

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Reagan, Ronald: 1980 Campaign Papers,
1965-1980

Series: XV: Speech Files (Robert Garrick and Bill Gavin)

Subseries: A: Bob Garrick File

Folder Title: 10/09/1980, St. Louis (Maritime)
(2 of 2)

Box: 434

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

TO: Martin Anderson

~~JONES ACT~~ ~~SCHAAP~~ ~~JONES ACT~~ ~~BILATERAL~~
7 Oct. 2:30 PM EDT *Sud*
Janik

Second, We must recognize the challenges created by cargo policies of other nations. The United States has traditionally espoused free trade. However the international shipping trade is faced with a network of foreign governmental preferences and priorities designed to strenghten foreign fleets, often at the expense of U.S. Maritime interests. If a foreign country demands that 50% of the cargo be carried on its ships then we must recognize that it is not in our national interest to insist upon a free trade policy with respect to the remaining 50%.

Next year, an international convention under the auspices of the United Nation's Conference on Trade and Development (UNCTAD) is expected to come into effect. It provides for the sharing of liner conference cargoes on the basis of 40 percent each to vessels of the importing and exporting nations, and 20 percent for others. While the convention will not by its own terms apply to United States trades, there is little question that it will dramatically affect our trade through the enactment of laws by our trading partners. But the Carter Administration has ~~totally~~ failed to negotiate bilateral agreements which will protect our maritime interests by assuring equal access to cargoes.

We must be prepared to respond constructively to the restrictive shipping policies of other nations through bilateral agreements such as those which now exist with Brazil, Argentina, the USSR and Mainland China

A major goal of the United States must be to insure that American-flag ships carry an equitable portion of our trade consistent with the legitimate aspirations and policies of our trading partners.

Finally the principles of ~~abotage~~, now embodied in the Jones Act, have been part of this country's policy since the very first Congress. I have been advised that this law provides jobs for 70% of the membership of this union. You may be assured that a Reagan Administration would not jepordize those jobs.

Re-write graf.
marty - call me on this page

TO: ANDERSON, NOFZIGER, DEEVER, BRADY

FROM: GARRICK, McClaughry

Sent: T 10/7

RE: MARITIME SPEECH (ST. LOUIS) REVISIONS (for 10/9)

ON page 2, line 21: Change to read "naval forces and our maritime industry".

On page 3, line 11: Delete "Some will - but for many of them, "

3 26-7: Change to read "It must reaffirm the importance of the sea to America's future. It must "

4 15: Delete "gratifying but"

4 19 Change "worked out" to "presented"

5 22: Change "get to" to "must"

6 Delete first 13 lines, through "many more."

(Note: this language goes beyond the Maritime Statement. It can be interpreted different ways, and NMU could later feel they had been misled if it's not interpreted their way.)

7 23: After "... functions." Insert: "We need a worldwide logistic support system not solely dependent on the Military Sea Lift Command, a system which makes full use of our U.S.-flag merchant fleet in peacetime as well as wartime."

Note: This text was checked with Jack Sands, minority counsel of House Merchant Marine and Fisheries Committee (a McCloskey ally), and he concurs in the deletion on page 6 and supports the idea of integrating commercial and naval fleets for national security.

Jones Act: Here is an optional paragraph on the Jones Act, which does not appear in the draft, but is important to NMU:

"The principle that a nation's own ships should carry its coastal trade, presently embodied in the Jones Act, has been part of this country's maritime policy since the early days of the nation. I am told that 70% of the membership of this union works in that trade. I can assure you that a Reagan Administration will not support legislation that would jeopardize this long standing policy or the jobs dependent upon it."

Note: This is new policy; it does not appear in the Maritime Industry Statement we issued.

X X X

Jeannie / 6 Oct.

This should be re-filed under the
Maritime Speech file XXXX rm garrick

TO: Jim Brady, Lyn Nofziger, Martin Anderson, Mike Weaver

FROM: Bob Garrick

SENT: Oct.

Mike Weaver
to be
re-write

RR Address, Natl Maritime Union, St. Louis 10/9 Draft 1 JMc 10/5 1630

President Wall, delegates to this 18th NMU Convention,
Ladies and Gentlemen:

I am pleased, and honored, to have this opportunity to address this convention this morning. For I know that you and I share many deep concerns about this country and what may happen to it in the future.

We stand on the eve of a national election that may well ^{7/7} decide the direction this country will take for years into the future. It is, in the eyes of many, a fateful moment, and it is well that we should pause and take stock of where we are.

The prospects of peace in the world are uncertain. The Soviet Union, in Afghanistan directly and in a dozen other countries by proxy, has played an increasingly aggressive role toward the end of bringing millions of people under Soviet influence and domination. The strongest assurance of peace in the world has heretofore been the strength and will of these United States. But today that strength is doubtful; our equipment insufficient; our economy stumbling; our will confused and irresolute. The margin of safety that preserved world peace for the past 35 years has shrunk. Some would say that it has disappeared.

Here at home, eight million Americans are out of work. Instead of making steel, putting America on wheels, and working day and night to move our country's vital cargoes, men and women are standing in line for unemployment checks.

Meanwhile the value of the dollar is shrinking almost day by day. The dollar you earned in 1976, when President Ford was in the White House, is worth only 68¢ today. Steady, persistent inflation has robbed pensioners of their savings . It has driven up interest rates so/^{many of}our young families have little hope of buying a home of their own. The home builders association estimates that this year 840,000 homes that Americans badly need will go unbuilt, at a great economic and social cost to our people.

America runs on energy. And yet in the past four years we have seen gas lines, closed schools and factories, and continuing uncertainty about future supplies. We discovered that the Administration in Washington had piped millions of barrels of petroleum into an underground reservoir - and had no pumps to get it out again. Later that same Administration proposed all kinds of mandatory rules on the economy, including government- policed temperatures in restaurants and hotels.

All of these things are serious - national security, the economy, jobs, inflation, energy. But today I would like to address a particular problem that does much to reveal how the failure of the Carter Administration's leadership has endangered both our naval capability and our maritime strength.

Because of Jimmy Carter's failure of leadership , this country has suffered a shocking decline in those two interrelated areas. That decline comes at a time when the United States is more dependent upon the use of the seas for our national well-being than ever before in our history.

The magnitude of this decline is difficult for most Americans even to comprehend. At the close of World War II, the United States was the most powerful maritime nation in the history of the world. Our Navy was 1,000 ships strong. Our merchant fleet carried 42% of our foreign trade.

Today our Navy has less than 500 ships, many of them overage and of doubtful value. There are some 500 U.S.-flag ocean going vessels - but they now carry less than five percent of our own commerce. Ninety-five percent of U.S. trade is carried in foreign bottoms. In time of crisis, will those ships be available? Some will - but for many of them, we simply don't know. When we find out, it may be too late.

There are today only nineteen US flag dry bulkers in operation, most of them overage. There are dozens of oil shuttle ships operating in our coastal waters; all of them fly foreign flags. Fifty four passenger ships operate out of US ports.

Only one flies the Stars and Stripes. Many of the drilling rigs on our continental shelf are manned by foreigners. *777*
- real mess
no foreign commercial stuff

I am determined that the United States survive as a strong and prosperous nation. Given the present state affairs, we must have new leadership, strong leadership, leadership that will come to grips - quickly - with the problems we as a nation face on the high seas of the world.

This nation badly needs a revitalized maritime policy. That policy must reverse the drift and decline of the Carter Administration. It must reaffirm the importance of sea power - both naval and commercial - to America's future. It must

reestablish the US-flag commercial fleet as an effective economic instrument for the support of US interests abroad. And above all, that policy must insist upon America's effective control of the seas where our national interests are threatened.

Maritime policy is not a thing unto itself. It is - or should be - an integral part of our overall foreign policy. If it is not, our national interest cannot be served and protected. Since there are many who must be involved in developing a coordinated maritime policy, constant communication and a feeling of mutual trust must be developed by a President and his top executives and the many unions, shipping firms and others within the private sector.

Our maritime industry is in such difficulty that I have taken the perhaps extraordinary step of setting that coordinating process in motion already - acting on the gratifying but not altogether unreasonable assumption that three months from now I may be President of the United States. Last month my chief of staff Ed Meese and I met in Washington with more than 60 of this country's maritime leaders. At that meeting we worked out a specific seven point plan for a strong American maritime industry for the remainder of this century. Tal Simpkins was there for NMU. There were shipbuilders and allied industry people, and inland waterway people, and other union leaders. We have also been in contact with the dredging industry, the Water Resources Congress, and the port authorities.

Let me summarize for you the most important elements in that plan.

We must, first of all, provide a unified direction for all government programs affecting the maritime interests of the

United States. The Navy and the commercial maritime industry are governed by different federal departments. Those departments must learn to cooperate. I can tell you this: my appointees to those key posts will learn to cooperate quickly. For eight years as Governor of the largest state of this country I had the responsibility for making people cooperate. Those who did get promoted. Those who couldn't figure out how to get the job done went looking for another job. We cannot afford to have bureaucratic jealousy or turf-protection get in the way of long-range ship building programs vital to the national interest.

The cargo policies of other nations pose a challenge to the United States. We have traditionally believed in free trade and freedom of the seas. Today, however, we are faced with a network of foreign governmental preferences and priorities designed to advance the interest of foreign shipping at the expense of our own. It is much the same as a country which subsidizes its steel industry to enable it to dump steel in the U.S. market at prices below actual production cost. That's not free trade - that's dirty pool. We have let others play that game too long. We cannot sit by while a foreign government demands that 50% of its cargoes be carried on its own flag ships, while U.S. shippers get to compete only for what is left over. Those countries will have to be told they can't have it both ways_ protection for their ships, and competition for everybody else. Because if they insist on rigging a special deal for their own shipping, they cannot expect other nations to refrain from doing the same thing. As President, I intend to make that fact very clear to a number of people who have apparently not heard much from the Administration of Jimmy Carter on this point.

Next year an international maritime convention drafted by the United Nations Conference on Trade and Development (UNCTAD) is expected to come into effect. It provides for the sharing of liner conference cargoes on the basis of 40% to the vessels of importing nations, 40% to the vessels of exporting nations, and 20% for all others. The convention will not by its own terms apply to U.S. trades, but it will almost certainly lead to the enactment of new laws by many of our trading partners which will affect our trade - perhaps drastically. We must not fail to act to protect our maritime industry by negotiating bilateral agreements to assure equal access to cargoes. We have such agreements with some countries now - such as Brazil and Argentina. Events will probably force us to have many more. A major goal of my administration will be to assure that American flag ships carry an equitable portion of our trade, consistent with the legitimate aspirations and policies of our trading partners.

Our merchant marine is a vital auxiliary to the U.S. Navy. At a time when the Navy's support capability is open to serious question, we should be increasing the merchant marine's role - and yet we are not.

We know that integrated commercial support of the Navy is possible. The SS Erna Elizabeth proved that eight years ago in a demonstration planned by a previous Republican Administration. Today, however, the Carter Administration acts like that demonstration never took place.

Jimmy Carter's Assistant Secretary of Commerce for maritime affairs was recently asked if there were plans to augment the

Navy's uniformed manpower by merchant marine personnel. This came after the skipper of the Navy Oiler Canisteo refused a sailing order because his ship was too short-handed to carry out its mission.

And the Assistant Secretary replied "that the administration is considering an experimental effort to test the capability of merchant seamen and contract with them to man naval auxiliary vessels and naval support vessels..." In California, this sort of response is called a "laid back attitude". Is it possible that the top maritime executive in the Carter Administration is totally unaware of the Erna Elizabeth's performance? Eight years ago, as many of you know, this 35,000 ton US-flag tanker steamed 13,000 miles and refueled some 40 Navy ships, including the carrier John F. Kennedy. The experiment worked perfectly. The refuelings were on time. There was no ship damage. There was no personnel injury. The Chief of Naval Operations said that the test "proved the feasibility of using commercial tankers to consolidate Navy replenishment ships and to provide limited replenishment of combatant ships." And after all this, eight years ago, the Carter Administration is "considering" reinventing the wheel - or perhaps I should say, the rudder.

I know, and you know, that the maritime industry can assume many Navy support functions. It will save the Navy money, and it will release trained sailors to man the new ships my Administration will build for the fleet. This kind of integration and cooperation will strengthen our defense, strengthen our maritime industry, and provide the American taxpayer with the most for his money.

Let me conclude these remarks by saying a few words about the future of America.

Seafaring men discovered this land. They assured its prosperity by carrying the products of its farms and factories to foreign markets. They defended it by carrying the battle to the enemy's shores, and by denying the use of the sea to those who would threaten our freedom and our well-being.

Now we are faced with perhaps the greatest challenge in our nation's lifetime. Will our naval strength and our maritime strength grow once again to the level required by a great and strong nation? Will we be able to bring back to our shores the vital imports which fuel our transportation system and provide the raw materials for our industries? Will we be able to deliver our export products to foreign buyers? Will the world's greatest land power - the Soviet Union - preempt our traditional ^{maritime} supremacy?

As Holmes once wrote of Old Ironsides, will "the harpies of the shore pluck the eagle of the sea"?

I say to you today, at this convention, that four years from now, at the end of the first Reagan administration, America will have risen to these challenges. Four years from now, if I am your President, an administration in Washington will have worked hard and effectively to assure that an equitable portion of our trade travels in American bottoms. It will have worked hard - and succeeded - in integrating Navy needs and merchant marine resources. There will be more Americans at work throughout our economy - more cargoes moving in trade - more money in your pocket - and more security for this great nation.

I ask you now - all of you: let's work together. Let's make a new beginning. Let's make America great again.

National Headquarters
Reagan-Bush Committee

Memorandum

10/16/80

TO GOVERNOR REAGAN
FROM TOM SCHAAF, MARITIME COORDINATOR
VIA CHIEF OF STAFF
SUBJECT NATIONAL MARITIME UNION (NNU) ADDRESS SCHEDULED FOR
9 AM OCT 9, ST LOUIS

1. THIS ENDORSEMENT BY A LABOR UNION PRESIDENT AND HIS UNION OF REAGAN-BUSH IS A CLEAR TRIPLE AND POSSIBLY COULD BE STRETCHED FOR A HOME RUN, BECAUSE (1) THE NNU ENDORSEMENT OF CARTER WILL BE REVOKED. (2) REAGAN BUSH WILL GET THEIR FIRST AFL CIO ENDORSEMENT (3) THE ENTIRE MARITIME INDUSTRY WILL BE OFF & RUNNING FOLLOWING THE ST LOUIS EVENT. (4) THIS ENDORSEMENT COULD BE THE LABOR DOMINO.
- 2 THE NNU CONVENTION EVENT REPRESENTS THE CULMINATION OF A COMBINED EFFORT BY THE ~~POLITI~~ POLITICAL & POLICY SEGMENTS OF THE STAFF. THE INDIFFERENCE OF THE WHITE HOUSE AND CARTERS FLAWED POLICIES HAVE NO DOUBT HELPED OUR CAUSE.
- 3 THE SPEECH AS ORIGINALLY DRAFTED CONTAINED FOUR BASIC MARITIME ELEMENTS, TWO OF WHICH ARE ESSENTIAL FOR THE SUCCESS OF THE ADDRESS, THE OTHER TWO ARE IMPORTANT. THE FOUR POINTS ~~IS~~ TAKEN TOGETHER WILL BRING THE DELEGATES OUT OF THEIR SEATS. LACK OF ADDRESSAL OF THE TWO ESSENTIAL POINTS, BILATERALISM AND THE JONES ACT MIGHT HAVE A CHILLING EFFECT

Memorandum

PARTICULARLY SINCE PETER M' CLOSKEY HAS BEEN CALLING FOR REPEAL OF THE JONES ACT WITH A LOUD AND DISCORDANT VOICE.

4. THE ESSENTIAL ELEMENTS ARE

- UNCTAD CONVENTION & BILATERAL TACT
- THE JONES ACT, EXPRESSING AMERICAN CABOTAGE POLICY

5. THE IMPORTANT ELEMENTS ARE

- COORDINATED FEDERAL MARITIME POLICY MAKING
- USE OF MERCHANT MARINE FOR ~~PEACE~~ PEACETIME SUPPORT OF NAVAL SHIPS

6. THE S/S HAS ALREADY STATED THE BILATERAL APPROACH WOULD BE USED IN A REAGAN ADMINISTRATION. REP. M' CLOSKEY IS THE ONLY PERSON WHO IS CALLING FOR REPEAL OF THE JONES ACT. WE ARE ON SAFE GROUND IN AFFIRMING THIS ACT - WE ARE TAKING UNDUE RISKS BY NOT MENTIONING IT BEFORE THIS AUDIENCE.

7. I STRONGLY RECOMMEND THE ATTACHED ~~PARAGRAPHS~~ THREE SENTENCES REGARDING THE JONES ACT BE RE INSERTED IN THE SPEECH.

We must be prepared to respond constructively to the restrictive shipping policies of other nations through bilateral agreements such as those which now exist with Brazil, Argentina, the USSR and Mainland China

Callan Lohr Comm. Bureau

A major goal of the United States must be to insure that American-flag ships carry an equitable portion of our trade consistent with the legitimate aspirations and policies of our trading partners.

Third, we must improve the utilization of our military resources by increasing commercial participation in support functions.

I find it difficult to understand why there has not been increased auxiliary support of the Navy by the U. S.- Flag Merchant Marine. No doubt everyone in this room is aware that the feasibility of such support was demonstrated by the SS Erna Elizabeth eight years ago during a period when this country was embarking on a positive maritime program.

Today however we find the administration acting like that exercise never took place and I would guess that former Navy Lt. James Earle Carter, II hasn't the foggiest idea about details of the benefits of such a program.

It is clear to me that with the commercial industry assuming increased responsibility for many auxiliary functions substantial cost savings can be achieved and a large reserve of manpower can be released to provide crews for a growing Naval fleet. This is an example of the means by which we can increase defense mobility without adding burden to the tax payer.

Finally the principles of sabotage, now embodied in the Jones Act, have been part of this country's policy since the very first Congress. I have been advised that this law provides jobs for 70% of the membership of this union. You may be assured that a Reagan Administration would not jepordize those jobs.

National Headquarters
Reagan-Bush Committee
Memorandum

8:15 PM
Oct 7, 1980

FROM THOMAS W SCHAAF, MARITIME COORDINATOR

TO ALL HANDS

SUBJECT FINAL WORD ON MARITIME SUPPORT

ENCLOSURES (A) SHIPYARD WEEKLY NEWSLETTER, 9/25/80
(B) MARITIME SPEECH (WRITTEN BY SAILORS)

1. ENCLOSURE (A) HAS BEEN WIDELY CIRCULATED. McCLOSKEY'S VIEWS RE MARITIME POLICY AND HIS HOPE THAT NEXT YEAR "REPUBLICAN ADMIN. MIGHT HAVE THE COURAGE TO EXAMINE" PROPOSALS SUCH AS THE REVISION OF THE JONES ACT ARE CAUSING SERIOUS CONCERNS.

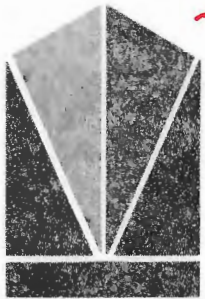
2. ENCLOSURE (B) IS A CAREFULLY WORDED SPEECH WHICH IS GUARANTEED TO BRING THE NATIONAL MARITIME UNION DELEGATES UP OFF THEIR SEATS. IT STRESSES (1) COST SAVING OF MERCHANT MARINE SUPPORT OF NAVY (2) AFFIRMATION OF JONES ACT (3) USE OF BILATERAL AGREEMENTS FOR TRADE NEGOTIATIONS.

3. THE MARITIME LEADERS WHO WERE BRIEFED BY ED MEESE AT THE CARLTON ON SEPT. 15, 1980, CLEARLY UNDERSTOOD THAT A REAGAN ADMINISTRATION WOULD SUPPORT AND COMPLY WITH EXISTING ~~STATUTES~~ LAWS AND WOULD NEGOTIATE BILATERAL AGREEMENTS.

4. BACKING AWAY FROM ~~THE~~ THESE CRUCIAL POINTS WILL RESULT IN LOSS OF ANY CONCERTED SUPPORT FROM THE MARITIME COMMUNITY.

5. LOSS OF THIS VERY LARGE BLOCK OF VOTES BECAUSE OF ~~SOMEONE'S~~ SOMEONE'S HALF BAKED IDEA ABOUT "FREE" TRADE WOULD BE THE ULTIMATE IN STUPIDITY.

SEE NEXT PAGE



SHIPYARD WEEKLY

SHIPBUILDERS COUNCIL OF AMERICA

600 NEW HAMPSHIRE AVE., N.W. | WASHINGTON, D. C. 20037

Thursday, September 25, 1980 - No. 39

SL
PL

ANDERSON/REAGAN DEBATE SKIRTS DEFENSE ISSUE

Sunday night's (Sept. 21) political theater for about 50 million Americans: TV debate between Independent (former Republican) Presidential candidate John B. Anderson and Republican Presidential candidate Ronald Reagan skirted fundamental issue of national defense policy.

Responding to questions posed by Charles W. Corrdry, THE BALTIMORE SUN's distinguished Pentagon correspondent, both White House aspirants agreed on efficacy of adequately paid volunteer (as opposed to drafted) military force but both differed on merit of MX missile concept (see 9/11 SW).

There was only one reference to posture of U.S. naval resources: Congressman Anderson's attempted "put down" of Governor Reagan's advocacy of "a permanent fleet in the Indian Ocean" and "restoration of the fleet to 600 ships" as incompatible with Republican pledges of tax cuts and reduced government spending.

DOMESTIC OPERATION OF CDS-BUILT SHIPS UNDER SCRUTINY

U.S. Supreme Court, earlier this year, held that under "broad contracting powers and discretion" granted Secretary of Commerce by 1936 Merchant Marine Act, Commerce Secretary has authority to remove domestic trading restrictions on vessels built with construction-differential subsidy (CDS) funds provided (1) full CDS amount is repaid, and (2) such action is consistent with objectives of 1936 Act.

Under impetus of that decision and expected Maritime Administration rulemaking, applications for permission to repay CDS on six very large crude carriers (VLCC's) in exchange for domestic trading privileges have been submitted since May 1. Last month, however, application of Boston Tankers involving three of these VLCC's (MASSACHUSETTS, NEW YORK and MARYLAND, built at Bethlehem Steel Corporation, Sparrows Point, MD) was withdrawn. Says BUSINESS WEEK magazine (Sept. 22 issue):

CARTER ADMINISTRATION BLAMED FOR MARITIME REFORM FAILURE

In feature article published by DAILY COMERCIAL NEWS, San Francisco, CA, on Monday (Sept. 22), Congressman Paul N. McCloskey, Jr., (R-CA), ranking minority member of House Committee on Merchant Marine and Fisheries, blamed Carter Administration for failure of maritime reform efforts this year and expressed hope that next year "Republican Administration might have the courage to examine" proposals perhaps more controversial than some provisions of stalled Omnibus Maritime Bill (HR-6899).

"It is disappointing," he wrote, "to have to concede, in these closing days of the 96th Congress, that we have not been able to achieve the meaningful maritime reform legislation the entire industry recognized to be necessary when Congress convened nearly two years ago.

"For once, this failure is not the fault of special interests or well-heeled lobbyists. Shipping and shipyard representatives worked long and hard to resolve the long-standing conflicts in interest between subsidized shipping companies and non-subsidized companies, between shippers and steamship operators, and between the operators and the shipyards. . .

"Primarily, I believe, the fault has been with the Carter Administration, an Administration which has been either incompetent or unwilling to (resolve) power struggles amongst its bureaucrats - at Commerce, Treasury, State, Justice, the Office of the Special Trade Representative, and the FMC."

Mr. McCloskey would take somewhat different tack than Republican standard-bearer Ronald Reagan (see 9/18 SW) with these proposals:

- revision of Jones Act which restricts U.S. domestic trades to U.S.-flag, U.S.-built ships "to fit the realities of modern competition and the national interest"
- transfer of all responsibility for maritime national security functions from Maritime Administration to Navy Department: "let Navy planners decide how many support ships they need and can afford; then let them go out into the world market, where ship prices continue to be very low, and buy the tonnage they need, and then store it, as a replacement for the aged and all-but-useless National Defense Reserve Fleet"
- complete elimination of ship construction programs: "the idea that three new merchant ships a year at a cost of \$150 million in taxpayers' subsidy will make any material contribution to our shipyard security base seems absurd"
- lift some complex Federal regulations which substantially increase U.S. shipbuilding costs, particularly

Buy-American requirements: "the cost to transfer a foreign-flag vessel meeting international safety standards to the U.S.-flag has been estimated at \$4.5 million per ship, solely because of Coast Guard regulations which seem unduly burdensome"

- allow U.S. shipowners to buy their ships wherever they can get lowest price, and document them under the U.S.-flag with full eligibility for operating subsidies

"The essence of these proposals, controversial though they may be," Mr. McCloskey said, "is that our national security of the 1980s should allow us to buy and maintain the shipping tonnage we need as a reserve, paying for it honestly out of the defense budget; and then to let the civilian operators fend for themselves, like any other industry in a free enterprise society, freed from the costly requirements imposed by a federal bureaucracy and regulatory structure which inhibits rather than promotes productivity, competitiveness and good management."

"OUR DEFENSE PREPAREDNESS IS IN DEEP TROUBLE"

C. Larry French, President, National Steel & Shipbuilding Company, San Diego, CA on Friday (Sept. 19), addressed "President's Round Table and Business Briefing," sponsored by San Diego State University, School of Business Administration, on subject of "The Realities of Defense Mobilization."

Basing his presentation on governmental projections of national security need for "a naval fleet of 770 ships and a merchant ship program that anticipates 300 new ships over the next decade," he cited official evidence that "our defense preparedness is in deep trouble, especially in the areas of naval and maritime matters."

With respect to U.S. naval capabilities, he observed that "the number of ships has steadily declined by half in the last decade, and there is still no coherent, dependable shipbuilding program." As to U.S.-flag shipping capabilities, he conjectured that determining "what is an adequate size merchant fleet for a mobilization program is almost like determining how high is up" if one is to take into account low levels (about 4.8% by volume) of U.S. exports and imports now carried by American merchant marine.

Against this background, Mr. French - who is also current Chairman of Council's Board of Directors and Executive Committee - advocated "immediate, dependable, long-range construction program" to enable maintenance of shipbuilding base, skilled workforce and supporting industrial facilities. He went on to register concern as to Nation's "critical and frightening dependence on foreign sources of raw materials" without which "entire U.S. industrial structure and defense establishment could not function (which) must be imported by ship, across seas for which NATO has no stated responsibility."

NATIONAL MARITIME UNION

SPEECH
ST LOUIS MO. OCT 9, 9:AM

~~PRESIDENT~~ Mr. Wall, distinguished guests, Delegates to the 18th
National Maritime Union Convention, Ladies and Gentlemen:

I am extremely pleased to have this opportunity to address this convention this morning -- pleased and very appreciative of your invitation and pleased that my staff was in turn able to work out, what has become a logistic operation of the first magnitude -- transportation and accommodations for two plane loads of campaign troops and members of the media.

But most of all I am pleased to have this forum, here this morning to discuss a number of serious national problems -- problems which become more critical with each passing day -- events which almost on a daily basis capture the headlines -- events which the United States seems powerless to control or influence.

We stand on the eve of a national election that may well decide the direction this country will take for years into the future. It is, in the eyes of many, a fateful moment, and it is well that we should pause and take stock of where we are.

The prospects of peace in the world are uncertain. The Soviet Union, in Afghanistan directly and in a dozen other countries by proxy, has played an increasingly aggressive role toward the end of bringing millions of people under Soviet influence and domination. The strongest assurance of peace in the world has heretofore been the strength, readiness and

will of these United States. But today that strength is doubtful; our equipment insufficient; our economy stumbling; our will confused and irresolute. The margin of safety that preserved world peace for the past 35 years has shrunk. Some would say that it has disappeared.

Here at home, eight million Americans are out of work. Instead of making steel, putting America on wheels, and working day and night to move our country's vital cargoes, men and women are standing in line for unemployment checks.

Meanwhile the value of the dollar is shrinking almost day by day. The dollar you earned in 1976, when President Ford was in the White House, is worth only 68¢ today. Steady, persistent inflation has robbed pensioners of their savings. It has driven up interest rates so many of our young families have little hope of buying a home of their own.

Clearly the United States is in trouble. We have watched steady erosion of United States power and the decline of our influence during the past few years. We have watched the Soviet Union and several Third World Nations take increasingly aggressive actions against the interests of the United States and our allies, and even against smaller neutral nations. We have lost our place as the logical focal point for Free World policy and action.

This adverse situation has occurred because of the lack of leadership within the White House and the subsequent loss

of leadership by the United States as a nation. Nowhere is this loss of leadership more evident nor more dangerous than in the decline of both our naval forces and our maritime industry.

This decline occurs at a time when the United States is more dependent upon the use of the seas for our political, economic, and military well being than ever before in our history.

It is difficult for most Americans to conceive of the magnitude of our maritime decline. Three decades ago the U. S. was the most powerful maritime nation in the history of the world. Our Navy was over 1,000 ships strong and our merchant fleet carried 42% of the U. S. foreign trade. Today, the Navy is down to less than 500 ships, many over-aged. As for commercial shipping, the 500-odd oceangoing vessels flying our flag currently carry less than 5% of our own commerce, while 95% of U. S. trade is carried by ships of other countries, whose availability in time of crisis is problematical at best.

I am troubled by the fact that we have only 19 U.S. flag dry bulkers, most of these over-age; I am troubled by the dozens of oil shuttle ships operating in our coastal waters carrying a foreign flag; I am troubled^{that}/of the 55 passenger ships operating out of the U. S. only one flies the Stars and Stripes; I am troubled that foreigners man many of the drilling rigs on our continental shelf. If a portion of these jobs could be recaptured for America it would mean thousands of jobs and a strengthening of our sea-power position.

If the United States is to survive as a viable and progressive nation, we must have the leadership that has been denied to the American people in these vital areas. We must develop and undertake a maritime policy that will (1) demonstrate our understanding of the importance of the seas to America's future; (2) reestablish the U.S. flag commercial fleet as an effective economic instrument capable of supporting U.S. interests abroad; and (3) demonstrate America's control of the seas in the face of any challenges.

Our maritime policy must be an integral part of our overall foreign policy. It must be well conceived and administered in accordance with a consistent, coordinated plan and this morning I would like to discuss three points of the maritime strategy we have developed.

I want to emphasize the word "coordinated." As you may know, my Chief of Staff, Edwin Meese and I have already had a meeting in Washington with more than 60 of this country's maritime leaders at which we distributed and discussed a specific seven-point plan. Tal Simpkins was there along with other leaders from the shipping part of maritime, but the meeting also included shipbuilders and allied industries, as well as representatives from the Inland Waterways. We have also been in contact with leaders in the dredging industry, the Water Resources Congress, and Port Authorities.

As a first order of business, we must provide unified direction for all government programs affecting maritime interests

of the United States. We must insure that there is active cooperation between the Navy and the Merchant Marine and the governmental departments responsible for each. We must see that long-range building programs for naval and merchant ships are established and carried out without falling victim to petty bureaucratic jealousy. This is the role of the President and I shall see that our maritime policy is coordinated to insure that it achieves the objectives we set for it.

Second, we must recognize the challenges created by cargo policies of other nations. The United States has traditionally espoused free trade. However, the international shipping trade is faced with a network of foreign governmental preferences and priorities designed to strengthen foreign fleets, often at the expense of U. S. Maritime interests. If a foreign country demands that 50% of the cargo be carried on its ships, then we must recognize that it is not in our national interest to insist upon a free trade policy with respect to the remaining 50%.

Next year, an international convention under the auspices of the United Nation's Conference on Trade and Development (UNCTAD) is expected to come into effect. It provides for the sharing of liner conference cargoes on the basis of 40 percent each to vessels of the importing and exporting nations, and 20 percent for others. While the convention will not by its own terms apply to United States trades, there is little question that it will dramatically affect our trade through the enactment of laws by our trading partners. But the Carter Administration has failed to negotiate bilateral agreements which will protect our maritime

interests by assuring equal access to cargoes.

We must be prepared to respond constructively to the restrictive shipping policies of other nations through bilateral agreements such as those which now exist with Brazil, Argentina, the USSR, and Mainland China.

A major goal of the United States must be to insure that American-flag ships carry an equitable portion of our trade consistent with the legitimate aspirations and policies of our trading partners.

Finally the principles of sabotage, now embodied in the Jones Act, have been part of this country's policy since the very first Congress. I have been advised that this law provides jobs for 70% of the membership of this union. You may be assured that a Reagan Administration would not jeopardize those jobs.

Third, we must improve the utilization of our military resources by increasing commercial participation in support functions.

I find it difficult to understand why there has not been increased auxiliary support of the Navy by the U.S. Flag Merchant Marine. No doubt everyone in this room is aware that the feasibility of such support was demonstrated by the SS ERNA ELIZABETH eight years ago during a period when this country was embarking on a positive maritime program.

Today, however, we find the administration acting like that exercise never took place and I would guess that former Navy LT James Earle Carter, II hasn't the foggiest idea about details or the benefits of such a program.

The administration spokesman for maritime affairs was recently asked if there were plans to augment the Navy's support ships with U.S. Flag Merchant Marine Ships. This interview came after the Commanding Officer of the Norfolk-based Navy Oiler, USS CANISTEO, had made the difficult decision in late March that he could not put his ship to sea because of a lack of skilled technicians. That decision by the skipper of a Navy ship sent shock waves through the entire U. S. defense establishment.

Jimmy Carter's spokesman for maritime affairs' reply to the question about augmenting Navy support ships was very enlightening. He said the administrators ~~are~~ **is** considering an experimental effort to test the capability of merchant seamen and contract with them to man naval auxiliary vessels he added, "I hope we get some fairly early action on that."

When you realize that it was eight years ago in a series of tests planned by a Republican administration, that the U.S. Navy and Maritime Administration determined that it was indeed feasible to use merchant ships to refuel the Navy's combat fleet, you really begin to wonder if anybody is in charge in the White House.

That now well-documented exercise of the ERNA ELIZABETH, as you are all aware, involved a typical union manned privately owned tanker which was modified for an underway replenishment role at a very modest cost -- less than \$50,000. Between February 7th and April 4th, 1972, the U.S. Flag Merchant Tanker SS ERNA ELIZABETH operated with Navy and NATO vessels

in the Atlantic, Caribbean, and Mediterranean and it provided underway refueling for 40 Navy ships including the aircraft carrier JOHN F. KENNEDY.

The Chief of Naval Operations stated that it proved the feasibility of using commercial tankers to replenish combatant ships. Regrettably, there has been no meaningful follow-up. From a national security standpoint the nation's most neglected asset is the U. S. Flag Merchant Marine.

What will it take to get the attention of Jimmy Carter ? Probably nothing less than the Mayflower on the south lawn of the White House -- the van, ^{THAT IS} not the ship!

It is clear to me that with the commercial industry assuming increased responsibility for many auxiliary functions, substantial cost savings can be achieved and a large reserve of manpower can be released to provide crews for a growing Naval fleet. This is an example of the means by which we can increase defense mobility without adding a burden to the taxpayer.

I have now talked about several specific aspects of our maritime strategy. I would now like to conclude with a few remarks about the future of America.

Today I am here to make a commitment to regain the maritime strength which is now ebbing from this great country. Seafaring men discovered this country, they made it prosperous by carrying the products of farms and factories across the sea -- they defended it by carrying the battle to the enemies' shore and

by denying the use of the sea to those who would do us harm.

Now we are faced with the greatest challenge in our two-hundred year history. We have in that time become an island nation dependent on exports for economic vitality and on imports to supply and fuel our industry. Most ominous of all is that we have permitted a land power to preempt our traditional control of the sea.

This morning here in St. Louis I propose that we have a new spirit of beginning -- to rebuild our maritime power and recapture the respect of other nations and reclaim our supremacy on the sea.

I propose a maritime strategy built on peacetime cooperation between the Naval fleet and the Merchant fleet -- a worldwide logistic support system not solely dependent on a Military Sea Lift Command which takes dollars and manpower from our combatant forces, but rather a system which can, and will, utilize every U. S. Flag Merchant ship.

As we rebuild our Navy and as the U. S. Flag Merchant Marine expands as its markets grow, the world will again see U.S. presence and perceive a U.S. capacity, and will, to influence events and deter aggression. The lessons of history are clear, peace comes through strength, readiness and will.

I ask you here this morning, members of the National Maritime Union, with God's help, let us now together make America great again, let us now together make a new beginning.

EVENT FACT SHEETDate: 10/9/80Location: St. Louis, Mo.EVENT National Maritime Union Conference - 9:00 a.m.REQUIRED:

Talking points	_____
Statement	_____
Brief Remarks	_____
Rally Remarks	_____
Prepared Remarks	_____
Speech	<u> X </u>
Other	_____

BACKGROUND:

Purpose: SPEECH ON MARITIME POLICY
AFL-CIO ENDORSEMENT - NATIONAL MARITIME UNION (NNU)

Event/Setting:

- ① 18th ANNUAL CONVENTION NNU ST LOUIS MO.
- ② LAST DAY OF CONVENTION. CARTER ALSO INVITED, DID NOT RESPOND
- ③ ST. LOUIS PAPER ALREADY RUNNING STORY ABOUT GOVERNOR'S VISIT
~~Tom Schaaf to provide details and speech draft.~~

Confirming telegram ~~attached.~~ WAS SENT OCT 3 1980
AS OF OCT 6 SPEECH WAS BEING WORKED ON.

Audience/Size: 400-500 NNU DELEGATES & GUESTS

Other: ① SHANNON WALL, PRESIDENT ON NNU WILL INTRODUCE GOVERNOR
 ② JAMES BARKER, PRESIDENT MOORE-Mc CORMICK RESOURCES WILL
BE PRESENT
 ③ THOMAS W SCHAAF STAFF MARITIME COORDINATOR WILL BE PRESENT

Political Background: To be provided by Rick Messick x. 3675

Issues Background: To be provided by John Morgan x 3705

cc: R. Garrick, G. Newell, R. Walker.

SENT 1045 10/3/80

Mr. Shannon J. Wall
President
National Maritime Union of America (AFL-CIO)
346 West 17th Street
New York, New York 10011

Your invitation for Governor Reagan to address the 18th National Convention of the National Maritime Union in St. Louis during the week of October 6 - 9 is deeply appreciated. We are particularly pleased to have an opportunity to bring to the attention of the American public maritime issues which vitally affect our economy, defense and global presence. The current adverse situation regarding maritime strength and direction is unnatural and is occurring at a time when the United States is more dependent upon the seas for our political, economic and military well-being than ever before in our history. There is no more appropriate audience at which to renew a national commitment to an effective maritime strategy than to the seamen who sail American ships and man the towboats and barges.

I am pleased to advise that Governor Reagan will join you at 9 a.m. on October 9 in St. Louis to address your membership. A member of our Advance Staff will contact you shortly to assist you in finalizing arrangements for the Governor's visit. However, should you have any questions in the meantime, please do not hesitate to contact our Scheduling Office at 703/685-3463.

Ray Odell + G. Newell OIC

Edwin Meese, III
Chief of Staff

OK
[Signature]

Drafted by: Schaaf/Odell

S.D.