

The MARITIME EXECUTIVE

INTELLECTUAL CAPITAL FOR EXECUTIVES

Senator McCain LEAVES Washington...

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OP-ED by Tony Munoz, Editor-in-Chief of the Maritime Executive Magazine and the MarEx Newsletter



To: The Honorable John McCain

Dear Senator McCain:

With all due respect, it's time for you to LEAVE Washington because the agricultural lobbyists have persuaded you to dispose of one of the most essential pillars of national security for profits. Even our Founding Fathers acknowledged the national security implications of moving U.S. cargoes on U.S. vessels within U.S. waters.

Your bill to repeal the Jones Act, S-325, states: "Specifically, the Jones Act requires that all goods shipped between waterborne ports of the United States be carried by vessels built in the United States and owned and operated by Americans. This restriction only serves to raise shipping costs, thereby making U.S. farmers less competitive and increasing costs for American consumers."

Excuse me, sir, but are these the same "less competitive" U.S. farmers who received \$15 billion in farm subsidies in 2009 and \$245 billion in subsidies since 1995? I hope you are not willing to dispose of the U.S. Merchant Marine simply because six of the top 20 farm subsidy recipients in 2009 were from Arizona? Since 1995, these same six recipients have received over \$57 million in subsidies. You should know that the Jones Act companies your Senate bill intends to get rid of have not received a single penny in subsidies since the Reagan era.

Since 1995, Washington has paid out one quarter of a trillion dollars in farm subsidies. Meanwhile, in 2009, the Jones Act companies provided nearly 500,000 American jobs that created \$35.5 billion in value-added GDP contributions and about \$22.6 billion in labor compensation. Furthermore, according to a recent Transportation Institute study, the Jones Act generates \$100.3 billion in gross economic output and about \$11.4 billion in taxes to federal, state, and local governments.

Sure, since 1995 the U.S. Merchant Marine has received \$1.5 billion in Military Security Program (MSP) subsidies. But these monies were authorized to support the U.S. military's complex supply lines. I hope you know that the American merchant marine began when patriots captured the British schooner HMS Margretta in June of 1775. The U.S. Merchant Marine predates the U.S. Navy (1775) and the U.S. Coast Guard (1790) and has been an integral part of every war this nation has fought. John Adams, our second president, said in his Memoirs, "No group of individuals did more for establishing our country than the American Merchant Seamen and Privateers. Their record speaks eloquently of their devotion and sacrifices."

The Merchant Marine lost 733 ships and 8,651 lives in WWII. In the Vietnam War, it transported 95 percent of all the supplies used by the U.S. military and, in the first Gulf War, delivered 11 million tons of supplies to the troops. In the first year of the Iraqi war, the USMM delivered 61 million tons of cargo and nearly 1.1 billion gallons of fuel. After Hurricanes Rita and Katrina devastated the Gulf Coast, the operating Jones Act companies were there to provide assistance, and many of these same companies were first on the scene during the Haiti earthquake crisis.

In the post-WWII era, the USMM transported nearly 45 percent of global trade on 2,000 U.S.-flagged bottoms, but by 1980 lobbyists for foreign concerns had that number down to four percent. During the Reagan era, the Office of Management and Budget concluded that "national security arguments were not strong enough to justify public assistance to the maritime industries." So Reagan did away with Construction Differential Subsidies, Operating Differential Subsidies and Title XI. However, while Title XI does exist today, it only puts \$100 million of guaranteed construction loans into the maritime system.

Senator McCain, did you know that Jones Act mariners ARE the U.S. Merchant Marine? The U.S. government struggled to find qualified mariners to man the supply ships during the Desert Shield and Desert Storm campaigns. The deterioration of civilian maritime support capabilities may very well prove to be the "Achilles Heel" of the nation's defense.

On September 11, 2001, this nation was attacked by terrorists and the wounds are barely healed. We are still fighting two wars overseas against terrorists who make threats against us daily. States like Arizona are enacting their own laws to protect their citizens from the influx of illegal immigrants. And you want to repeal the Jones Act and open our waterways to foreign ships so that a few well-subsidized farmers can save a few pennies per ton?

This nation's highway transportation infrastructure is crumbling and congestion is clogging our cities and highways. Pollutants from cars and trucks are killing and infecting our people. Today, there are proposed programs to alleviate highway congestion by putting cargoes on vessels operated by U.S. merchant mariners on a coastwise trading system.

This is not the time to repeal U.S. cabotage. This is the time to build a strong nation with secured waterways and borders. The adverse consequences of SB-325 on the economy and the American people are too profound to contemplate. It is time for a U.S. maritime renaissance to put our citizens back to work and secure our waterways from threats from aboard. Please, pull the bill and then fade away into retirement, for you have forgotten what once made this nation great.

Respectfully,

Tony Munoz