

**World
City
America
Inc.**



330 East 43rd Street
New York, NY 10017 USA
Telephone 212 972 9000
Fax 212 972 9006
E-mail worldcity@aol.com

April 15, 2002

Dr. John D. Graham, Administrator,
Office of Information and Regulatory Affairs,
Office of Management and Budget
The White House
Washington, D C 20502

Dear Dr. Graham,

We have been following with great interest your work on regulatory reform and believe that you may find of interest our enclosed suggestions for reform of the Title XI loan guarantee program for ship construction. Especially noteworthy is the immediate and very practical result and tangible benefits that would flow from regulatory reform in this area: access for American companies to the expanding multi-billion dollar cruise market which currently is dominated exclusively by foreign-flag cruise lines, and has been for decades.

Interestingly, this represents a clear example of the benefits and immediate results to be derived, in line with your Draft Report to Congress, from reform requiring *no* changes in or additions to regulations — simply common sense adjustments to the sequence and manner in which *existing* rules are applied (in this instance, **all** within the present authority of the Secretary of Transportation).

Since the near term benefits to be derived from this area of reform, involving access to a major market in which American companies are not currently operating, these regulations will necessarily be applied to start-up companies, major job-creators which should therefore be accorded the “special consideration” given to small businesses under the President’s agenda².

Please accept this communication as a submission in response to your request **for** suggestions for regulatory reform improvements. These are applicable to Vessel Financing Assistance; the U.S. Maritime Administration, Department of

1 “Agencies also should look back **and** review existing rules to streamline and modernize those that are outdated, ...ineffective... ***

’...success often hinges on the details about how a rule is designed, implemented and enforced.”

Draft Report to Congress on the Costs and Benefits of Federal Regulations, Recommendations for Reform.

2 “Tear down the regulatory barriers to job creation for small businesses. The role of government is not to create wealth, but to create an environment where entrepreneurs can flourish.”

Dr. John D. Graham

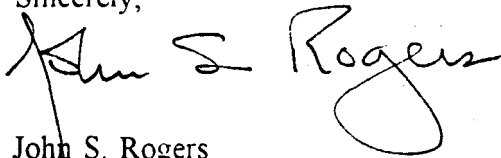
- Page 2 -

Transportation, 46 C F R Sec 98 et seq , Merchant Marine Act, 1936, as amended, 46 App U S C 1101 through 1294; description of problem, solution, and economic impacts as per the enclosed proposal: "A new paradigm for Title XI"

I would be happy to answer any questions **you** may have, and would also hope that you might be able to participate in the meeting of our American Flagship Project's larger "Team America" suggested in my enclosed letter to Messrs Daniels and Lindsey.

With thanks and best wishes,

Sincerely,

A handwritten signature in black ink that reads "John S. Rogers". The signature is written in a cursive style with a large, looping "R" at the end.

John S. Rogers
Chairman & CEO

cc: Honorable Mitchell E. Daniels, Jr.
Director, Office of Management and Budget

Mr. James Carter, Associate Director,
National Economic Council

**World
City
America
Inc.**



330 East 43rd Street
New York, NY 10017. U.S.A
Telephone 212.972.9000
Fax 212 972.9006
E-mail worldcity@aol.com

April 15, 2002

Honorable Mitchell E. Daniels, Jr.
Director, Office of Management and Budget
Honorable Lawrence B. Lindsey
Assistant to the President for Economic Policy and
Director, National Economic Council
The White House
Washington, D.C. 20502

Gentlemen,

The enclosed strategy paper on maritime policy reform — *"A new paradigm for Title XI..A sen change for American maritime policy"* — offers specific recommendations (further to our earlier White Paper, *"Prototype Projects for Economic Growth"*, previously sent to you [copy also enclosed]) for transforming the loan guarantee program into an instrument for economic growth.

These practical and feasible adjustments to current process would make it possible for American companies to access, for the first time, a major untapped market for American-flag ships (the booming cruise industry), and do so with reduced program risk, lower cost, and on a basis that will promote productivity and competitiveness, attract investment, and create new jobs and substantial fiscal returns in tax revenues and trade balances.

Importantly, the proposed adjustments would free the Title XI program of the widely perceived stigma of subsidy and corporate welfare for shipbuilders, and focus it instead on market-driven opportunities for shipowners utilizing *competitively-priced* U.S.-built ships.

While these might appear at first blush to be impossibly visionary goals for Title XI as we have known it, the fact is that the common sense recommendations in the attached proposal are highly practical, can be implemented within the existing authority of the Secretary of Transportation, and require no appropriations to launch the program and gauge its effectiveness.

Equally important, this "new paradigm" Title XI can be applied immediately, and to an existing and fully developed American-flag project, to gain access for Americans to the rapidly expanding U.S.-based cruise market from which American-flag ships have been excluded for decades by reason of the severely and unfairly tilted playing field that favors the dominant foreign-flag fleets (detailed in the enclosed documents).

Both the philosophy and the specifics of these recommendations follow the

Honorable Mitchell E. Daniels, Jr.
Honorable Lawrence B. Lindsey

- Page 2 -

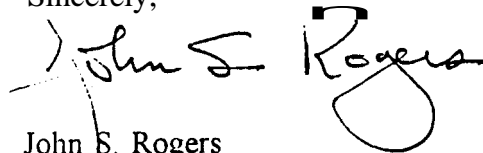
principles of the **President's Management Agenda** (e.g. performance- and results-oriented, citizen-centered, market-based) and the current **Federal Regulatory Reform** initiative's call for "smart regulation, quality regulation."

We suggest that implementation of this program with the Maritime Administration, with its potential for instilling a culture of economic growth, also would serve as a high-profile example and prototype for other government agencies.

Given the immediate practical opportunity which is presented, and the tangible benefits which would accrue from application of administration policies in these respects, we urge that representatives of the administration, through the good offices of OMB and NEC, meet with World City and representatives of the team of leading American companies committed to the American Flagship Project ("Team America", White Paper, page 10) so as to gain a detailed understanding of the program, the project, and the potential, and to assist in bringing about the necessary regulatory adjustments to achieve these goals — and seize sizable market and industrial opportunities — on an expeditious basis.

With thanks for your consideration, and with best wishes,

Sincerely,



John S. Rogers
Chairman & Chief Executive Officer

cc: Dr. John D. Graham, Administrator,
Office of Information and Regulatory Affairs,
Office of Management and Budget
Mr. James Carter, Associate Director,
National Economic Council

A new paradigm for Title XI...

A sea change for American maritime policy...

*“What we ought to do is
make those programs that exist
work better.”*

President George W. Bush

Specific adjustments to maritime policy and procedures to

- **access major untapped markets for American-flag ships**
- **create a new industry for Americans**
- **generate genuine economic growth**

Strategic policy objective

- to create an American-flag cruise industry:
- to capture a share of the **\$12-billion** a year cruise market revenue stream dominated for years exclusively by foreign-flag cruise **fleets** catering primarily to American passengers and operating tax-free in **U.S.** markets with subsidized ships and cheap labor; and
- to create jobs, profits, investment, productivity, fiscal returns, and trade benefits...i.e. genuine economic growth.

Private sector building blocks

- revolutionary American cruise ship designed to serve multiple markets - **DONE** (see *White Paper, pages 5-6*)
- innovative methodology for **U.S.** construction at competitive cost - **DONE** (see *White Paper, pages 7 & 10*)
- team of American organizations with required skills and resources - **DONE** (see *“TeamAmerica - Partners for Economic Growth”, white Paper; page 10*)
- committed American investors and risk equity - **DONE**

Needed: public policy reform

Six practical adjustments in maritime policy and procedure, all of them within the existing authority of the Secretary of Transportation, will

- transform Title XI into a market-driven tool for building an American-flag cruise industry;
- reduce government risk while generating economic growth and fiscal returns;
- defer and significantly reduce cost, budget, and appropriation requirements;
- respond to criticisms of the loan guarantee program by eliminating any “subsidy” or “corporate welfare” component; and
- advance a variety of additional national policy objectives.

Industry case study — Economic growth through policy reform

The cruise market: See the **Box Score** on America’s 30 years of missed opportunities — **and** our clear and present potential for economic growth through fiscally sound maritime policy reform.

*From the World City White Paper of
December 6, 2001:*

**Prototype Projects for Economic
Growth — On growing the economy
in a time of national crisis —**

*“...an entrepreneurial pro-growth
strategy on the part of the
U.S. Maritime Administration should
address the value and usefulness
of the Title XI loan guarantee program
not simply in terms of ship building,
but also industry building...”*

*“...MARAD should look to the Title XI
program’s broader potential for
facilitating access to new markets
for American shipowners and
investors, American workers, and
American suppliers.”*

**TITLE XI REFORM —
a pro-growth agenda for U.S. maritime policy & procedure**

**Title XI —
A program under siege**

Title XI, the long-standing government guaranteed loan program to aid in the financing of commercial ship construction, has been zeroed in recent federal budgets, only partially funded by Congress, and all but shelved in the wake of several high-profile defaults and complaints that the program amounts to unwarranted “corporate welfare” for American shipbuilders.

As a result, the nation **has** been unnecessarily deprived not **only** of the useful and self-sustaining function that Title XI has performed for more than 60 years, but the only program with the potential to help level the playing field for American-flag shipowners against heavily subsidized foreign-flag competition and, specifically, the opportunity now to access a major market that could uniquely generate significant economic growth for the nation in jobs, investment, trade balances, and ~~tax~~ revenues.

The root of the problem

1. Loss of focus: Both **supporters** and critics of the program, including political and industry advocates for the shipyards, fail to recognize that Title XI’s historic and primary purpose is as a financing device for American-flag shipowners, with **U.S.** shipbuilders benefitting insofar **as** ships are ordered for economically sound projects in viable markets.

2. Skewed sequencing: The sequencing of the current process governing Title XI is stacked against approval of projects most likely to

- access, and even create, major market opportunities,
- establish new lines of industrial activity,
- maximize contribution to economic growth, and therefore
- **minimize risk.**

3. Blind funding: Additionally, under the current process, Administration budgeting and Congressional appropriations effectively involve issuance of a blank check for loan guarantees for **future** unspecified projects, without any quantification or assurance **as** to risk, or national “return on investment” in terms of fiscal benefits or economic growth.

**The solution:
refocus, reform, and
re-sequence**

A. Policy: Precedence should be given to the original core purpose of the loan guarantee program: assistance to place shipowners on a par with larger corporations in financing ship construction to address sound commercial market opportunities.

In the words of the Maritime Administration (MARAD) [60 Fed. Reg. 20592]:
‘The Title XI program enables applicants to obtain long-term financing on terms and conditions and at interest rates comparable to those **available to** large corporations. Funds secured by the obligation guarantees are borrowed in **the** private sector.’

This function is indispensable where achievement of national economic goals — **as** in the case of access to the largest maritime market opportunity before America today, the cruise market — necessarily depends on start-up companies and substantial **amounts** of capital.

B. Procedure: The **six adjustments to maritime policy and procedure** listed on the following page — **all** of them within the existing discretion and authority of the Secretary of Transportation, and pertaining primarily to a re-sequencing and prioritization of existing elements in the Title XI process — **would** restore Title XI **as** a fiscally sound and viable instrument for the expansion of the **U.S.** merchant marine, creation of a market-driven American-flag cruise industry, and contribution to genuine economic growth.

**A record of 30 years
of lost opportunities for America...
and a measure of
present and future possibilities
for an *American-flag* cruise industry**

Cruise Industry Box Score 2002

North American cruise market (estimate as of 4/1/02)

	Foreign-flag	American-flag
Ocean-going cruise ships:	146	0
Annual revenues:	\$12,000,000,000 ¹	0
% paid by American passengers:	90% ²	0
Passengers carried annually:	7,500,000 ³	0
New ships delivered in 2001:	16 (cost \$4.6-billion)	0
Cruise ships on order:	45 ⁴	0
Annual rate of market growth:	8% ⁵	0

¹ This revenue stream is larger than the box office of the entire U.S. motion picture industry; and exceeds the combined "gate" of major league baseball, football, basketball, and hockey.

² The flow of American passenger dollars to foreign ships ranks the foreign-flag cruise industry in the ten top contributors to America's record trade deficits, alongside Japan, China, Canada, Mexico and Germany.

³ ...and climbing. Larger than the entire adult population of Los Angeles, Chicago, Houston, Boston, Washington, Honolulu, and Miami — combined.

⁴ Including mega-ships, one of which (at 150,000 grt) will be the largest passenger ship ever built.

⁵ A rate of growth faster than that of any other leisure, travel, or hospitality industry.

SIX STEPS TO A NEW PARADIGM FOR TITLE XI
all within the existing authority of the Secretary of Transportation

**Focus on
market-driven growth**

1. Prioritize projects according to contribution to market-driven economic growth in investment, jobs, and tax revenues, and to other policy goals (step 4 below). Require an Economic Growth Impact Statement.

Revise sequencing

2. Reverse sequence of steps for large projects meeting economic growth criteria: **First - Commitment:** based on a detailed preliminary showing, the applicant receives a conditional Letter Commitment for issuance of a loan guarantee upon strict compliance with specified technical, contractual, and economic criteria — rather than requiring applicant to bear the cost of fully establishing more burdensome criteria up front without any assurance of ultimate approval; **Second - Compliance:** the Government's unconditional commitment would thereafter become effective upon issuance by the Secretary of a "Letter of Compliance" (formalization of a step already contemplated by the regulations'); and **Third - Funding:** Congressional funding under the Credit Reform Act would be made on the basis of fully approved projects — not unlike defense appropriations for weapons systems — rather than as blind funding for unspecified future projects (alternatively, defer "scoring" against prior appropriations to issuance of the "Letter of Compliance").

**Require cost
competitiveness**

3. Prevent use of Title XI as a "subsidy" for shipyards by requiring that ship construction cost (a) be proved by executed contracts as a condition to issuance of the "Letter of Compliance" (as opposed to permissible use of estimates under existing regulations); and (b) qualify for a guarantee (i.e. up to **87.5%**) only to the extent that the construction cost is competitive (e.g. based on a formula for comparison with European yard costs, but exclusive of direct and indirect foreign subsidies)².

**Incorporate parallel
national policy goals**

4. Require applicant impact statements detailing the extent of project contributions in areas such as strengthening the industrial base, energy conservation and alternative sources, and environmental protection; Require agency showing of compliance with the criteria of the **President's Management Agenda** (performance and results-oriented, citizen-centered, market-based, and cooperative spirit of public-private partnership), and **Federal Regulatory Reform** ("smart regulation, quality regulation," elimination of barriers to job creation).

**support
complementary
policies
and legislation**

5. The Department of Transportation and MARAD should promote maritime policy and legislative initiatives, within the administration and with Congress, that enhance U.S. markets for American products (e.g. for an American-flag cruise industry: enforcement of antitrust laws against concentration in foreign-flag fleets, strict enforcement of coastwise laws [the Passenger Vessel Services Act] to curtail foreign-flag encroachment in protected domestic markets, and changes in laws on depreciation, and on tax deductibility for shipboard meetings). See *White Paper, pages 11-12*.

**Advocate non-federal
contribution to cost
of Title XI**

6. Endorse an amendment to appropriation legislation (ruled budget neutral by the Congressional Budget Office) to reduce the cost of the Title XI program by allowing contributions from other sources to supplement federal appropriations.

¹ 45 CFR Sec. 298.2(n): "Letter Commitment means a letter from the Secretary to an applicant...stating the Secretary's commitment to execute Guarantees, subject to compliance with any conditions specified therein." Such conditions subsequent are commonplace in Title XI practice.

² This change will be a corrective to administration criticism of the program as "corporate subsidy", and to Senator John McCain's charge, in a letter to President Bush that U.S. shipyard effectiveness has been "all but lost due to a dependence on government programs that do not foster a progressive, competitive attitude in what has clearly become a global market."

Economic growth through maritime policy reform — An Industry Case Study

“Increasingly, cruise ships are coming home. Fed by the industry’s enormous success, as well as Americans’ post-September 11 desire to stay closer to home, more ships than ever are calling on American ports.”

*Christian Science Monitor
April 4, 2002*

There is no more promising or potentially rewarding area of opportunity for America’s maritime industry — or for harnessing regulatory reform in the interest of economic growth through investment, job creation, and fiscal return — than the immensely popular cruise market dominated for decades by a foreign industry.

Here is a market on our own shores, attracting American customers by the millions to a steadily growing fleet of ever-larger foreign-flag cruise ships operating tax-free out of U.S. ports with the additional benefits of construction subsidies, low cost labor, and other unfair competitive advantages over U.S. companies — ships which increasingly encroach even into domestic markets supposedly reserved to American-flag ships.

An industry “score card” for this rapidly expanding U.S.-based market offers stark testimony to 30 years of extraordinary foreign-flag growth, and 30 years of lost opportunities for America — but equally compelling evidence of present and future possibilities for America if the competitive imbalance is constructively addressed.

Current box score

*(See insert for
detailed box score)*

<i>North American cruise market</i>	<i>Foreign-flag</i>	<i>American-flag</i>
<i>Ocean-going cruise ships:</i>	<i>146</i>	<i>0</i>
<i>Annual revenues:</i>	<i>\$12,000,000,000</i>	<i>0</i>
<i>% paid by American passengers:</i>	<i>90%</i>	<i>0</i>

By facilitating favorable commercial debt financing for economically sound, market-driven projects, Title XI loan guarantees offer American companies seeking to claim a share of the booming cruise market a means with which to at least partially level the competitive playing field and get on the scoreboard.

While Title XI as currently administered is not suited to encouraging innovation, risk-taking, and investment by start-up American companies desiring to enter the lists for the American flag, the foregoing adjustments in the administration of the program would open the door to new market opportunities and creation of a new industrial sector for Americans, while at the same time maximizing likelihood of project success, minimizing risk of default, and contributing to genuine economic growth.

A case in point... and at the ready

Applying Title XI reform to a Letter Commitment for the American Flagship project (see *White Paper, pages 7-10*) would result in:

- the launch of an American-flag cruise industry and a series of mega-ships to serve multiple U.S. markets
- \$1.5-billion per ship in construction
- innovative U.S. production methodologies
- competitive construction cost
- 10-million work hours per ship
- thousands of American suppliers
- 2,600 onboard jobs per ship
- \$4.5-billion in taxes per ship over the life of the commercial Title XI-backed debt financing.

On growing the
economy in a time of
national crisis...

Prototype Projects for Economic Growth

*“America is successful because
of the hard work and creativity
and enterprise of our people.*

*They were the strengths of
our economy before
September 11 and they are
our strengths today.”*

*“We will come together
to take active steps to
strengthen America’s economy
and put our people
back to work.”*

*George W. Bush
President of the United States*

A market-driven initiative for the Executive Branch to harness existing agency resources and programs, access expanded market opportunities for Americans, and, in tandem with private enterprise, generate genuine economic growth through:

- *new investment in plant and equipment,*
- *expansion of the employment base*
- *increased productivity,*
- *bolstered public confidence and pride, and*
- *long-term fiscal returns and budget surpluses.*

**A plan of action
and case study...**

*"Look at the government programs
that already exist. We don't have time
to try to invent new programs.
What we ought to do **is** make those
programs that exist work better."*

President George W. Bush

Table of Contents:

- 3 Leading by example**
- 4 A Case Study**
- 5 Obstacles to growth**
- 6 America's opportunity**
- 7 Blueprint for industry-government collaboration**
- 8 American products, technology, and jobs**
- 10 Team America**
- 11 Check-list for a pro-growth strategy**
- 12 Foreign-flag camels in America's tent**
- 13 Learning from program failures**
- 15 Terrorism and tourism**

Leading by example: **Action plan for a pro-growth administration**

The means: Utilize existing resources of Administration departments and agencies — "...make those programs that exist work better."

In the war against terrorism, and the need for economic stimulus and growth on the home front, the Administration has an *arsenal of weapons* at its immediate disposal:

- an array of programs,
- an army of experienced administrators, and
- billions of dollars of available non-defense discretionary budget authority.

Properly focused and prioritized, these resources can, in tandem with the private sector, generate specific projects that will result in new **investment**, an expanded **job base**, enhanced **productivity**, a larger **tax base**, and long term **fiscal returns**, ...

and also provide a psychological boost to **public confidence and pride** and send a clear signal to friend and foe that **America is back in business**, undeterred by terrorist threats.

The process: Instill a culture of economic growth.

Establish an *Administration-wide* focus and mind-set by:

- expanding the President's Management Agenda (promulgated in August 2001 for all departments and agencies) by adding *contribution to economic growth* as a program management objective;
- and nominating in each department and agency an *Officer for Economic Growth (OEG)*, charged with identifying, developing, and fostering, wherever possible and appropriate, policies, programs, and projects that will contribute to national economic growth. (The OEGs could report directly to the Office of Management & Budget, in keeping with the President's Management Agenda, and participate jointly in a new multi-agency Task *Force for Economic Growth*).

The opportunity: Market growth potential in U.S. government agencies.

The following pages offer a representative *Case Study* of one government agency and its potential for contributing to significant economic growth by assisting American industry in gaining a share of a multi-billion dollar market for American companies, workers, and products.

A role for government agencies in the drive for growth in a market economy

Creation of market opportunities for Americans is the surest road to genuine economic growth. It is markets that drive the economy, spur entrepreneurs, attract investment, reward work, stimulate productivity, create jobs, and generate budget surpluses. Government agencies — with funding already in the pipeline — can play a constructive supporting role with the private sector in this market-driven process.

Government departments and agencies, their programs, projects, and budgets — properly focussed and directed — represent a powerful economic engine with their own significant potential for contributing to expansion of market opportunities for Americans and national economic growth.

CASE STUDY Building an American-flag cruise industry

Relevant Government Agency:

■ The U.S. Maritime Administration (MARAD), Department of Transportation

Part I: The challenge:

Objective:

To claim for American industries and economic growth a share of the \$12- billion a year ocean-going cruise market — the fastest-growing segment of the travel and leisure market, itself the third largest retail industry in the United States — which has been dominated for more than thirty years by foreign-flag cruise fleets, to the exclusion of American ships, crews, and affiliated industries.

Background:

The Core Market — The North American cruise industry of foreign-flag fleets has been growing for years at an annual rate of not less than 8% per year, and (prior to the economic and psychological impact of September 11) was generating revenues at the rate of almost \$12-billion a year (an amount greater than the annual box office of the entire U.S. motion picture industry and the combined “gate” of America’s top four major league sports).

While an estimated 90% of these revenues are paid by American passengers sailing from U.S. ports, they are carried on a continually expanding fleet of cruise ships which are

- foreign-built
- foreign-flag,
- foreign-staffed, and
- among the top ten contributors to America’s record trade deficits.

In recent years, this foreign-flag fleet has swelled to what will soon total 200 ships targeting a cruising public of over 7-million passengers annually, most of them Americans.

Obstacles to economic growth: the tilted playing field

The foreign-flag cruise fleet operates in the U.S. leisure and travel marketplace with almost unbeatable competitive cost advantages over American-flag ships — and over every other American hotel, resort, and conference facility for that matter:

★ capital construction costs heavily subsidized by foreign governments;

★ freedom from payment of U.S. corporate and payroll taxes;

★ operation with low cost foreign labor, free of minimum wage, immigration, and costly U.S. workplace rules;

★ freedom from stringent U.S. safety and environmental regulations by operating ships under flags of convenience such as Panama, Liberia, and the Bahamas.

As a result, these foreign cruise lines have amassed huge cash surpluses with which they fund the further competitive advantages of corporate consolidation and reinvestment in new ships to gain ever-greater market share.

A prime example of the consolidation and resulting competitive advantage that money can buy after thirty years of foreign-flag operations in America, free of U.S. taxation, Carnival Corporation now owns not only Carnival Cruise Lines, but also Cunard Line, Holland America Line, Costa Cruise Lines, Seabourn, and Windstar, operating a total of 46 cruise ships and generating annual revenues approaching \$44 billion — with 16 new ships on order costing almost \$7-billion

Growth projections: — Although near term cruise industry results have been set back, at least temporarily, by the events of September 11th, pre-September projections reflect the long-term potential of the cruise industry once American travel and leisure habits return to normal:

■ Although American passengers represent the backbone of the market, and as much as 90% of North American passenger volume, only **5%** of the population with the means to take a cruise has ever opted to do so.

■ Industry surveys (which have been fairly consistent barometers of industry growth) indicate that 68.8-million Americans are “interested” in taking a cruise within the next five years, and 43.5-million will “definitely” do so.

■ Putting their money where their projections are, foreign-flag cruise companies have ordered construction of a total of **58 additional** cruise ships in foreign shipyards (almost a 30% increase in the current fleet) — some as large or larger than any ever built — at a cost of **\$18.5-billion** (not counting construction subsidies from foreign governments, which clearly value the economic benefits for their industries and labor force of the booming cruise industry).

■ Cumulative cruise industry revenue for the next five years (through **2005**) is projected to be **\$85-billion**, an average annual increase of 30% over 2000 revenues.

Millions of American passengers, but no American ships: In short, one of America’s largest leisure and travel industries — except for the fact that it isn’t American — is effectively the exclusive domain of foreign interests, and the United States, while benefitting in a number of respects from this industry (e.g. port fees, travel agent commissions, air travel, and a portion of provisioning) receives almost none of the economic **benefits** to be derived from the construction and staffing of the growing fleet of ships **servicing** that overwhelmingly American passenger base and generating the resulting billions of dollars in annual revenues and enormous trade deficit.

The roots of foreign-flag dominance of the cruise market (one could accurately say monopoly) — and the total absence of American ships (except for a limited presence in the restricted Hawaiian market, which now has also disappeared) — can be traced back more than thirty years to the decline of ocean passenger transportation and the conversion and construction of ships by enterprising foreign shipowners to serve the fledgling leisure cruise concept. To their credit, over the ensuing years, utilizing largely subsidized ships (most of them flying flags of convenience, such as Liberia, Panama, and **Bahamas**), low-cost non-U.S. labor, and the ability to operate out of American ports free of U.S. taxation, they created a dynamic new American market: today’s highly effective, popular, and profitable cruise industry. During that same period, America largely abandoned commercial shipbuilding in its major yards in favor of military work, **terminated** construction and operating subsidies, and its principle shipyards gradually lost their commercial edge in favor of the high-tech expertise required for defense contracts.

The United States has not built a major ocean-going passenger ship in half a century and, having lost its skills in this field, no U.S. yard can, by itself, enter this market successfully. A “team approach” is needed — one which, as described below, will draw on the skills and resources of commercial shipbuilders, hotel and resort contractors, and

offshore facilities with expertise in complex outfitting and sophisticated erection and launching techniques.

America's opportunity:

On the **supply** side, using this "team approach", American builders can narrow the **cost gap** between **U.S. and** foreign-built ships, while producing an even better product. It should be remembered that, in the military field, Americans have built the most advanced ships in the world, and American contractors have built or managed the construction of an estimated **75%** of first-class hotels and resorts worldwide, using American construction know-how, technology, and innovation.

Bonus markets for Americans — In terms of **demand**, American-flag cruise ships built to serve the \$12-billion a year core cruise market also will be positioned to establish and serve two supplemental, and potentially even larger markets reserved by law to U.S.-built and-registered ships:

- **the \$80-billion** a year meeting and conference market, driven by tax deductibility available only on American ships; and
- **the \$100-billion-plus** domestic coastwise leisure, vacation, and tourism markets.

Operating in these domestic markets, U.S.-built, American-flag passenger ships alone would have the ability to perform itineraries that access:

- **25** major metropolitan areas;
- 12 of America's top 15 tourist destinations;
- a population base of over 100-million people along America's 11,000-mile coastline who live within an hour's drive of a point of boarding American-flag ships.

But even with achievement of **efficiencies** in both production and operation, and access to supposedly protected domestic markets, (see "**Foreign-flag camels in America's tent**", page 12), **the** powerful competitive advantages of the foreign-flag fleets (see box, "**Obstacles to economic growth: the tilted playing field**", page 5), translate into an ability to offer significantly lower prices for foreign product at passengers' point of purchase, and will continue to bar entry into the marketplace by American-built ships and American employees absent (a) additional concerted steps to at least partially level the competitive playing field, and (b) introduction of new, next-generation, highly differentiated, multi-market hospitality products to compete with the highly successful foreign-flag fleet of conventional cruise ships.

CASE STUDY Part II — The rewards:

Measures of economic growth:

Creation of an American-flag fleet capable of capturing a portion of the billions paid by the American cruise-going public, as well as segments of the meeting market and the general leisure travel market, would generate economic growth across a broad cross-section of the U.S. industrial and employment base, from builders, to suppliers of countless components (see *partial list of construction requirements listed in the American flag, pages 8-9*), to seagoing personnel, to coastal ports and destinations, to state and federal tax revenues.

**A case in point:
America World City -
The Westin Flagship ...
a prototype project for
economic growth**

★ 3-million sq. ft. floating resort and conference center — an American-flag city at sea — 255,000 gross tons, 6,200 guests

★ highly-differentiated hospitality product designed to appeal to three distinct markets (cruise, meetings, coastwise general leisure travel)

★ dedicated space and facilities for meetings and conferences comparable to major land-based hotels and resorts

★ coastwise itinerary; check-in/check-out; four 400-passenger daycruisers docked inside the ship's internal marina for ease of access to even the smallest coastal destinations

★ fully developed, contract-ready; fulfills all U.S.C.G. and ABS rules and regulations

★ global forum, university at sea

★ internationally competitive price and schedule for construction in the U.S., utilizing a 'virtual shipyard' to harness core competencies of shipyards, hotel contractors, and the U.S. offshore industry (See "Team America", page 10)

★ \$1.3-billion Financial Protection Program to guarantee the government that the vessel will be built on time and on budget

★ highly competitive debt service ratio and breakeven load factors

★ highest environmental standards

★ National defense — U.S. Military Sealift Command has confirmed the "strategic mobilization value" in future contingencies, and stated that the vessel could "easily support expansion into hospital ship and troop Carrier models"

The tangible benefits and measurable economic growth from creation of an American-flag cruise industry are illustrated by the results that will flow from just *the first* in a series of next-generation "city-ships" now ready for production under the American Flagship Project as described in Part III of this Case Study, *America World City - The Westin Flagship*:

- up to **\$1.5-billion** in construction, outfitting, and supplies *per ship* for U.S. companies;
- over 10-million work hours *per ship* for U.S. workers;
- construction contracts *per ship* worth **\$500-million** for the State of Florida; \$350-million for the State of Mississippi; \$250-million for the State of Texas; \$150-million in additional components, systems, and supplies procured from virtually every state in the union;
- **2,600** onboard jobs *per ship* for American officers, crew, and staff;
- over **\$4.5-billion** *per ship* in direct tax revenues over the life of a federal loan guarantee (requiring a set-aside of approximately \$50-million under the Credit Reform Act. matched by a **\$65-million** guarantee fee paid by shipowner)
- Over **\$300-million** in maintenance and repair contracts over the life of each ship;
- operating on coastwise itineraries out of Port Canaveral, Florida, in the winter months and New York in the spring and summer, the estimated *annual* impact on U.S. ports and coastal communities is over **\$500-million**;
- new levels of productivity and competitiveness for U.S. maritime industry from the "virtual shipyard" approach to production of passenger ships;
- balance of trade: start the process of reversing the record multi-billion dollar **drain** from American passengers to foreign-flag cruise ships;
- the psychological boost to public confidence from the nation embarking on an optimistic, forward-looking, entrepreneurial project, involving a cross-section of American industry, to claim for Americans a role in a major high-profile market.

CASE STUDY: Part III — The solution.

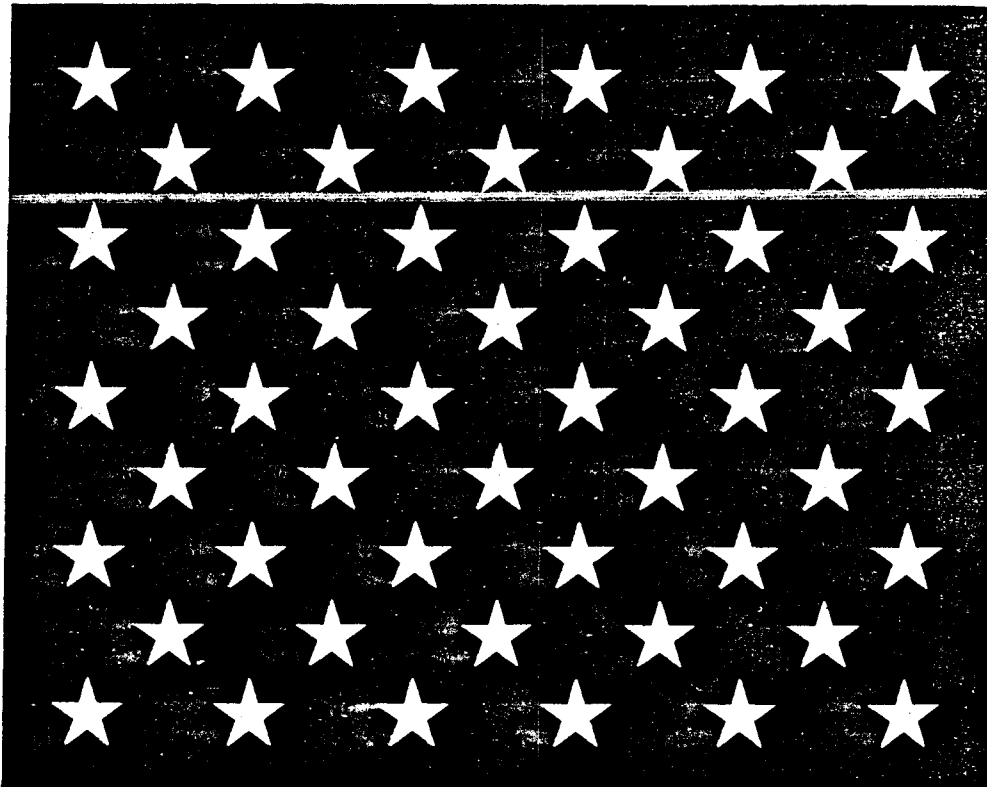
Blueprint for industry-government collaboration:

- Maximize markets
- Reduce the cost advantage of foreign competitors

The industry role:

Design to market: Develop a fleet of American-built ships specifically designed to serve multiple markets: the **\$12-billion** U.S.-supported cruise market; and two markets reserved by law to U.S.-built and -registered ships: the **\$80-billion** a year tax-deductible meeting market and the **\$100-billion-plus** coastwise vacation, leisure, and tourist market.

**American products, technology and jobs...
for a fleet of next-generation
American-flag cruise ships...**



structural systems/conveyors/elevators/escators/electrical installations

anchors/winch systems and machinery/plexiglass/moldings/trial and commissioning

meters/welding equipment/lifeboats/life rafts/compressors/air conditioning systems/laminates

shelves/paints/interior finishes/power switches/nuts/bolts/rivets/railings/cleaners

control panels/weighing devices/batteries/marine compasses/clocks/recording equipment/furniture, fixtures and equipment for 2,800 guestrooms and 1,800 staff desks/television sets/VCRs/wall coverings and coatings/moldings/mirrors/shower curtains/mini bars/toilets/bathtubs/shower stalls/Jacuzzis/saunas

tops/lamp shades/sculpture/plants/planters/brass railings/track systems/panels/antiques/grill work/valances/coffee tables/pottery/hutches/sidings/benches/chaises/murals/mosaics/Trompe L'Oeil/paintings/etchings/woodwork/equipment/pianos/organs/luggage carriers/deck chairs/umbrellas/office

banquettes/food processing equipment/furniture, fixtures and equipment for theatres/theatre seats/wall panels/banquet tables and chairs/podiums/communication systems/freezers/ovens/steamers/broilers/slicers/fire protection systems/utility distribution systems/wine cellar/uniforms/towels/bed and table linen/china/glassware/tableware

fabricated stateroom panels and components/heat exchangers/tank **sys-**
chometers/robotics/hydraulic and pneumatic equipment and systems/
s/wastewater treatment/power generation, transmission and distribution/
on/environmental systems/cables/cords/**capacitators**/hawsers/chains/

windlasses/plumbing/heating/industrial safety/circuit boards/**communi-**
tion equipment/stabilizers/alarm, fire and sprinkler **systems**/**plate glass**/
rubber/fiberglass/metal **stampings**/**ventilation** and air conditioning/**indus-**
trial insulation/acoustical tiles/**laundry** equipment/automation systems/

ipment/four 400-passenger highspeed daycruisers/twenty 400-passenger
/rescue **boats**/**lifesaving** equipment/**13** swimming pools/gangways/
ights/**doors**/windows/portholes/**air**, water and oil pollution prevention
/sheet metal/**precision metal fabrications**/**lockers**/partitions/cabinets/

l plastic coatings/resins/propellers/shafts/**ductwork** and piping/relays/
rdders/boat hoists/printing machinery/computer equipment/awnings/
asteners/steel tubing/manipulators/**signage**/gears/**dehumidifiers**/**stairs**/
quipment/turbines/transformers/gaskets/leak testing equipment/lasers/

ing machinery/locks/**industrial** cleaning/beauty and barber **equipment**/
bins including 8,000 beds/**rugs**/**carpeting**/chandeliers/tables/lamps/
aucets/telephones/curtains/draperies/bedspreads/fabrics/nightstands/
nities/luggage racks/**artwork**/**lighting fixtures**/**tiles**/**towel racks**/**counter**

ms/entertainment units/**armoires**/**dressers**/**veneers**/**cornices**/**wall**
boards/tapestries/wallites/sconces/consoles/sofas/blinds/stanchions/
k/**signage**/decorative surfaces/recreational, sports, exercise and fitness
achinery and equipment/dining tables and chairs/bar systems/trolleys/

000 square feet of dedicated convention and meeting space including 2,500
audio-visual and display systems/television broadcast studio/refrigerators/
tion systems/**work** tables/floor grates/beverage **dispensers**/**banquet carts**/
oftware/**cutlery**/**flags**/**ropes**/medical equipment/lifejackets/display cases

"Team America" for the American Flagship project

**Organized, onboard, and
"ready to roll"**

★ The "virtual shipyard": a
unique consortium of

the nation's largest
commercial shipbuilder: Friede
Goldman Halter (Mississippi);

a leading builder of offshore
rigs with extensive commercial
experience in complex assembly,
outfitting, and erection/launching
techniques: Kiewit Offshore
Services (Texas);

America's #1 construction
company and hotel builder: Centex
Construction (Texas and Florida);

coordinated by a unique
Central Planning & Design Center
(Texas and Florida);

★ top U.S. resort planners and
interior designers, Wimberly
Allison Tong & Goo (California)
and Wilson & Associates (Texas);

★ cross-disciplinary U.S. Coast
Guard and ABS "tigerteams";

★ marketing and five-star hotel
management by Westin Hotels &
Resorts (a division of Starwood
Hotels & Resorts Worldwide, the
world's largest hospitality
company);

★ participants in Young
Professionals Program™: four-year
hospitality universities across the
nation;

★ base ports: Port Canaveral,
Florida, and New York, NY,

★ Financial Protection Program
Marsh & Co., world's largest
insurance brokers;

★ A collaborative of Fortune 500
companies providing technical
expertise and major product lines,
including GE, Caterpillar, Du Pont,
AT&T, 3M, United Technologies,
COMSAT, USG, and Alcoa

Building on a next-generation cruise ship concept conceived by a pioneer of the modern cruise industry, the inspired designs of one of the world's foremost cruise ship architects, and an investment in the tens of millions of dollars, the American-owned, New York-based company World City America Inc., working with participants from across the spectrum of American industry over a period of more than ten years, has developed a major project (the American Flagship Project, see "A case in point", page 7) to enter these cruise and related markets on a cost-effective, competitive, and market-driven basis that will generate significant benefits and economic growth for the U.S.

Production economies: A unique "virtual shipyard", combining a cross-section of American industrial skills and resources according to core competencies, has been assembled for the modular construction of *America World City - The Westin Flagship* at a guaranteed maximum price competitive with construction costs in foreign shipyards. (See box: "Team America")

Operating economies: An innovative "Young Professionals Program"™, developed in conjunction with American hospitality universities, provides degree-related onboard training for university interns and will ease the cost burden of manning requirements for U.S.-flag operations, while guaranteeing the highest level of service available in the hospitality industry — on land or sea.

The government role:

A pro-growth market strategy for MARAD and a new paradigm for Title XI:

The Title XI loan guarantee program administered by the U.S. Maritime Administration (MARAD) — which affords shipowners the opportunity to secure a significant reduction in financing costs through federal loan guarantees for up to **87.5%** of the cost of ship construction and amortization for as long as **25 years** — is the principle device available to American shipowners to at least partially offset the cost advantages enjoyed by foreign competitors.

As such, it should be recognized that Title XI is not, as some critics assert, a "subsidy" or "corporate welfare" for U.S. shipbuilders, but, rather, an aid for U.S. shipowners to secure financing and to claim market share against entrenched low-cost foreign competition. In fact, misguided efforts to utilize the otherwise self-financing program for the benefit of shipyards resulted in the program's relatively few failures in recent years (see below, "Learning from program failures").

Given the market opportunities for American shipowners and for the nation to create a new American-flag cruise ship industry to serve multiple markets and generate significant economic benefits and growth, the Title XI program should be re-directed to achieve those results — not abandoned or phased out.

To that end, and totally consistent with criticisms levelled at imprudent applications of the program in the recent past (including an ill-considered American-flag cruise ship project discussed below), the Administration could appropriately establish a new paradigm for Title XI by recognizing and harnessing the program's far-reaching potential as an effective tool in its campaign for economic growth. Under the new paradigm.

available Title XI funds should be channeled solely to market-driven projects that will produce demonstrable economic growth and fiscal returns for the nation.

In short, an entrepreneurial pro-growth strategy on the part of MARAD should address the value and usefulness of the Title XI program not simply in terms of *ship* building, but also *industry* building. Instead of focussing narrowly on a series of ship construction projects on a case by case basis, **MARAD** should look to the Title XI program's broader potential for facilitating access to new markets for American shipowners, American workers, and American suppliers.

The following is a check list for a pro-growth strategy for MARAD and a new paradigm for the Title XI program:

Pro-growth checklist:

- Focus available funding on projects which contribute to economic growth through expanded markets for Americans, and thereby also enhance the economic soundness of the projects themselves and generate fees and fiscal returns that will more than repay the cost of Title XI.
- As to certain of the conditions for receiving a loan guarantee, permit that an applicant's compliance be determined prior to issuance of the loan guarantee itself, rather than as a condition to receiving the initial Letter Commitment. This revised sequencing of an applicant's compliance with applicable criteria (an approach which the Secretary of Transportation may adopt under the regulations) would assist industry in undertaking and realizing more challenging, market-expanding and pro-growth projects at no increased cost or risk to the government.
- Give preference to projects which advance productivity in ship production and which utilize American products, services, and technology.
- "Score" a loan guarantee (i.e. the establishment of a set-aside of appropriated funds equal to a percentage of the amount of the guarantee, as required by the Credit Reform Act) at the time of the issuance of the loan guarantee itself, rather than at the time of issuance of the initial Letter Commitment. **This** is particularly important for larger projects which will have a larger positive impact on the economy, but which also require larger set-asides of appropriated funds which are less likely to be available and in hand until there is a demonstrated need for same in the form of approved projects.
- Fully implement the principles of the President's Management Agenda, **2001**, including application of criteria re. "citizen-centered, not bureaucracy-centered". "results-oriented", "market-based ... innovation through competition", and "Freedom to Manage: ...relieving Departments of costly, inefficient regulations".
- Support policy or legislative initiatives to:
 - strictly enforce the letter and the intent of the Passenger Vessel Services Act, which reserves performance of **U.S.** domestic coastwise itineraries to U.S.-built American-flag passenger ships, by including "tourism" within the scope of that Act (see below: "*Foreign-flag camels in America's tent*").

- allow non-federal funds to contribute to the set-aside for Title XI loan guarantees, supplementing appropriated funds;
- remove the “once per year” limit on U.S. taxpayers’ deductibility of otherwise deductible meetings and conferences held on American-flag passenger ships;
- allow foreign port calls for American-flag ships holding tax deductible meetings;
- repeal the **\$2,500** business tax deduction limit for conferences and conventions held on American-built, American-flag passenger ships.

**Foreign-flag camels
in America’s tent**

For the past hundred years, foreign-flag cruise ships have been steadily encroaching into American domestic markets supposedly reserved by law to U.S.-built and -registered ships under the Passenger Vessel Services Act (PVSA).

What started as a camel’s nose in Uncle Sam’s tent (with a ruling by the Secretary of Commerce in 1910 that on a round-the-world voyage from New York the discharge of passengers at San Francisco was not domestic commerce prohibited by PVSA, but only “a mere incident” on a voyage visiting seventeen foreign ports), expanded gradually into tourism voyages along the U.S. coastline (such as “Fall foliage” tours from New York to multiple New England ports, ending in Halifax, Nova Scotia), in which U.S. tourism — not the voyage to the foreign port — is the commercial activity being engaged in.

The whole camel has now found its way into the tent, using the same “foreign port” rationalization, with year-round Hawaiian itineraries being advertised for a brand new, state-of-the-art, 91,000 gross ton, 4,000 passenger, Panamanian-flag, Malaysian-owned cruise ship, enjoying all of the competitive tax and cost advantages of the tilted playing field, based in Honolulu, calling at four major Hawaiian islands (including both the starting and end points of the voyage), offering 23 Hawaiian shore excursions and eight Hawaiian dive programs, and escaping the reach of PVSA under U.S. Customs’ interpretations by sailing to and calling for eight hours at the sparsely populated Fanning Island in the Republic of Kiribati.

Clearly, no American-flag operator, hiring U.S. employees, meeting all U.S. environmental, safety, and workplace requirements, and paying U.S. taxes, could ever serve this supposedly protected U.S. domestic market against that foreign-flag competition. Little wonder that the foreign ship can boast “Guaranteed Lowest Prices in the Market” for its “10-night Hawaiian Cruise”. (As noted below, the only American-flag cruise company in that market recently filed for Chapter XI protection and discontinued operations, while the foreign operator, which already had two other foreign-flag ships in the islands, happily declared that it “picked up good business in Hawaii” as a result.)

Any fiscally-oriented government strategy to facilitate and support entry of American-built ships into the cruise and maritime leisure markets should, in tandem with such a policy, close obvious loopholes in the law, and enforce the laws according to their intended purpose, so that U.S. operators and their ships can enjoy the full benefit of purely domestic leisure markets, just as other domestic carriers and hospitality organizations do.

Learning from program failures

In judging the utility of the basically self-financing Title XI program, with its significant potential for contribution to economic growth and other national benefits, care should be taken to distinguish instances in which the program has not been prudently utilized and has been influenced by political pressure. e.g.:

- The defunct Quincy Fore River Shipyard, which former President Clinton designated as a “public-private partnership project”, was a political exercise in futility from the Start. The yard’s plan to build conventional product tankers on a commercial basis was flawed in concept and credibility. and the only way the project could win approval was to legislate away the fundamental economic soundness criterion of the statute.
- The Double Eagle tanker project at Newport News was another example of politics over prudent application of the program. Even before it began, the project was dubbed a sure failure by the international maritime community since there was positively no prospect of cost-effective or timely commercial production of tankers in a major defense-reliant shipyard. Even Europe’s highly competitive commercial yards had given up the prospect of building cookie-cutter tankers in favor of more complex, value-added shipbuilding in the face of competition from low cost, foreign-government subsidized yards in Asia.
- American Classic Voyages’ so-called “Project America” was similarly ill-fated from the start, not only because of the out-of-date method of constructing the vessels in another defense-reliant shipyard, but because of the undistinguished conventional design, size, and concept of the vessels themselves. Here again, a well-meaning Congress tried to substitute legislation for the marketability of the Hawaiian-based project, but ended up, because of loopholes in the Passenger Vessel Services Act, excluding *only U.S.-flag* competition while the foreign-flag fleet lined-up to eat America’s lunch, yet again, by introducing bigger, better, cheaper foreign-built ships, with all their low-cost operating advantages, into the Hawaiian domestic trade in direct unfettered competition with the American-flag operator (see “*Foreign-flag camels in America’s tent*”).

There is no excuse for the mistakes that have been made and there should be no tolerance of such faulty decision-making in the future. But abandoning the Title XI program for failures in its administration and misguided political pressures, would be a classic case of throwing the baby out with the bathwater.

It was right for MARAD, albeit belatedly, to attempt to facilitate America’s entry into the booming cruise sector to take advantage of America’s own powerful and growing markets and to encourage introduction of commercial standards and competitive methodologies in American shipbuilding, for all the good reasons cited elsewhere in this “white paper”. But it was a mistake for MARAD to ignore the realities of the competition and to imagine that a conventional cruise ship built in a conventional manner by a defense-reliant shipyard with little commercial experience, and no passenger ship experience, could ever be positioned to compete successfully with the entrenched, low-cost foreign-flag fleet.

The answer

On the contrary, and as the developers of the “American Flagship Project” and “Build America Initiative” and “Build America Caucus” have been urging for over a decade, there is a compelling and irresistible market-driven opportunity for the American flag and the American merchant marine in the construction and operation of the next generation of cruise ships to serve America’s growing interest in cruising, in tourism, and in meetings-at-sea, but this opportunity can only be seized by an equally compelling and irresistible product and a common sense next-generation method for producing it.

To face-off with the entrenched, heavily-subsidized modern foreign-flag fleet approaching 200 ships, operating on our shores free of U.S. taxation, and without having to hire Americans or abide by America’s “rules of the road” in terms of environmental, safety, or workplace compliance, an American operator has to have a good plan and a good product, and it doesn’t take a Harvard MBA to know that anything less than that — anything conventional in size, concept, or delivery — will simply not make the grade, and there is no way to legislate around a bad plan, an uncompetitive product, or a faulty production/delivery system. And, obviously, **retreating** from unfair foreign competition on our own shores — at the expense of our own markets, manufacturers, builders, workers, servers, products, technology, balance of trade, and economic growth — is not the answer either.

The answer is to do it right, do it now, and do it **as** only America and Americans can: with a leading edge, with an unbeatable American entrepreneurial spirit and determination, with a winning hand of public-private collaboration, with a powerful product, plan, and team, and, most importantly, with an Administration bent on economic growth, on the rational utilization and refocusing of existing programs and resources, and on “business as usual” in the face of terror and **an** economic downturn.

There’s no going back; no remedy for past mistakes, only a determination not to repeat them. The future is ours and the opportunity is there to create a new and powerful industry which will grow the economy, create self-sustaining, long-term jobs for Americans, and send a clear signal that America is on track, and “ready to roll”, just as President Bush — supported by an undaunted, determined, and pro-growth Congress — **has** repeatedly stated.

The American Flagship Project presents such an opportunity, a prototype project for economic growth, ready for government approval and immediate industry implementation.

*“I return to the thought
that restoring economic growth
is the most important thing
we can do.”*

*Mitchell E. Daniels, Jr.
Director, Office of Management and Budget*

Terrorism and tourism

The impact of events of September 11 on travel and tourism has been enormous, but Americans love to travel, have discovered cruising and like it, are unlikely to change their habits over the long run, and should not be expected to do so in the face of foreign threats.

The tragic events of September 11 have understandably caused Americans to stay closer to home and, for the foreseeable future, it is predicted that more Americans will opt to "See America First" before choosing a foreign vacation or destination. American coastwise cruising, particularly if it is American cruising — i.e., cruising on board the American-built, American-flag, American crewed, American-operated, and **U.S.** government protected next-generation ships of the future — will offer Americans a new and better way to "See America" and to enjoy the things they like to do, be it dining, shopping, learning, staying fit, or being entertained, and they will enjoy these activities and amenities while cruising America's beautiful coastline, visiting America's top touristic destinations without having to pack or unpack, or even drive very far or fly to get there.

As a nation, we are now aware and alert to the dangers of terrorism here at home. This Administration and the Congress are working together to develop the resources, strategies, and technologies needed to safeguard our citizens, at home and on travel.

As we make progress in safeguarding the homefront, we should be preparing for the future of travel and cruising in America, with new, innovative American-built products, cost-effective means for producing them, and pro-growth strategies and policies to level the playing field with foreign competition, including preservation of our domestic marketplace.

Quoting President Bush, "We will not **surrender our** freedom to travel".

Full speed ahead, **America!**

1977 12 14 2.5

*"...we need to be aggressive
when it comes to opening up markets
and taking advantage of
opportunities around the world."*



*"There is a role for the
federal government,
a strong and active role."*

*"...our government will do everything
we can to get our economy growing,
to make it as strong as possible."*



*"Federal policy should become
outcome-based, insisting on
success and steering resources to
the effective and the inspired."*

President George W. Bush

The American Flagship Project
World City America Inc.
330 East 43rd Street, New York, NY 10017
212.972.9000
worldcity@aol.com
www.americanflagship.com