



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

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EXCERPTS OF REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION JOHN A. VOLPE BEFORE THE COUNCIL OF LAKE ERIE PORTS, HOTEL CONGRESSIONAL, WASHINGTON, D. C., TUESDAY, MARCH 16, 1971, 8:30 a.m.

Those of you who know me know that I like to get right down to business, so let me lead off with an announcement.

On May 10 and 11 the Department of Transportation will conduct a Seminar on Season Extension for Great Lakes Shipping. The seminar will be held at Cleveland, and will be a top-level, Department-wide seminar. By this I mean it will be a policy session, not restricted solely to the St. Lawrence Seaway Development Corporation, or the Coast Guard, or those people in our Office of Policy Development who specialize in Seaway matters. The seminar will carry the full weight of the entire Department. Because we recognize the vital importance of the Seaway within the context of America's entire transportation system, the seminar will look at the problem from exactly that view-point.

What we are aiming for is a complete review of the current status of ongoing projects. We are seeking to inform all of the various interests of our future plans. We intend to provide a forum where the concerns of all the interests may be heard.

We anticipate full participation by our counterparts in Canada. All relevant United States Federal agencies will be involved. We will have representation from labor, from riparian rights people, from the conservationists, the power generation people, the shippers, the consumers -- virtually everyone who could and should be affected by an extension of the shipping season.

I make the announcement here today because I know the strong support the Council and the Task Force will give us in making the Seminar a success.

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I know that the 51.1 million tons of cargo that moved through the U.S. locks in 1970 -- an all-time record -- is just an indication of what can be done. It is an indication of the Seaway's importance, and a solid indication of what we can expect in the future.

Today, the Seaway provides access to the world market for half of American industry and more than half of our people. Our fourth seacoast -- now officially so designated by Congress -- has become such an integral part of our transportation network that it is hard to imagine what we would do without it. The sometimes bitter controversy which attended its birth has faded into the political mists.

That's not to deny some obvious problems. Even though general and bulk cargo virtually doubled between 1959 and 1969, they didn't grow as fast as financial planners had anticipated. During the first seven years of operations, the cumulative deficit in expected tonnage was 52.5 million tons. Over a 10-year period, the average difference between projected and actual tonnage amounted to about 20 percent.

The Seaway was obviously an asset. It provided substantial savings and conveniences for industry and agriculture throughout the Great Lakes region. However, it was not reaching its potential. So we proposed to Congress that the Seaway be relieved of the obligation to pay interest on its construction debt. And the proposal passed in the form of Senator Hugh Scott's amendment to the Maritime Act last Fall.

And let me take this opportunity right now to express publicly my wholehearted appreciation to all the members of Congress -- in both houses who did so much to get this measure through. Granting the Corporation this timely relief should -- most hopefully -- enable it to repay the principal on its bonded debt within the statutory period.

The constant pressure for higher tolls in the years ahead -- caused by the need to repay the debt -- would certainly have adversely affected the prospects of getting new customers and it surely would have discouraged the ports from planning and improving operations. The very purpose of the Seaway would have been defeated.

Another fruitful step last year was the extension of tax deferral privileges, long available for ocean carriers, to lake fleet operators as well.

The task now is to make 1971 a base year for even better performance. If annual Seaway capacity is conservatively estimated at 75 million tons, then 1970 traffic was still 24 million tons short of the desired minimum. We cannot accept such waste of a major transportation resource.

So we are exploring a number of ways to increase the efficiency of the Seaway.



The Seaway Corporation is experimenting with the eventual anchoring of shore ice in such places as the Saint Clair, Saint Mary's, Detroit and Saint Lawrence Rivers -- to prevent those floes and gorges from drifting into the lakes and forming packs.

The Coast Guard has already established an ice navigation center at its Ninth District Headquarters in Cleveland to disseminate information on ice packs to shipping interests throughout the system.

In addition, our people are working with the Commerce Department, the Corps of Engineers and the Canadian Ministry of Transportation in an overall study to find out whether it is feasible to extend the present 250-day shipping season by a month or even to a full year.

Tests of bubble and heating devices -- to permit the operation of the locks in any kind of weather -- are also well underway.

Naturally, changes in ambient temperature will be carefully monitored for possible adverse effects on lake and tributary bio-systems.

We want to exploit the cargo potential of the Seaway fully, but we are not going to do so at the expense of the environment.

In any case, season-extending improvements by themselves will not be enough to assure the country a proper return on its Seaway investment. To be frank, one study we commissioned concluded that the Seaway might lose much of its potential as a route for general cargo unless the needs of individual shippers were more flexibly met. It suggested also that port operators and industry should coordinate the use and planning of their facilities. Some shippers have been known to claim that, though the Seaway is nominally the cheaper way to go. The total distribution costs are higher than in other modes.

That brings us logically to the competition. Since the day the Seaway opened, partisans have claimed it would do a lot better if we could stop the railroads from charging less to move some cargo to and from the Atlantic or the Gulf than by way of the Lakes. The railroads have hollered right back that the Seaway is another example of subsidized, unfair competition. Well, I regard the question as open.

We have another study underway right now to find the facts of the matter. We intend to determine the rationale behind existing rates, analyze cases of alleged discrimination in detail, and decide whether the discrimination -- if it exists -- can be justified by the objective facts of competition in the transportation market.

We are not aiming at any particular legislative target, but we do intend to weigh the evidence as part of our responsibility for creating a truly effective intermodal transportation system for this country.

An important breakthrough toward such a system could be made in the Great Lakes region. I think the time has come to consider the competitive



advantages of a container-feeder service within the overall Lake system, one that would collect cargo from various points in the market and take it to a central loading point for consolidation. This concept is being studied by Manalytics Corporation of San Francisco under the aegis of the Seaway and my Office of Policy and International Affairs.

If a workable system emerges, the results will be shared at once with industry officials. We must have more of this sort of intermodal planning if we are to handle the expected doubling of freight tonnage in all modes by 1988. Whether we realize it or not, the unimodal style is obsolete.

I think everyone knows the President's intense interest in the more efficient use of our transportation infrastructure. As a matter of fact, the first thing Mr. Nixon asked me to do when I came down to Washington two years ago was to create a national master plan and policy for transportation in all the modes. That policy is very nearly completed now, and I can predict one thing for sure -- it will ensure a vital role for the Seaway as we move toward the day of true intermodality in American transportation.

But the way we use the Seaway, the railroads, the highways and the airports, the way we plan, organize and execute transportation systems, will change dramatically. We are living in a completely new era in which transportation must and will become one of the two or three most important means of urban renovation, social design, and environmental protection.

You heard me right. The transportation system of the future -- fast, safe, clean, quiet -- will be used consciously to enhance our natural and social surroundings.

In this context that means we must do everything in our power to make sure that shipping does not add to the pollution of Lake Erie and adjacent bodies of water. I can assure you the Coast Guard is hard at work on that one.

To put all this in a proverbial nutshell, our most important inland waterway has survived the trauma of birth. It has weathered the stormy years of adolescence. Now it is ready for productive maturity, adding its vital thrust to the President's export and merchant marine programs.

I expect that 10 years from now the St. Lawrence Seaway shall have exceeded even the more optimistic present-day tonnage projections.

The increase of population, the continued growth and dispersion of industry around the perimeter of the Lakes, will provide vast opportunities for the Seaway to fulfill its promise as the gateway to and from the industrial heartland of America.



The fifth ocean -- the inland ocean -- has just begun to come into its own. Properly exploited, it will bring us closer to the day of a balanced, integrated system of transportation which President Nixon envisioned more than two years ago.

We cannot reach this goal without the enlightened assistance of the C.L.E.P. With it, we can assure American leadership in world trade, and move a step closer toward a world society of productive and peaceful co-existence.

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