people our port will decline for the absence of having the right people running things. When you get old bums like me saying, "Well, you know, the young people aren't the way they used to be, you know, like I don't know what's going to happen when I'm gone. You know, I'm seventy years of age, I shouldn't be here, but there's nobody to take my job." Bullshit. There's plenty of people to take my job, but there's got to be sure that there's plenty of people to take my job.

JT: What can the port do to assure that interest in the next generation?

AM: Well, certainly we can have more of a public outreach, which we have taken. This commission under Mr. Edmonds has done more in the last five years than anybody has done before. You know, a lot of the folks, you know, it's the good old Texas way, like build it and they will come, I mentioned that. But also, you know, we're good old boys, and like we don't want to show too much aggressiveness. We want to show that everything's easy and calm, and everything's working fine.

That's maybe the wrong impression to make nowadays. Time has moved on. If you're going to be number one dog, you've got to run faster than everybody else, right?

JT: Yes, sir.

AM: So I think for these reasons we want to blow our horn just a little bit, because it won't last. I've said that you have to have cargo, you have to have the facilities, you have to have the land side facilities. You've also got to have people.

JT: So that we know the significance of the Port of Houston in a regional sense, what happens to this port if Hurricane Rita decides to come thirty miles further to the west?

AM: It would have been a problem. I think when you realize that even in the Port of New Orleans—which got as near a direct hit, it makes no difference—the port itself was back in business at the end of the second week, so it was down for about ten, twelve days. I mean, that meant that the cargo couldn't go anywhere. I mean, there was no backup. There was flooding on the land side and everything else.

We are at eighty-five feet. We're just that little bit higher than, you know, minus six feet like New Orleans, so I have a feeling that we would not have the same devastation. But from a domestic point of view, all the residences round the gulf, down in the bay and everything else, would be very hard hit, and that would be a major blow, because of first of all the economic impact, but also the fact that people would be displaced. There would not be enough people to run things.

One of the things that we've come up with—I'm a member of the Security Committee here—one of the things we've come up with is the fact that should we

have an evacuation, and should it run better than it did the last time, that's fine. But as soon as the storm passes, how do we get the key people back in again quickly enough to get essential services back up and running?

We discovered that you could not, if you left, say, Galveston County, under the present regulations that were designed by governor and the various county commissioners and everything else, you would never get back into Galveston, no matter supposing you were the last man on Earth that could switch the switch on and get the pumps running again. There was no means of key people moving around the area, the region, the district, to get back up again. Everybody was the same. You were all refugees. There was no way of identifying the right people. So we're in the process of fixing that.

So, yes, let's just say that last year was an exercise that was very good for us. It showed us quite clearly where the flaws were, and you know we'll never be ready for a direct hit. I just don't think anybody is. But we're trying to think through the various scenarios to ensure that we can handle it as best as possible.

We will definitely go back to the idea of phasing, you know, from the lowest land to the next, to the next, to the next, to the next, but this time people who are not in the active evacuation area will not be permitted to evacuate. It will have to be done on a phased basis, and you won't be allowed to evacuate until it's your turn to evacuate, because the interesting factor is that when everybody came back in on the following Monday and Tuesday, there was no congestion on the highways.

The same number of people who went out and caused twenty-four-hour traffic jams all came back in in the normal way. So it was the fact that people all at the exact same time, all wanted to move at the exact same time, and that was the problem. And, of course, it's the government's duty, but it's the community's

duty to take care of the most vulnerable people first, and then phase it along. Let's hope we have the time to do it.

We've had a couple of exercises since then, one of the ones that identified how to handle key people going against the flow, and the other one, of course, the phased evacuation that I've talked about. But there are some other key aspects that we're working on as well, to try and learn from, fortunately, things that didn't happen here, but happened elsewhere.

JT: Would the Trans-Star help?

AM: Yes, it will. I'm not overwhelmingly a booster of the Trans-Star, of the electronic highway yet. It promises more than it delivers. But ultimately they'll get it right, they'll get it right. We're ahead of the game here in Houston, because the 610 loop and 225 and some of the other highways are already wired with fiber optic cables in their entirety, so the Trans-Star actually is pretty well, has a lot of the hardware in place. Now, we don't know how to manage it yet, you know, but it will help tremendously.

That's a very good question, because not many people are aware that Trans-Star exists, and that that's what its job is really, is to create mobility out of chaos.

JT: Captain Macnab, it was a pleasure, sir.

AM: There you are. Does that work?

JT: That was perfect.

[End of interview]

[edited by Jason Theriot, 26 November 2006]