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REMARKS PREPARED FOR DELIVERY BY
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NATIONAL WATERWAYS CONFERENCE
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"Shaping Waterways Policy to Fit Economic Policy Goals"

This is Mark Twain country. We all remember Mark Twain's literature, especially his Life on the Mississippi, Adventures of Tom Sawyer, and Huckleberry Finn. He captured the excitement, romance, and adventure of the River.

The inscription beneath the bust of that famous inland waterways user in the Hall of Fame reads:

"Loyalty to petrified opinion never yet broke a chain or freed a human spirit."

Mark Twain's musings about Americana give insight into current events.

We, in America, have discarded the "petrified opinion" that shaped our economic policy for years, causing it to limit productivity, stifle creativity and discourage industrial expansion.

President Reagan has given us a fresh new start. Inland waterways and the people who use them can profit from the great surge of spirit in this country if

neither government nor industry allows itself to be shackled by "petrified opinions" from the past.

Are there new approaches to old problems? Will the Reagan policies work for the waterways and the people who depend upon them for their livelihoods? Do the farmers, manufacturers and barge operators stand to gain from the Reagan Administration's transportation policy?

The answer to all three questions is a resounding yes.

This Administration's transportation policy will build a strong national transportation system. It will raise the general priority of transportation among our national goals. Our policy must be and, I can assure you, it will be even-handed and equitable among all modes. Our policy will promote cooperation among transportation modes, which is vital to accommodating the surge in export-import trade, transnational manufacturing and other trends of the future.

Our policy includes new approaches to public and private investment in waterways development -- financing that ensures waterways development will be timely enough to take advantage of the staggering potential for barge traffic in the decades ahead.

Transportation policy, consistent with the overall philosophy of the Reagan Administration, includes a strong commitment to close, careful and continuous review and reduction of Federal regulations for the purpose of decreasing Federal dominance by unnecessary regulations, excessive dependence on Federal subsidies, and government red tape.

To appreciate how we can achieve this position as quickly as possible requires a brief look at the past -- the problems, the obvious potential. Give a bit of thought to something less romantic than Mark Twain's Mississippi, but perhaps more important -- the cooperation and coordination of Federal, state and private sector interests that must evolve if we are to seize the enormous potential.

Waterways played a tremendous role in the development of this nation and occupy an important position in today's commercial activities as well as the national security.

Yet, increasingly the past few years, this vital and vibrant industry has faced many constraints.

Constraints placed on the system have seriously limited growth. Aging locks, for example, are one problem that must be faced before we can take full advantage of the abundant opportunities ahead.

Other constraints have included a lack of consistency and actual conflicts between the regulations imposed upon waterways, delays in Congressional budget approval of facilities development projects, barriers between government agencies such as the Coast Guard and Maritime Administration, and legal conflicts between state and federal government. Even to obtain the necessary permits for a simple

dredging project can take many years of painful and costly processing by literally dozens of agencies at all levels of government. Let me assure you we will not tolerate these constraints anymore. We will work to remove constraints, to allow you the economic freedom to grow, produce, and expand.

In short, the problem has been the lack of an integrated approach to regulation and operation of our inland waterways. I can tell you that the Reagan Administration understands this problem, your problem, and is firmly committed to solving it.

Now take a moment to look at the other side of the coin -- the potential.

By the year 2000, trade on the Mid-America waterways is forecast to increase by 90 percent, to over 900 million tons. This near doubling of trade on the waterways system will be accomplished by grain, coal, petroleum products, fertilizers and chemicals. These five commodity groups account for nearly 70 percent of the projected increases over the next 20 years.

Due to the increased use of coal by industry and in electric power production, coal movement is expected to grow from 138 million tons per year in 1979 to nearly 300 million tons by the year 2000. New export markets for U.S. coal that are now opening up add still further to this potential. The President's Coal Export Task Force is working on ways to cope with this tremendous potential.

A thousand new terminal facilities will be needed along the Mid-America waterway system by the year 2000. Federal, state and private sectors must cooperate to the fullest in waterfront development -- maximum use of space and resources. Existing bottlenecks must be dealt with now. We must spend \$20-25 billion in the next 30 years on construction and major rehabilitation of the inland waterway system, not to mention many more billions on operation and maintenance. We simply must have a way to finance these tremendous costs. Our job is to find that way -- to find new solutions to these problems, new ways to allow you to take advantage of the opportunities ahead, and I can tell you that we will devote our energy to this objective. One solution of the Reagan Administration -- and this principle must be applied across the board to each mode of transportation -- is cost recovery through user fees. The principle made its way into the inland waterways system in 1978.

We are very aware that we must not disrupt your industry. The principle of cost recovery by user fee will be applied fairly and equitably. On that point, you have my word. We will not tolerate a user fee system that discriminates. We know that you must be competitive. Barge, rail and other modes must be free to compete.

Many other significant issues are involved in preparing ourselves to participate in one of the greatest industrial expansions in America. All these issues require the close cooperation and mutual understanding of Federal, state and local governments and representatives of all segments of the private sector -- barge operators, shippers, manufacturers.

We hope we can be the catalyst for this cooperation. We hope to mold a transportation policy that will assist you in working together to take full advantage of the enormous opportunities ahead. We have a better chance of succeeding in that objective, now that the Maritime Administration is a part of the Department of Transportation. The President has nominated Admiral Shear to be our Maritime Administrator and we look forward to having his lifetime of maritime experience in the Department of Transportation.

We think your problems and concerns are so important that shortly we will be appointing a deputy administrator specifically for the inland waterways -- a deputy maritime administrator solely in charge of dealing with your problems and your concerns!

The transfer of MARAD from the Department of Commerce became official on August 9. This move gives the maritime industry -- waterborne transportation -- a unified voice in Washington. It also makes the maritime industry a legitimate member of the transportation family. You, and the entire transportation industry, now have one spokesman -- an advocate who will represent your needs before the Congress, the regulatory agencies and the American people. We must work together as never before. We will coordinate Federal maritime policy so that the Coast Guard and Merchant Marine complement and strengthen each other -- serving commercial interests and the national defense.

In effect, as a spokesman for the transportation sector, I will encourage cooperation among modes, minimizing Federal involvement. This mutual sharing of concerns and facilities is especially needed to meet the tremendous strain on inland waterways development for the rest of this century.

Transportation modes working together is nothing new. One good example is the movement of large volumes of coal from newly developing Western resources. Railroads originate the traffic, which is transferred to river barges at Cora, Illinois. The system includes a combination of rail freight facilities, waterway transportation, high speed coal handling equipment and storage capacity. Storage facilities are employed so that trains moving the coal do not have to wait for a barge nor does a barge need to wait for the train.

This is the kind of trend that will dominate the future, to the profit of the user, the transportation industry and the public.

Finally, I just want to stress that the waterway policy is an integral part of the transportation policy. It is clearly consistent with the Reagan Administration's economic policy goals because it promotes the free market system. The Department of Transportation is proud to be associated with you and assures you that your problems, your interests, your concerns will receive our priority attention.