

President Franklin Roosevelt recognized the need for a privately owned and operated merchant marine. Without the U.S.-flag merchant marine, Great Britain would not have had the supplies to survive the onslaught of Germany. Today, the world would be a very different place had it not been for the men who served our nation during World War II in the U.S. merchant marine. President Roosevelt proposed, and Congress passed, the Merchant Marine Act of 1936. This program established the Operating Differential Subsidy program to help pay U.S. shipowners for the higher cost of operating their vessels under the U.S.-flag.

By 1951 there were 1,238 privately owned U.S.-flag vessels sailing on the oceans of the world. Unfortunately, it has been all down hill from there. Today, there are 94 U.S.-flag vessels in the U.S. foreign trade and seven U.S.-flag vessels "in trade between foreign countries.

The question is: Why has this happened? The answer: The higher cost of operating a vessel under the U.S.-flag due to various Federal requirements.

Today, shipowners can buy quality ships from many countries in the world. Container-ships, tankers, and cruise ships all must be built to high standards established by the International Maritime Organizations. However, which country the owner chooses to register the ship can significantly affect the cost of the operating the ship. Shipowners change their vessel's registration every day to avail themselves of lower costs offered by different flags. If you choose to register your ship in Panama, you don't have to pay any income taxes on your shipping income. You can hire low cost crews from countries like the Philippines and Malaysia. And, if you register in these countries you don't have to worry about the cost of being sued when a seaman is injured or killed.

All of the European countries have seen similar declines in their flag fleets, because shipowners choose to transfer their country of registry to lower cost countries. However, in the past several years, countries such as Norway, Germany, and Great Britain have changed their laws to make their fleets more competitive in the international market. In the past 18 months, the size of the British fleet has increased by 40 percent due to the changes in their tax and maritime policies.

It is time for the United States, once the greatest maritime power in the world, to make similar changes. Instead of proposing a subsidy program like the one proposed by President Roosevelt, it is time to look at the underlying laws that increase the cost of operating under the U.S.-flag.

Today, I have introduced H.R. —, the "Merchant Marine Cost Parity Act of 2001". This legislation, which Transportation and Infrastructure Committee Chairman DON YOUNG has cosponsored, addresses four areas that significantly increase the cost of operating a vessel under the U.S.-flag: tax costs, wage costs, insurance costs, and vessel inspection costs.

This act will help to decrease the tax liability for operating a vessel under the U.S. flag. Currently, a shipowner must pay a traditional "income tax" on his profits if the vessel is registered in the United States. H.R. — is modeled after the British Tonnage Tax system that replaced its tax based on income with a flat tax based on the tonnage of the ship.

For example, under H.R. —, if the container ship *Regina Maersk* (43,399 net tons) were

registered under the U.S.-flag it would pay a flat tax of \$17,476 a year to the U.S. Government. This is computed by the shipowner being allocated a daily income for the ship based on the tonnage of the ship at a rate of \$.40 for each ton up to 25,000 net tons and \$.20 for each ton over 25,000 net tons. Therefore, the owner of the *Regina Maersk* would have a daily income of \$136.80. When multiplied by 365 days, this totals an annual income of \$49,932. This amount is taxed at the 35 percent U.S. corporate income tax rate to establish a total tax liability of \$17,476 a year for the shipping income of the *Regina Maersk*. This is comparable to the tax liability that would be due if this ship were registered under the British flag. What is ironic is that this provision should not cost the Federal treasury much money because with fewer than 100 ships currently operating under the U.S.-flag in the foreign trade, there will be a minimal amount of tax revenue lost. In addition, most foreign-flag vessels don't have to pay the treasury any income taxes on their shipping income today. Therefore, if they transfer to the U.S. flag and pay \$17,000 in tonnage taxes, it's certainly more than the amount they're paying in income taxes now under a foreign flag.

Federal law requires seamen employed on U.S.-flag vessels to be U.S. citizens. We in the United States have the benefit of a much higher standard of living than many of the countries that supply seafarers for foreign-flag vessels. However, U.S. tax laws do not treat U.S. seamen the same as we treat other U.S. citizens working overseas. If a U.S. citizen is working overseas for any other industry, such as a bank or oil company, he or she do not have to pay any U.S. income tax on their first \$80,000 in income. While seamen are working overseas, they do not get any similar tax break. H.R. — helps to decrease the cost of operating on a U.S.-flag vessel by granting seamen working on U.S.-flag vessels in the foreign trade the same exclusion from taxation on their first \$80,000 in income as we grant every other U.S. citizen working overseas.

H.R. — also seeks to address the higher vessel design costs imposed by complying with U.S. Coast Guard standards. My bill exempts the vessel from Coast Guard standards as long as the vessel meets the safety standards established by the International Maritime Organization. This provision will allow U.S.-flag vessels "in the foreign trade to meet the same standards as their foreign-flag competitors.

The cost of buying insurance for U.S.-flag vessels engaged in the foreign trade is also higher than the costs for foreign-flag vessels. H.R. — allows the shipowner and the employee representative to agree upon an "insurance policy that will adequately compensate seamen when they are injured or killed on-board these vessels. To ensure that the shipowner does not force the policy limits too low, the Secretary of Transportation will establish a minimum amount of coverage that must be provided, such as the amounts provided in the Longshore Act.

Mr. Speaker, capital investments go to where you can make money. For more than 100 years, the United States Government has placed financial burdens on the U.S.-flag vessel shipowner that has driven these vessels from our shores. I cannot accept the United States Government continuing to allow the de-

cline of our fleet until there are no privately owned U.S.-flag vessels engaged in our foreign trade.

The United States must develop a long-term and integrated strategy that will adequately address all of the cost issues that drive capital investment away from the U.S.-flag shipping industry. I believe that H.R. — can provide the foundation for that strategy. I look forward to working with the Administration, shipowners, and labor to ensure we can truly put U.S. merchant marine on a cost parity with their quality foreign-flag competition.

When Great Britain announced its intention to develop the tonnage tax system, P&O Nedlloyd Lines announced that they would bring at least 50 ships to the UK register. Today, I would like to challenge the maritime industry to make a similar commitment to the U.S. flag.

With the help of the Administration, maritime industry, and labor, we can ensure that Old Glory is raised on the sterns of hundreds more U.S.-flag vessels.

PERSONAL EXPLANATION

HON. BETTY McCOLLUM

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 2001

Ms. McCOLLUM. Mr. Speaker, I unavoidably missed votes on November 6, 2001 because I was in my congressional district on official business. I would like the record to reflect that had I been present, I would have voted yea on roll call votes 426, 427, and 428.

LEADERS TAKING ACTION FOR INCLUSION

HON. JAMES P. McGOVERN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 2001

Mr. McGOVERN. Mr. Speaker, I rise today to join Worcester County and The National Conference for Community and Justice in honoring four individuals for their promotion of understanding and respect among all races, religions and cultures. John S. Hamilton, Dr. Ogretta V. McNeil, Most Rev. Daniel P. Reilly, and Albert M. Toney III, dedicated themselves to fighting bias, bigotry and racism in America and making the nation a better place for all of us.

Mr. Hamilton put into action his belief that small, culturally diverse businesses make the difference in the economic viability of their communities. He has been a strong advocate for under-served populations, especially minority and women owned small businesses. Active with Centro Las Americas and the Business Inclusion Council, and the Martin Luther King Business Empowerment Center, he was named Massachusetts Financial Services Advocate of the Year (1999) by the US Small Business Administration. Mr. Hamilton was the driving force behind obtaining funding for the establishment of the Martin Luther King Business Empowerment Center. He was instrumental in Bay State Savings Bank sponsorship of the successful grant application for the renovation of the Odd Fellows Hall on Main

Street, which will provide low income housing for families in Worcester. In 1995 and 1996, under Mr. Hamilton's leadership, Bay State Savings Bank was one of the top 5 SBA lenders to minority-owned businesses in the Commonwealth of Massachusetts. Mr. Hamilton was recently appointed President of Medway Cooperative Savings Bank.

Dr. McNeil came to Worcester in 1956 to attend graduate school at Clark University; she never left and has made the City of Worcester her home. Dr. McNeil has served on the faculty of Assumption College, Anna Maria College, and the College of the Holy Cross. During the course of her 27-year career at the College of the Holy Cross, she served as Chairwoman of the Department of Psychology, Director of African American Studies, and Assistant Dean. Her election as the President of the New England Psychological Association symbolized her professional achievement. In 1998 Dr. McNeil was elected to the Worcester school committee where she has worked to foster equity of education for all students. Dr. McNeil's volunteer activities include serving as a board member for the Alliance for Education, the Age Center of Worcester, the EcoTarium, and a member of the Distribution Committee of the Health Foundation of Central Mass. She is also a board member of Greater Worcester Community Foundation, Family Services and the Worcester Art Museum.

Bishop Daniel Patrick Reilly, installed as the fourth Bishop of the Roman Catholic Diocese of Worcester in December 1994, is a beloved leader. His efforts in Worcester resulted in the formation of the covenant with the New England Synod (Lutheran), the Episcopal Diocese of Western Massachusetts and the Roman Catholic Diocese of Worcester and Springfield. He was one of the essential leaders in the aftermath of the loss of six Worcester fire fighters in December of 1999. He studied for the priesthood at Our Lady of Providence Minors Seminary, Warwick, RI and ordained to the priesthood on May 30, 1953 after five years of philosophical and theological study at the Grand Seminaire in Saint Brieue, France. Following his ordination, Bishop Reilly served at SS. Peter & Paul Cathedral Parish, Providence as an associate pastor. He also pursued graduate studies in Business Administration at Boston College and Harvard University. He served 22 years as a priest in the Diocese of Providence. In June 1975, Pope Paul VI named him Bishop of the Diocese of Norwich, CT, where he served until being named the Bishop of Worcester. Bishop Reilly has held many posts in the National Conference of Catholic Bishops (NCCB); he currently sits on the NCCB's Committee on Pastoral Practices. He rendered great support and assistance to Haiti and to India and their people. Currently he is a member of the boards of trustees at The Catholic Near East Welfare Association, Assumption College, and Saint Vincent Hospital. He holds Honorary doctoral degrees from Anna Maria College, Assumption College, and the College of the Holy Cross, in Worcester.

Mr. Al Toney's life work is the elimination of homophobia and racism. As a self-identified gay African American male, he has experienced homophobia and racism first hand. A former Worcester Police Officer, Mr. Toney has served in leadership position for the Gay Officers Action League of New England, the Gay and Lesbian Coalition of Central Mass.,

and the City of Worcester Human Rights Commission. In 1997, he founded the Safe Homes of Central Massachusetts, an organization that provides mentoring programs, consulting services for alternative foster parenting programs, and a drop in recreation and resource center. Beginning as a group of concerned citizens, with Mr. Toney's leadership this program was recently adopted as a formal program of The Bridge of Central Massachusetts. As early as 1984 when he started college with a major in urban studies, he was concerned with creating safe, inclusive communities for all people. His focus was initially directed to enforcement through course work in Criminal Justice and service as a police officer (March 1987–April 1995). After the tragic death of his life partner, Mr. Toney's energies shifted to a new focus, homophobia. Mr. Toney has worked as a consultant and program director for AIDS Project Worcester, AIDS Action Committee (Boston), Healthy Boston Coalition for GLBT Youth, Massachusetts Prevention Center, Massachusetts Department of Education, and Massachusetts Department of Social Services. He served as member of the City of Worcester Human Rights Commission from 1997–2000. He is currently a member of the Arts Worcester Board of Directors. Mr. Toney, his partner, and his daughter are currently working on a book for children, which truly reflects all aspects of diversity.

HONORING RANDY KEVORKIAN

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 2001

Mr. RADANOVICH. Mr. Speaker, I rise today to honor Randy Kevorkian for receiving the Distinguished Service Award from the California Department of Corrections. The California Department of Corrections presents the award annually to employees who go above and beyond the call of duty.

Randy Kevorkian is a Parole Agent III. He has been an agent since 1988 and has worked in numerous assignments in the Visalia and Fresno parole offices. Kevorkian organized the "Another Way" program, a juvenile delinquency prevention and intervention program in the Central Valley. The program allows parole agents and parolees to speak with at-risk kids about the dangers of drugs and gangs.

Over the past 13 years, Kevorkian has addressed more than 85,000 young people and made more than 1,200 presentations at junior and senior high schools, local juvenile halls and group homes.

The Distinguished Service Medal is awarded for an employee's exemplary work conduct with the department for a period of months or years, or involvement in a specific assignment of unusual benefit to the department.

Mr. Speaker, I rise to recognize Randy Kevorkian for earning the Distinguished Service Award from the California Department of Corrections. I urge my colleagues to join me in wishing Mr. Kevorkian many more years of continued success.

HONORING OUR DEFENDERS OF
DEMOCRACY

HON. CAROLYN MCCARTHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 2001

Mrs. MCCARTHY of New York. Mr. Speaker, the tragic events of September 11th make the observance of Veterans Day particularly poignant this year. Engaged in a battle, different from any other in our nation's history, we are once again calling upon the brave members of the U.S. Armed Forces to defend democracy and freedom. Since we began the tradition of honoring American veterans after World War I, Veterans Day has passed with varying degrees of observance. This year however, perhaps more than ever before, we understand what our nation's armed forces have given to preserve our freedom and security.

On October 8th, 1954, President Dwight D. Eisenhower redesignated Armistice Day as "Veterans Day" for the millions of veterans who honorably served this nation. President Eisenhower also issued the first 'Veterans Day Proclamation' to "help preserve in the hearts and lives of all our citizens the spirit of patriotism, the love of country and the willingness to serve and sacrifice for the common good symbolized by this very special day."

And so, in honor of those who served in the military and those who are now stationed around the world protecting our national interests, and promoting peace and security, it is my earnest hope, that all Americans, join hands to insure the proper and widespread observance of this day. While the effect our veterans have had on world history is great, they are not distant historical footnotes, but are as close as a father or mother, brother or sister, grandfather or grandmother, friend and neighbor, and co-workers. Let us, as a grateful nation, pay the appropriate homage to our veterans who have contributed so much to the preservation of this country.

While we all desire peace, when war could not be avoided, our veterans put their lives on the line, many paying the ultimate sacrifice. To all those who wore the uniform, or may have seen their comrades die around them, or possibly suffered injuries that continue to affect them today. We honor and thank you.

VETERANS DAY, THE PRICE OF
FREEDOM

HON. JANICE D. SCHAKOWSKY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 2001

Ms. SCHAKOWSKY. Mr. Speaker, I rise on this Veterans Day to pay tribute to our nation's heroes. The veterans of this country have given so much to protect and secure our way of life. Now more than ever, it is our duty to commemorate their actions, and to commend their commitment.

I rise to thank our veterans for having the courage and strength to fight for American values. Though we are saddened by recent events, we can look to the valiant history of our nation's bravest for comfort. We can rest assured that the dream of America is worth