

NLWJC - Kagan

Counsel - Box 023- Folder 012

Maritime Commission

THE WHITE HOUSE

WASHINGTON

September 27, 1995

Hon. William D. Hathaway
Chairman, Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D.C. 20573

Dear ^{Bill} Chairman Hathaway:

At your request, I have looked into the Administration's position with respect to the deregulation of the ocean shipping industry and the eventual elimination of the Federal Maritime Commission (FMC). The position stated in Secretary Pena's letter to the Hon. Bud Shuster, Chairman of the House Committee on Transportation and Infrastructure, accurately reflects the Administration's views on this question. The Administration determined, as part of its National Performance Review, that there is no longer any need for the Commission. I know that this will disappoint you, but the decision is a firm one.

I understand that some disagreement exists as to whether you were properly consulted prior to the time Secretary Pena sent his letter. Robert Litan, Associate Director of the Office of Management and Budget, informs me that members of your staff were aware that the FMC could appeal the decision to him and chose not to do so. You have stated to the contrary. Of course, miscommunications and misunderstandings of this kind can easily occur, and perhaps one did here. But the decision must, in any event, stand. The Administration is committed to deregulation of the ocean shipping industry, as is Congress, as the best way to improve the efficiency of that industry.

If I can be of any further help on this or any other matter, please do not hesitate to call.

Sincerely,



Abner J. Mikva
Counsel to the President

Bob Litan - Telecon re FMC

Hair claims never consulted - before Itr went out.

Flatly untrue.

Admin agreed over summer - part of NPR - not needed.

OMB staff had many interactions w/ FMC staff even before Pena memo went out.

Aware that they had an appeal to ^{BL} you - didn't take.

This is Jane Leal Hill, WH want to get rid of FMC



Office of the Chairman

Federal Maritime Commission
Washington, D.C. 20573

duw

(D)
Claro =
see me
urgent

FACSIMILE COVER SHEET

NUMBER OF PAGES (INCLUDING COVER SHEET): 3

DATE: 9/15/95

TO: Honorable Abner Mikva

General Counsel to the President

FAX: (202) 456-1647

FROM: Chairman William D. Hathaway

Federal Maritime Commission

PHONE: (202) 523-5911

FAX: (202) 523-4224

← Respond to.

*short memo
to ATIM*

COMMENTS:

Please see attached as per our telephone conversation.
Thank you.

BT

Bob Litan - 014B

leg ATs -

639-6019

AUG 01 '95 04:10PM

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THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

August 1, 1995

The Honorable Bud Shuster
Chairman
Committee on Transportation and Infrastructure
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I understand that your Committee is considering legislation that would substantially deregulate the ocean shipping industry and ultimately eliminate the Federal Maritime Commission (FMC). I applaud your efforts and want to express the Department's strong support for the objectives of improving the efficiency of ocean shipping and streamlining economic regulation of the industry.

Elimination of outmoded economic regulations and the agencies that oversee them, including the FMC, is consistent with both the Administration's effort to reform government and with the President's ten-year budget-balancing plan. The Department's proposals submitted earlier this year -- to eliminate the Interstate Commerce Commission, to deregulate domestic offshore water carriage, and to reform laws applicable to the U.S.-flag fleet -- evidence our commitment to economic regulatory reform. Significant reform of ocean shipping regulation, along with the Administration's proposed maritime security program, will enhance the efficiency of our foreign shipping trades and help maintain a viable U. S.-flag merchant marine. Under our maritime security program, the United States will be able to maintain a U.S.-flag fleet of up to 50 modern, efficient liner vessels crewed by skilled U.S. mariners. The U.S.-flag fleet provides low-cost and effective sealift capacity to resupply our armed forces in time of war or national emergency, and benefits the American economy by reducing the overall trade deficit.

If ocean shipping reform legislation is enacted, the Department would be prepared to accommodate the surviving FMC functions as an integral part of its organizational structure. Details relating to the timing of the transfer of particular functions and the resources required to perform them would have to be worked out. (We would note that the 30-day period currently provided in section 301 of the draft bill for development of a plan to eliminate the FMC is inadequate. At least 60 days would be required for the development and coordination of an adequate plan.)

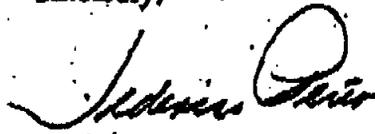
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Again, we commend your efforts to enact comprehensive legislation, with bipartisan support, to achieve our mutual goals of streamlining and improving regulation of the ocean shipping industry. We may have additional comments as the bill takes its final form, particularly with respect to regulation of the domestic offshore trades, freight forwarders, and marine terminal operators, and oversight of controlled carriers. In the meantime, please feel free to call me or Steven O. Palmer, Assistant Secretary for Governmental Affairs, at (202) 366-4573, if you have particular questions or concerns.

The Office of Management and Budget advises that it has no objection, from the standpoint of the President's program, to submission of these views for the consideration of Congress.

Sincerely,



Federico Peña