

The original documents are located in Box D30, folder “Maritime Trades Department, AFL-CIO, Washington, DC, December 23, 1970” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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MARITIME TRADES DEPARTMENT AFL-CIO AT
12 NOON, WEDNESDAY, DECEMBER 23, 1970,
AT 2000 "L" STREET, N.W., WASHINGTON,
D.C.

*Last year I talked about what we
all had to do -
Now we can be proud of what has been
accomplished legislatively +
IT IS INDEED A PLEASURE TO BE ^{see what}
HERE WITH YOU TODAY. ^{the future}
offer.*

THERE IS ONE TOPIC THAT
IMMEDIATELY COMES TO MIND AS I SPEAK TO
YOU THIS NOON -- AND THAT IS THE NEW
MARITIME PROGRAM WHICH PRESIDENT NIXON
SIGNED INTO LAW LAST OCTOBER 22.

IT MAKES LITTLE SENSE AT THIS
POINT TO TALK TO YOU ABOUT THE SOVIET
THREAT TO THE U.S. POSITION ON THE SEAS.

WE HAVE VOYAGED BACK AND FORTH ACROSS THAT
SUBJECT MANY TIMES BEFORE. *We only know that
Threat grows + we must
meet challenge*
INSTEAD I WISH TO EXPRESS
ENTHUSIASM AND HOPE CONCERNING THE U.S.
MERCHANT MARINE AFTER YEARS OF MOURNING



ITS DECLINE THROUGH WHAT WE ALL RECOGNIZE AS APPALLING NEGLECT.

TODAY I CAN TELL YOU ABOUT CONCRETE STEPS WHICH ARE BEING TAKEN TO REMEDY THE DEVASTATING NEGLECT WHICH HAS LAID LOW THE U.S. MERCHANT MARINE.

WE ARE FINALLY EMBARKING ON AN AMBITIOUS NEW PROGRAM, AN EFFORT WHICH YOU AND I AND OTHERS IN THE CONGRESS HAVE BEEN URGING FOR YEARS.

The Question should be asked HOW ARE WE COMING WITH OUR MOVES TO GENERATE THE LARGEST PEACETIME SHIPBUILDING PROGEAM EVER UNDERTAKEN IN THE UNITED STATES?

I CAN REPORT TO YOU THAT AS OF NOW THE U.S. MARITIME ADMINISTRATION HAS APPLICATIONS FOR CONSTRUCTION-DIFFERENTIAL SUBSIDY INVOLVING THE BUILDING OF A MINIMUM OF 128 SHIPS AND A MAXIMUM OF 156.




OUR GOAL, AS YOU KNOW, IS TO BUILD 300 SHIPS OVER A 10-YEAR PERIOD.

THE SHIPS WE HAVE APPLICATIONS FOR INCLUDE 43 TO 48 ORE-BULK-OIL SHIPS (OBOS), 17 TO 19 LASH (LIGHTER ABOARD SHIP) VESSELS, 11 CONTAINERSHIPS, 29 TO 40 TANKERS, AND 27 TO 37 OTHER SHIPS.

LET ME TAKE JUST A MINUTE TO DISCUSS THE OBO. THIS IS A VESSEL WHICH OFFERS CONSIDERABLE ADVANTAGE OVER THE CONVENTIONAL BULK SHIP BECAUSE THE POSSIBILITY OF OBTAINING BACK-HAUL CARGO IS IMMEASURABLY GREATER.

THE MARITIME ADMINISTRATION AT PRESENT IS CONSIDERING THE CONSTRUCTION OF AN OBO TYPE VESSEL WHICH WOULD BE CAPABLE OF TRANSITTING THE PANAMA CANAL. SUCH A VESSEL WOULD BE 77 TO 79,000 DEADWEIGHT TONS, WITH A DRAFT OF 45 FEET LOADED.



HIGHLY PRODUCTIVE VOYAGES CAN BE MADE WITH A VESSEL SUCH AS THIS OBO. A SHIP OF THIS KIND COULD LEAVE THE EAST COAST WITH COAL BOUND FOR JAPAN, TRAVEL FROM JAPAN TO THE PERSIAN GULF IN BALLAST, FROM THE PERSIAN GULF TO EUROPE WITH OIL, AND RETURN TO THE U.S. IN BALLAST IF NECESSARY.

MOST OF THE OBOS FOR WHICH THE MARITIME ADMINISTRATION HAS APPLICATIONS ARE CAPABLE OF THIS KIND OF VOYAGE.

THE MARITIME ADMINISTRATION HAS DRAFTED AND HAS SUBMITTED TO THE OPERATORS AND SHIPBUILDERS A NEW CONSTRUCTION-DIFFERENTIAL SUBSIDY CONTRACT FORM. THE OPERATORS AND SHIPBUILDERS HAVE SENT BACK THEIR COMMENTS. THE MARITIME ADMINISTRATION ~~WILL~~ WILL DRAFT FINAL FORMS AFTER CONSIDERING THOSE COMMENTS. *2. Trust there will be final covering bureaucratic or otherwise. Time*

IN PREPARING THESE FORMS, THE *is of the*
business.



MARITIME ADMINISTRATION HAS SOUGHT TO KEEP THE GOVERNMENT OUT OF DISPUTES BETWEEN THE SHIPYARD AND THE SHIP PURCHASER WITH RESPECT TO THE BUILDING OF THE SHIP.

THE MARITIME ADMINISTRATION ALSO IS SETTING UP TAX DEFERRED FUNDS FOR THE CONSTRUCTION OR RECONSTRUCTION OF VESSELS FOR OPERATION IN THE FOREIGN TRADE, IN THE NONCONTIGUOUS DOMESTIC TRADE, AND IN DOMESTIC TRADE ON THE GREAT LAKES. THE TAX AGREEMENT ON WHICH THESE FUNDS WILL BE BASED IS CURRENTLY BEING FORMULATED.

THIS AGREEMENT WILL PROVIDE FOR SUCH MATTERS AS DEPOSITS IN THE FUND, WITHDRAWALS, INVESTMENT OF THE FUNDS, THE CONSTRUCTION AND RECONSTRUCTION OF SHIPS, AND THE DURATION OF THE FUND. INDUSTRY COMMENTS WILL BE OBTAINED BEFORE THE FINAL FORM IS DRAFTED.



AS FOR OPERATING DIFFERENTIAL SUBSIDIES, THE BULK CARRIERS ARE ELIGIBLE UNDER THE NEW LAW AND SO FAR 11 COMPANIES HAVE MADE APPLICATION.

THE OPERATING DIFFERENTIAL SUBSIDY WAGE INDEX SYSTEM HAS BEEN THE SUBJECT OF MUCH DISCUSSION BETWEEN THE MARITIME ADMINISTRATION AND THE EXISTING SUBSIDIZED OPERATORS. A DETAILED MANUAL OF APPLICATION IS BEING PREPARED BY MARAD. OFFICIALS THERE TELL ME IT SHOULD BE POSSIBLE TO AMEND THE PRESENT CONTRACTS IN LINE WITH THE INDEX BY EARLY NEXT SPRING.

AS WE MOVE TO IMPLEMENT THE NEW MERCHANT MARINE ACT, ONE FACT IS UNMISTAKABLY CLEAR. WITH THE GROWTH OF U.S. TRADE DEPENDENT UPON EFFICIENT AND REASONABLY-PRICED OCEAN TRANSPORTATION AND

*Again
think*



THE SECURITY OF THE NATION CONTINGENT UPON THE MOVEMENT OF MEN AND SUPPLIES, THE AMERICAN SHIPPING AND SHIPBUILDING RECORD MUST BE DRASTICALLY IMPROVED.

IN OCTOBER 1969, PRESIDENT NIXON PROPOSED A COMPREHENSIVE LONG-RANGE MERCHANT SHIPBUILDING PROGRAM TO RESTORE THIS COUNTRY TO A PROUD POSITION IN THE SHIPPING LANES OF THE WORLD.

LEGISLATION INCORPORATING THE PRESIDENT'S PROPOSALS WAS INTRODUCED BY ALL MEMBERS OF THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE.

WE NOW ARE ABOUT TO SEE THE FIRST FRUITS OF THAT LEGISLATION -- A NEW MARITIME PROGRAM THAT WILL BUILD 300 MERCHANT SHIPS OVER THE NEXT 10 YEARS AND WILL EXTEND OPERATING SUBSIDIES TO ALMOST THE ENTIRE FLEET.



THE NEW SHIPBUILDING PROGRAM WILL TRIPLE THE CURRENT OUTPUT OF 10 SHIPS A YEAR WHILE SLOWLY REDUCING THE GOVERNMENT'S SUBSIDY FOR EACH NEW VESSEL FROM THE CURRENT 55 PER CENT OF THE SHIPYARD PRICE TO A MAXIMUM OF 35 PER CENT.

THE PURPOSE OF THE PROGRAM IS NOT SIMPLY TO PRESERVE OUR MERCHANT FLEET BUT TO MODERNIZE IT.

COST OF THE NEW PROGRAM OVER THE NEXT 10 YEARS IS NEARLY \$2.7 BILLION. THERE MUST BE JUSTIFICATION FOR THAT KIND OF AN OUTLAY -- AND THERE IS.

THE FOREIGN TRADE OF THE UNITED STATES HAS REACHED TRULY STAGGERING PROPORTIONS. IT NOW ACCOUNTS FOR ONE-THIRD OF TOTAL WORLD TRADE AND IS VALUED AT ABOUT \$70 BILLION.



THERE WAS A TIME WHEN THE UNITED STATES WAS REASONABLY SELF-SUFFICIENT IN TERMS OF BASIC RAW MATERIALS. THAT TIME IS GONE FOREVER. THE UNITED STATES CAN NO LONGER RELY EXCLUSIVELY ON DOMESTIC SOURCES FOR OIL, IRON ORE, BAUXITE, AND THE MYRIAD OTHER RAW MATERIALS FROM WHICH INDUSTRY FASHIONS THE GOODS OUR ECONOMY DEMANDS.

PRESENTLY, OUR LINER TRADE INVOLVES THE CARRIAGE OF ABOUT 46 MILLION TONS ANNUALLY, WHILE OUR BULK TRADES ACCOUNT FOR ALMOST 350 MILLION TONS.

AT THE END OF THE PRESIDENT'S PROJECTED 10-YEAR SHIPBUILDING PROGRAM, OUR LINER TRADE WILL HAVE INCREASED TO PERHAPS 60 MILLION TONS A YEAR, AND OUR BULK TRADES WILL HAVE INCREASED TO BETWEEN 550 MILLION AND 600 MILLION TONS.



IF AMERICAN-FLAG SHIPS ARE NOT BUILT TO TRANSPORT A REASONABLE PERCENTAGE OF OUR EXPANDING FOREIGN TRADE, WE WILL BE TOTALLY DEPENDENT UPON FOREIGN SHIPPING INTERESTS TO MOVE THOSE GOODS. WE CANNOT AFFORD THAT DEPENDENCE.

WE KNOW THAT FREIGHT RATES IN THE WORLD SHIPPING MARKET ARE SUBJECT TO TREMENDOUS ESCALATION WHENEVER NORMAL TRADING PATTERNS ARE UPSET. THE CLOSING OF THE SUEZ CANAL WAS THE CLASSIC EXAMPLE OF THIS IN RECENT TIMES.

A COUNTRY WHICH BECOMES INCREASINGLY DEPENDENT UPON FOREIGN RAW MATERIALS IS IN DOUBLE JEOPARDY IF IT LOSES COMPLETE CONTROL OVER THE MEANS OF INSURING THE FLOW OF THOSE RAW MATERIALS.

WE MUST, THEREFORE, HAVE A MERCHANT MARINE WHICH INSURES THAT AT LEAST OUR



MINIMUM NEEDS CAN BE MET.

SOMETHING THAT IS GENERALLY OVERLOOKED IS THE FACT THAT THE DIRECT INVESTMENT WE WILL MAKE IN OUR SHIPBUILDING PROGRAM OVER THE NEXT 10 YEARS WILL BE ALMOST ENTIRELY OFFSET.

THESE SHIPS WILL EARN ROUGHLY \$2 BILLION, MONEY WHICH WOULD OTHERWISE BE PAID TO FOREIGN-FLAG CARRIERS.

OUR BALANCE OF PAYMENTS WILL, THEREFORE, BE SUBSTANTIALLY IMPROVED BY OUR SHIPBUILDING PROGRAM.

IN ADDITION, THE FEDERAL GOVERNMENT WILL REALIZE BETWEEN ONE-HALF AND THREE-QUARTERS OF A BILLION DOLLARS IN INCREASED TAX REVENUE.

THUS THE NET COST OF THIS PROGRAM OVER A 10-YEAR PERIOD WILL BE MINIMAL.



*Bi Partisan
Legislative + Executive
Labor / 1971 Management*

-12-

I MENTIONED AT THE OUTSET THAT I NOW SPEAK OF THE MERCHANT MARINE WITH HOPE. IT IS THE LANDMARK MERCHANT MARINE ACT OF 1970 WHICH GIVES ME THAT HOPE. NOW THERE IS GOOD CAUSE FOR OPTIMISM AS TO THE HEALTH OF THIS NATION'S TRIED AND TRUE FRIEND, ITS MERCHANT MARINE.

MILLIONS OF AMERICANS ARE AWARE THAT THE MERCHANT MARINE HAS A VITAL ROLE TO PLAY IN THE FUTURE GROWTH OF THIS NATION.

THEY KNOW THAT LONG BEFORE THERE WAS A UNITED STATES FLAG THERE WAS AN AMERICAN MERCHANT MARINE PLYING THE TRADE ROUTES OF THE WORLD. THEY KNOW THAT THE MERCHANT MARINE SERVED THE NATION VALIANTLY DURING THE REVOLUTIONARY WAR, THE WAR OF 1812, WORLD WARS I AND II, THE KOREAN WAR AND NOW THE VIETNAM WAR.



THE MERCHANT MARINE ACT OF 1970
RECOGNIZES THIS LONG AND PROUD HISTORY, AND
I CONGRATULATE YOU HERE TODAY. AMERICA
OWES THE MERCHANT MARINE A DEBT OF GRATITUDE.

I LOOK FORWARD NOW TO THE COMPLETE
REVITALIZATION OF THE MERCHANT MARINE AND
TO NEW DAYS OF GLORY FOR OUR GALLANT MEN
WHO GO DOWN TO THE SEA IN SHIPS.

-- END --



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REMARKS BY REP. GERALD R. FORD, R-MICH.
REPUBLICAN LEADER, U.S. HOUSE OF REPRESENTATIVES
BEFORE THE MARITIME TRADES DEPARTMENT (AFL-CIO)
AT 2000 "L" STREET, N.W., WASHINGTON, D.C.
AT 12 NOON, WEDNESDAY, DECEMBER 23, 1970

FOR RELEASE AT 12 NOON WEDNESDAY

It is indeed a pleasure to be here with you today.

There is one topic that immediately comes to mind as I speak to you this noon--and that is the new maritime program which President Nixon signed into law last Oct. 22.

It makes little sense at this point to talk to you about the Soviet threat to the U.S. position on the seas. We have voyaged back and forth across that subject many times before.

Instead I wish to express enthusiasm and hope concerning the U.S. merchant marine after years of mourning its decline through what we all recognize as appalling neglect.

Today I can tell you about concrete steps which are being taken to remedy the devastating neglect which has laid low the U.S. merchant marine.

We are finally embarking on an ambitious new program, an effort which you and I and others in the Congress have been urging for years.

How are we coming with our moves to generate the largest peacetime shipbuilding program ever undertaken in the United States?

I can report to you that as of now the U.S. Maritime Administration has applications for construction-differential subsidy involving the building of a minimum of 128 ships and a maximum of 156. Our goal, as you know, is to build 300 ships over a 10-year period.

The ships we have applications for include 43 to 48 Ore-Bulk-Oil Ships (OBOS), 18 to 20 LASH (Lighter Aboard Ships) vessels, 11 Containerships, 29 to 40 Tankers, and 27 to 37 other ships.

Let me take just a minute to discuss the OBO. This is a vessel which offers considerable advantage over the conventional bulk ship because the possibility of obtaining back-haul cargo is immeasurably greater.

The Maritime Administration at present is considering the construction of an OBO type vessel which would be capable of transitting the Panama Canal. Such a vessel would be 77 to 79,000 deadweight tons, with a draft of 45 feet loaded.

(more)

Highly productive voyages can be made with a vessel such as this OBO. A ship of this kind could leave the East Coast with coal bound for Japan, travel from Japan to the Persian Gulf in ballast, from the Persian Gulf to Europe with oil, and return to the U.S. in ballast if necessary.

Most of the OBOS for which the Maritime Administration has applications are capable of this kind of voyage.

The Maritime Administration has drafted and has submitted to the operators and shipbuilders a new construction-differential subsidy contract form. The operators and shipbuilders have sent back their comments. The Maritime Administration now will draft final forms after considering those comments.

In preparing these forms, the Maritime Administration has sought to keep the Government out of disputes between the shipyard and the ship purchaser with respect to the building of the ship.

The Maritime Administration also is setting up tax deferred funds for the construction or reconstruction of vessels for operation in the foreign trade, in the noncontiguous domestic trade, and in domestic trade on the Great Lakes. The tax agreement on which these funds will be based is currently being formulated.

This agreement will provide for such matters as deposits in the fund, withdrawals, investment of the funds, the construction and reconstruction of ships, and the duration of the fund. Industry comments will be obtained before the final form is drafted.

As for operating differential subsidies, the bulk carriers are eligible under the new law and so far 11 companies have made application.

The Operating Differential Subsidy wage index system has been the subject of much discussion between the Maritime Administration and the existing subsidized operators. A detailed manual of application is being prepared by Marad, and officials there tell me it should be possible to amend the present contracts in line with the index by early next spring.

As we move to implement the new Merchant Marine Act, one fact is unmistakably clear. With the growth of U.S. trade dependent upon efficient and reasonably-priced ocean transportation and the security of the Nation contingent upon the movement of men and supplies, the American shipping and shipbuilding record must be drastically improved.

In October 1969, President Nixon proposed a comprehensive long-range merchant shipbuilding program to restore this country to a proud position in the shipping lanes of the world.

(more)

Legislation incorporating the President's proposals was introduced by all members of the House Merchant Marine and Fisheries Committee.

We now are about to see the first fruits of that legislation--a new maritime program that will build 300 merchant ships over the next 10 years and will extend operating subsidies to almost the entire fleet.

The new shipbuilding program will triple the current output of 10 ships a year while slowly reducing the Government's subsidy for each new vessel from the current 55 per cent of the shipyard price to maximum of 35 per cent.

The purpose of the program is not simply to preserve our merchant fleet but to modernize it.

Cost of the new program over the next 10 years is nearly \$2.7 billion. There must be justification for that kind of an outlay--and there is.

The foreign trade of the United States has reached truly staggering proportions. It now accounts for one-third of total world trade and is valued at about \$70 billion.

There was a time when the United States was reasonably self-sufficient in terms of basic raw materials. That time is gone forever. The United States can no longer rely exclusively on domestic sources for oil, iron ore, bauxite, and the myriad other raw materials from which industry fashions the goods our economy demands.

Presently, our liner trade involves the carriage of about 46 million tons annually, while our bulk trades account for almost 350 million tons.

At the end of the President's projected 10-year shipbuilding program, our liner trade will have increased to perhaps 60 million tons a year, and our bulk trades will have increased to between 550 million and 600 million tons.

If American-flag ships are not built to transport a reasonable percentage of our expanding foreign trade, we will be totally dependent upon foreign shipping interests to move those goods. We cannot afford that dependence.

We know that freight rates in the world shipping market are subject to tremendous escalation whenever normal trading patterns are upset. The closing of the Suez Canal was the classic example of this in recent times.

A country which becomes increasingly dependent upon foreign raw materials is in double jeopardy if it loses complete control over the means of insuring the flow of those raw materials.

We must, therefore, have a merchant marine which insures that at least our minimum needs can be met.

(more)

Something that is generally overlooked is the fact that the direct investment we will make in our shipbuilding program over the next 10 years will be almost entirely offset.

These ships will earn roughly \$2 billion, money which would otherwise be paid to foreign-flag carriers.

Our balance of payments will, therefore, be substantially improved by our shipbuilding program.

In addition, the Federal Government will realize between one-half and three-quarters of a billion dollars in increased tax revenue.

Thus the net cost of this program over a 10-year period will be minimal.

I mentioned at the outset that I now speak of the Merchant Marine with hope. It is the landmark Merchant Marine Act of 1970 which gives me that hope. Now there is good cause for optimism as to the health of this Nation's tried and true friend, its Merchant Marine.

Millions of Americans are aware that the merchant marine has a vital role to play in the future growth of this nation.

They know that long before there was a United States flag there was an American merchant marine plying the trade routes of the world. They know that the merchant marine served the Nation valiantly during the Revolutionary War, the War of 1812, World Wars I and II, the Korean War and now the Vietnam War.

The Merchant Marine Act of 1970 recognizes this long and proud history, and I congratulate you here today. America owes the merchant marine a debt of gratitude.

I look forward now to the complete revitalization of the merchant marine and to new days of glory for our gallant men who go down to the sea in ships.

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