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REMARKS PREPARED FOR DELIVERY BY
U.S. SECRETARY OF TRANSPORTATION DREW LEWIS
PROPELLER CLUB
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It is a pleasure to appear before the Propeller Club today to share with you some thoughts about the economy and the maritime industry -- thoughts about where we were when President Reagan took office nine months ago, where we are today and where we can go together.

One of America's earliest mariners, John Paul Jones, the father of the American Navy, once wrote "I wish to have no connection with any ship that does not sail fast for I intend to go in harm's way."

The American economy and especially the maritime industry had been sailing in dangerous seas for several years before President Reagan took office. The President inherited the greatest economic mess since the Great Depression. It has taken the courage of a John Paul Jones to get us on the road to recovery, but we've made remarkable progress in just nine months because we do have a strong ship. That ship is made of the very fabric of the American free enterprise system. And we have a leader in the White House who is unafraid to put political futures on the line if necessary to get this economy and this nation moving again.

Because of the bold and decisive steps already taken, the future is brighter today than it has been in many years.

President Reagan's leadership has given us the greatest reduction in Federal spending in our history. His vision has put us on the path that leads to a nation at work, to fiscal sanity, to lower taxes and less inflation. His courage has given us the strength to "hold to a firm, steady course" because at last America is on the road to recovery and a return to greatness.

The economic recovery program which began October 1, the removal of numerous unnecessary regulations that were stifling the private sector's productivity, the determination to reduce the deficit to help bring down interest rates, the commitment to a balanced budget by 1984 -- all pave the way for the building of a competitive maritime industry.

This Administration is firmly and fully committed to revitalizing the merchant marine and to helping you solve the problems of your industry in a realistic way.

In the President's words "we want a strong merchant marine capable of meeting both our peacetime need for transportation of resources and products and our need for logistical support in time of national emergency." Our domestic economy requires it. Our national defense demands it.

The merchant marine can and will enhance our military resources by increasing the commercial participation in auxiliary functions, thereby freeing the Navy for strictly defense-related tasks. We have met with Secretary of Navy Lehman to explore ways the merchant fleet can have a significant auxiliary role in national defense.

While we have several positive accomplishments related to your industry, we recognize that many big issues lie ahead and that our ultimate success requires a commitment from your industry to join us in finding pragmatic approaches to old problems.

We know the problems. The world's largest trading nation moves less than 5 percent of its waterborne commerce in American flag ships. We lack the dry bulk vessels to move the enormous volumes of coal and other exports forecast for this decade. Domestic water transportation systems must be expanded. U.S.-flag operators must be competitive in international markets.

We must reduce the severe regulatory environment that inhibits American competitiveness. We have met with Senator Gorton to discuss all issues raised in his regulatory reform bill. The Department of Transportation, on behalf of the Administration, will have a firm and consistent position on issues raised in that legislation shortly. It would be inappropriate to discuss our position before it is given to the Congress.

When the Maritime Administration was transferred to the Department of Transportation on August 6 some people may have expected me to walk down from the mountaintop with a new maritime policy written on tablets of stone. We haven't undone the mistakes of decades in two months, but we have taken a number of positive steps. We've taken some tough stands on issues important to the maritime industry and the nation.

One example is our resolve to assist the maritime industry in meeting the challenges created by cargo policies of other nations. When governments act to discriminate against American flag carriers this is not free trade. We support free trade, but it must be fair trade.

During the past Administration, three U.S.-flag liner operators went out of business. It is an irreparable loss for reasons of both our national security and national interest.

Realism and economic self-interest compels us to recognize that the world of international shipping is far from free. A web of restrictions -- both visible and invisible -- seriously impedes the efforts of U.S. carriers to generate the cargo required just to stay in business. In response to this situation, the United States has some modest requirements reserving cargo for our own vessels. In view of the business adversities mentioned it is questionable whether they are sufficient. It is quite clear, however, that these existing laws are vital to our survival in the international arena. Be assured that we will vigorously enforce them.

We have met with numerous representatives of the maritime industry, with labor representatives, with foreign shippers, with all major liner companies, with shipbuilders and with just about all segments of the industry. We hope to continue these meetings because the benefit of your first hand knowledge of the industry is crucial to the success of any maritime policy. We want to know what regulations you find particularly onerous. We want your ideas in order to make policy initiatives more pragmatic, realistic and workable.

As you know, there are no quick fix solutions to the problems of the maritime industry. One thing we can promise is that we won't study your industry for three years before we decide what to do. The maritime industry has been studied and studied and studied. It's time for action. Some positive initiatives we have already taken are:

One. In late August a policy formulation team began reviewing all maritime policies and regulations. We expect to have the Reagan Administration's maritime policy on the table within four months. It will be a realistic, pragmatic, workable policy. We are planning to do within four months what the previous administration could not accomplish in three years.

Two. Transfer of the Maritime Administration to the Department of Transportation integrates the maritime industry into the national transportation system and gives the maritime industry a unified voice in Washington. When the President designated the Secretary of Transportation as the Administration spokesman on maritime matters, he underscored his keen interest in the rebuilding and reinvigorating of this highly important sector of the economy. We will not hesitate to place your concerns before the President of the United States.

Three. The positive initiative which will have the most far reaching effect is the selection of the management of the Maritime Administration. Their experience and their knowledge of the industry equips the Federal government to provide the leadership to restore the maritime industry to a position of strength.

As many of you know, Admiral Harold Shear has been nominated by the President, confirmed by the Senate and is scheduled to take the oath of office as Maritime Administrator next week. A graduate of the Naval Academy, a retired four star Admiral, Shear's distinguished career includes service in both the Navy and the maritime industry. He has the expertise to ensure that our fourth arm of defense will get the recognition it deserves. Admiral Shear is spearheading the formulation of the maritime policy.

Warren G. Leback is slated to become Deputy Administrator. Mr. Leback is a graduate of the Merchant Marine Academy and his lengthy experience in the maritime industry includes high level positions in Sea Land and Interstate Oil Transport Co. of Philadelphia. He is now on board as a consultant to the Maritime Administration.

These outstanding men will contribute greatly to the Reagan Administration's maritime effort. In addition, we are planning to add a second deputy administrator whose main functions will be to represent and form policy for the inland waterways.

These positive steps and the Reagan Administration's maritime initiatives will form a solid foundation to begin the recovery of this vital industry. Their success is contingent on getting a commitment from you.

Your challenge is twofold.

Your challenge is first to support the economic recovery program because everything hinges on economic recovery.

Your second challenge is to speak in a unified voice. Now that you have a unified voice speaking for you in Washington it is incumbent upon the industry to put aside your parochial disputes and take advantage of the potential ahead. Divisiveness within the industry helps to perpetuate the status quo and we know from experience that the status quo does not work. Unity within the industry will hasten recovery.

Your challenge is to not only unite behind this effort but give it your best. Give us your ideas, your support. The ultimate success depends on all of us working together. I can assure you I stand ready to help in any way I can.

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