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REMARKS PREPARED FOR DELIVERY BY

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MINNESOTA AGRI-GROWTH COUNCIL

BLOOMINGTON, MINNESOTA

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I'M DELIGHTED WITH THIS OPPORTUNITY TO MEET SO MANY LEADERS OF MINNESOTA'S HARD WORKING FARM AND AGRIBUSINESS COMMUNITIES. WHEN I MET THE SENIOR SENATOR FROM KANSAS, I FOUND A SECOND HOME IN THE GREAT HEARTLAND OF THIS COUNTRY. AND I NEVER RETURN FROM A MIDWESTERN VISIT WITHOUT A NEW APPRECIATION FOR THE FRIENDLINESS OF ITS PEOPLE, AND THE COOPERATIVE SPIRIT OF ITS LEADERS. IN FACT, I'VE TOLD MY HUSBAND, BOB, ABOUT MY FONDNESS FOR THE MIDWEST SO OFTEN THAT HE RECENTLY TOLD SOME COLLEAGUES, "I'M NOT SURE IF SHE'S FROM KANSAS OR NORTH CAROLINA." ACTUALLY, I DON'T WANT TO TAKE SIDES OR BRAG ABOUT MY HOME STATE TOO MUCH TODAY, BUT I DID TAKE SOME PRIDE IN A RECENT NEWS ITEM REPORTING THAT NORTH CAROLINA HAS JUST SURPASSED MINNESOTA AS THE NUMBER ONE TURKEY RAISING STATE. I ALWAYS SUSPECTED WE HAD A NUMBER OF TURKEYS BACK HOME, BUT I DIDN'T KNOW UNTIL RECENTLY THAT WE WERE

SETTING A NATIONAL RECORD.

I WANT TO ESPECIALLY THANK RUSSELL SCHWANDT (PRESIDENT, MINNESOTA AGRI-GROWTH COUNCIL), SENATOR RUDY BOSCHWITZ AND YOUR CONGRESSIONAL DELEGATION FOR MAKING ME FEEL SO WELCOME HERE TODAY. THERE'S NOTHING NEW ABOUT SUCH COURTESIES. FOR I HAVE OFTEN HAD THE PLEASURE OF WORKING WITH RUDY, DAVE DURENBERGER AND OTHERS AMONG MINNESOTA'S ELECTED OFFICIALS. I'VE FOUND THEM TO BE AMONG THE MOST HIGHLY SKILLED, CONSCIENTIOUS LEGISLATORS IN WASHINGTON. I CAN ASSURE YOU THAT WHEN YOU ELECTED THEM, YOU PICKED MEN WITH YOUR STATE'S BEST INTERESTS, AS WELL AS OUR NATION'S, AT HEART. THIS, TOO, COMES AS LITTLE SURPRISE. AS ANYONE WITH A LITTLE GRIP ON 20TH CENTURY HISTORY CAN ATTEST, MINNESOTA COMES AS CLOSE TO THE CIVIC TEXTBOOK MODEL OF POLITICS AS ANYWHERE IN THE COUNTRY. VOTER TURNOUT IS AMONG THE

HIGHEST IN THE NATION. HERE, IN A STATE THAT IN RECENT YEARS HAS EXPORTED SOME STRIKING POLITICAL TALENT AS WELL AS A LOT OF WHEAT, FLOUR AND IRON ORE -- A STATE RESPONSIBLE FOR ONE CHIEF JUSTICE AND ANOTHER FELLOW MEMBER OF THE SUPREME COURT BENCH, TWO PRESIDENTS, ONE SECRETARY OF AGRICULTURE AND AT LEAST ONE WOULD-BE PRESIDENT TURNED PART-TIME POET -- YOU OBVIOUSLY CHOOSE YOUR LEADERS CAREFULLY, AND IT SHOWS. RUDY BOSCHWITZ IS IN THAT TRADITION. THROUGH HIS WORK ON THE SENATE AGRICULTURE COMMITTEE, HE HAS RAISED HIS VOICE MANY TIMES IN DEFENSE OF FARM PROGRAMS AND THE PROMOTION OF U.S. FARM EXPORTS. HE HAS RAISED THE STANDARDS OF DEBATE AS WELL. HE IS HIGHLY RESPECTED BY HIS PEERS AND BY ALL OF US WHO SEEK HIS ADVICE AND COUNSEL. AND I APPRECIATE THIS OPPORTUNITY TO SAY SO PUBLICLY.

AND WHO COULD COME TO MINNESOTA TO TALK ABOUT TRANSPORTATION AND

NOT MENTION DICK BRAUN? I KNOW DICK, WHO IS SOMEWHAT OF AN INSTITUTION HERE AS MINNESOTA'S COMMISSIONER OF TRANSPORTATION, WILL DO A TREMENDOUS JOB AS VICE PRESIDENT OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (AASHTO) AND I LOOK FORWARD TO WORKING WITH HIM.

I WAS VERY PLEASED TO LEARN THAT THE RESPONSE TO THIS YEAR'S ANNUAL MEETING EXCEEDED ANY OF THE PREVIOUS EVENTS IN THE 15-YEAR HISTORY OF YOUR ORGANIZATION. I'M JUST GLAD THE VIKINGS-GREEN BAY GAME WAS YESTERDAY. TO TELL THE TRUTH, I HAVE SET A FEW FIRSTS IN MY OWN CAREER THIS YEAR. FOR ONE THING, I BECAME THE FIRST WOMAN SECRETARY OF TRANSPORTATION, AND THE FIRST WOMAN TO HEAD A BRANCH OF OUR ARMED SERVICES, THE U.S. COAST GUARD. BUT TONIGHT, I HAVE ACHIEVED ANOTHER GREAT MILESTONE. I UNDERSTAND THAT I AM THE FIRST

WOMAN INVITED TO KEYNOTE A MINNESOTA AGRI-GROWTH COUNCIL ANNUAL MEETING. I'M GRATEFUL FOR THE HONOR, AND I PROMISE TO TRY AND OFFER YOU SOMETHING MORE THAN THE TRADITIONAL FARMBELT APPEALS TO FAITH, HOPE AND PARITY.

FEW THINGS ARE CERTAIN ABOUT LIFE DEPENDENT ON THE SUN AND SOIL. THIS MUCH, AT LEAST, IS BEYOND QUESTION: THE FACT THAT TRANSPORTATION IS AT THE HEART OF MUCH OF MINNESOTA'S AGRICULTURAL INDUSTRY AND I AM ALWAYS READY TO LISTEN TO THE CONCERNS OF THE WESTERN GREAT LAKES STATES. YOU ARE, AS YOU SAY, AT THE BEGINNING AND END OF EVERY SUPPLY LINE. FARM PRODUCTION HERE IS A $6 BILLION A YEAR INDUSTRY, THAT RANKS MINNESOTA FIFTH IN THE COUNTRY. BUT YOU DO NOT DEPEND ON CROPS ALONE. YOU ARE ALSO THE NATION'S FOURTH LEADING DAIRY STATE. GROWING A CROP OR MILKING A COW IS ONLY THE FIRST STEP TOWARD AN AGRICULTURAL

LIVELIHOOD. THEN COMES A HEALTHY, COMPETITIVE TRANSPORTATION SYSTEM: THE VITAL LINK BETWEEN FARM AND MARKET -- THE SERVICE THAT DETERMINES HOW RELIABLY, HOW EFFICIENTLY AND, FREQUENTLY, HOW PROFITABLY YOU DISTRIBUTE YOUR PRODUCTS. THIS EVENING, I'D LIKE TO TALK FOR A FEW MINUTES WITH YOU ABOUT SOME TRANSPORTATION POLICIES AND PROGRAMS THAT CONCERN YOU.

IN MINNESOTA, ALTHOUGH YOU ARE FAR FROM A PRIMARY COASTAL AREA, YOU HAVE, THROUGH THE PORT OF DULUTH AND THE MISSISSIPPI RIVER, ACCESS TO EXCELLENT INLAND WATERWAY SYSTEMS TO MOVE YOUR PRODUCTS COMPETITIVELY TO DOMESTIC AND EXPORT MARKETS. I AM REMINDED OF THE STORY OF A STEAMBOAT CAPTAIN WHO, DURING A TRIP DOWN THE MISSISSIPPI RIVER, COMFORTED A NERVOUS PASSENGER BY SAYING, "I'VE BEEN RUNNING BOATS ON THIS RIVER SO LONG I KNOW WHERE EVERY SHOAL AND SANDBAR IS."

JUST THEN, THE BOAT WENT AGROUND WITH SUCH FORCE THAT IT SHOOK FROM STEM TO STERN. "THERE," SAID THE CAPTAIN, "THAT'S ONE OF THEM NOW."

IT'S NOT ENOUGH TODAY JUST TO KNOW WHERE THE OBSTACLES ARE -- WE WANT TO IDENTIFY AND ELIMINATE THEM, SO THAT THE ECONOMY OF YOUR INDUSTRY IS NEVER IN DANGER OF GOING AGROUND. I KNOW HOW VITAL THE WATERWAYS ARE TO YOUR COMMERCE. CARGO AT THE PORT OF DULUTH PASSED THE 19 MILLION TON MARK IN SEPTEMBER, COMPARED WITH 18.3 MILLION FOR THE SAME PERIOD LAST YEAR. GRAIN EXPORTS ON THE UPPER MISSISSIPPI ARE UP HALF A MILLION TONS OVER LAST YEAR'S SHIPMENTS.

ALTHOUGH LOCKS ON THE UPPER MISSISSIPPI ARE IN GOOD SHAPE TODAY, YOU ALL KNOW THE PRICE OF DELAYS AT LOCK AND DAM 26. IT IS ONE OF THE KEY FACILITIES ON THE MISSISSIPPI THAT MAKE POSSIBLE COMMERCIAL BARGE OPERATIONS AND, NOT INCIDENTIALLY, THE MAINTENANCE OF HEALTHY

COMPETITION BETWEEN THE TRANSPORTATION MODES -- A SUBSTANTIAL BENEFIT TO MINNESOTA AGRICULTURE. APPROXIMATELY 70 MILLION TONS OF CARGO A YEAR PASS THROUGH ON THE WAY SOUTH. YET, WHAT SHOULD BE A THROUGHWAY, HAS, OVER THE YEARS, BECOME A BOTTLENECK. LAST WEEK SHIPPERS AT LOCK AND DAM 26 WERE EXPERIENCING 40-HOUR DELAYS. THAT IS BAD BUSINESS, BAD FOR AGRICULTURE, BAD FOR MINNESOTA. WHAT IS GOOD FOR BUSINESS, AS WELL AS GOOD NEWS, IS THAT WORK IS PROGRESSING ON THE NEW LOCK. THE FACILITY HAS A SCHEDULED OPENING DATE OF APRIL 1988 AND AS OF THE FIRST OF THIS YEAR, 22 PERCENT OF CONSTRUCTION WAS COMPLETE. LIKE YOU, WE'RE ANXIOUS TO SEE IT COMPLETED AT THE EARLIEST POSSIBLE DATE. AND I NOTICE THAT SENATOR BOSCHWITZ'S LEGISLATION ON THE SECOND LOCK PASSED THE SENATE'S ENVIRONMENT AND PUBLIC WORKS COMMITTEE LAST WEEK.

I ALSO WANT TO DISCUSS WITH YOU THE SUBJECT OF CARGO PREFERENCE.

WHEN THE UNITED STATES FINANCES OR CONTRACTS FOR TRANSACTIONS INVOLVING INTERNATIONAL SHIPMENTS, OUR CARGO PREFERENCE LAWS RESERVE A PORTION OF THAT CARRIAGE FOR U.S.-FLAG CARRIERS.

IN ADOPTING LEGISLATION TO STIMULATE AGRICULTURE AND INDUSTRIAL EXPORTS, CONGRESS CONSIDERED IT APPROPRIATE FOR THE U.S. MARITIME INDUSTRY TO SHARE IN SOME OF THE BENEFITS. THE ADMINISTRATION PLACES A GREAT DEAL OF IMPORTANCE ON REVITALIZING THE AMERICAN MERCHANT MARINE, IN PART BECAUSE OF THE NATIONAL SECURITY BENEFITS DERIVED FROM THE EXISTENCE OF A CAPABLE U.S.-FLAG FLEET. WE HAVE STATED FIRMLY OUR INTENTION TO ENFORCE EXISTING CARGO PREFERENCE LAWS, WHICH RELATE ONLY TO GOVERNMENT-SPONSORED CARGOES. I MUST EMPHASIZE THAT WE WILL STRONGLY OPPOSE EXTENDING CARGO PREFERENCE REQUIREMENTS TO COVER <u>COMMERCIAL</u> CARGOES, AND WE WILL DO WHATEVER WE CAN TO KEEP OTHER

COUNTRIES FROM APPLYING THEIR CARGO PREFERENCE LAWS TO OUR COMMERCIAL SHIPMENTS.

IN ADMINISTERING CURRENT CARGO PREFERENCE LAWS, WE HAVE BEEN WORKING CLOSELY WITH THE DEPARTMENT OF AGRICULTURE TO BE RESPONSIVE TO THE NEEDS OF THE AGRICULTURAL COMMUNITY. CONSIDER USDA'S NEW EXPORT PROMOTION PROGRAM KNOWN AS THE "BLENDED CREDIT PROGRAM." IT IS A COMBINATION OF LOAN GUARANTEES WHICH ARE EXPECTED TO STIMULATE EXPORTS OF OVER FIVE MILLION METRIC TONS OF AGRICULTURAL PRODUCTS, VALUED AT SLIGHTLY OVER $1 BILLION DURING FISCAL 1983-85. ONLY A SMALL PORTION OF THESE AGRICULTURAL EXPORTS COULD MOVE ON LINER VESSELS WHERE U.S.-FLAG RATES ARE COMPETITIVE. IN ORDER TO COMPETE EFFECTIVELY FOR THE VAST MAJORITY OF CARGOES WHICH MOVE IN BULK SHIPMENTS UNDER THIS PROGRAM, U.S. OPERATORS WOULD NEED ADDITIONAL MARITIME SUBSIDIES AND

THESE SUBSIDIES ARE SIMPLY NOT AVAILABLE.

UNDER THESE CIRCUMSTANCES, THE APPLICATION OF CARGO PREFERENCE LAWS TO THE BLENDED CREDIT PROGRAM WOULD RESULT IN HIGHER SHIPPING COSTS THAT WOULD SUBSTANTIALLY NEGATE THE PROGRAM'S BENEFITS. THEREFORE, MY DEPARTMENT DECIDED NOT TO APPLY ITS CARGO PREFERENCE REQUIREMENTS TO THE PROGRAM, TO PRESERVE THE IMPORTANT BENEFITS OF THIS PROGRAM FOR THE AGRICULTURAL COMMUNITY.

AT THE DEPARTMENT OF TRANSPORTATION, WE ALSO ADMINISTER THE SAINT LAWRENCE SEAWAY, THROUGH WHICH MANY OF MINNESOTA'S SHIPS PASS AND WHERE 48 PERCENT OF THE GRAIN EXPORTS MOVING THROUGH THE SEAWAY ORIGINATE. WE WANT YOU TO CONTINUE TO HAVE ACCESS TO THIS VITAL WATERWAY AND AT COMPETITIVE PRICES, SO WE ANNOUNCED RECENTLY THAT THERE WILL BE NO TOLL INCREASE ON THE SEAWAY IN 1984. WHILE FUTURE

COSTS MAY SOMEDAY REQUIRE A PRICE INCREASE, NOW IS CLEARLY NOT THE TIME TO RAISE TOLLS. ALTHOUGH INCREASED REVENUES ARE NEEDED BY THE SEAWAY AGENCIES, THERE IS STILL A GREATER NEED TO BE CONSIDERED -- THE NEED FOR THE GREAT LAKES SHIPPING INDUSTRY TO REBOUND FROM TWO YEARS OF SHARPLY REDUCED BUSINESS. FORTUNATELY, THE RECESSION THAT DEPRESSED SHIPPING ON THE SEAWAY IS NOW BEHIND US, THANKS TO THE SUCCESS OF THE PRESIDENT'S ECONOMIC RECOVERY PROGRAM. FROM HOUSING STARTS AND AUTO SALES TO CONSUMER CONFIDENCE AND THE RATE OF UNEMPLOYMENT, CURRENT ECONOMIC INDICATORS SUGGEST A STEADILY RISING TIDE OF PROSPERITY. AS THE PRESIDENT HIMSELF SAID RECENTLY, "AMERICA'S FUTURE IS LOOKING BETTER FOR A LASTING, NON-INFLATIONARY ECONOMIC EXPANSION." TRULY, AMERICA'S ECONOMY HAS MOVED BEYOND RECOVERY TO THE START OF A FUNDAMENTAL RENEWAL. WE WANT ALL AMERICANS

TO SHARE FULLY IN THIS RENEWAL. WE WANT NONE -- LEAST OF ALL AMERICAN FARMERS -- TO FEEL LEFT OUT.

CHANGE IS THE ORDER OF THE DAY, WHETHER IN ECONOMIC POLICY, AGRICULTURAL INCENTIVES OR THE REBUILDING OF A STRONG, PRINCIPLED FOREIGN POLICY. THERE'S AN ATMOSPHERE OF EXPERIMENTATION IN THE LAND AND A GROWING MOOD OF CONFIDENCE. WE'RE CASTING OFF THE FAILED DOGMAS OF THE PAST; WE'RE CASTING ABOUT FOR FRESH WAYS OF ACHIEVING PROSPERITY AT HOME AND ASSERTING OUR OWN LEGITIMATE NATIONAL INTERESTS IN A WORLD DESPERATELY HUNGRY FOR MORAL GUIDANCE. MY OWN DEPARTMENT OF GOVERNMENT IS NO STRANGER TO INNOVATION. AMONG THE WINDS OF CHANGE BLOWING ACROSS THE LANDSCAPE OF AMERICA TRANSPORTATION IS DEREGULATION. I WELL RECALL THAT BACK IN THE EARLY 1970'S, WHEN I WAS SERVING ON THE FEDERAL TRADE COMMISSION, WE WERE AMONG THE FIRST IN

WASHINGTON TO QUESTION THE MERIT OF CONTINUED GOVERNMENT ECONOMIC REGULATION OVER INDUSTRIES THAT HAD LONG AGO CEASED TO BE MONOPOLISTIC AND WERE, IN FACT, NATURALLY COMPETITIVE. SINCE THEN, WE HAVE COME A LONG WAY IN SEEING DEREGULATION BECOME AN ACTIVE AND POSITIVE FORCE IN THE AMERICAN ECONOMY. AND, WHILE SOME DISSENTING COMMENTS CAN STILL BE HEARD FROM TIME TO TIME, I THINK THERE IS A BROAD CONSENSUS THAT DEREGULATION HAS BEEN GOOD FOR THE TRANSPORTATION INDUSTRY AND THE PUBLIC ALIKE. IT IS CLEARLY TRANSFORMING THE WAY AIRLINES, RAILROADS AND TRUCKING COMPANIES DO BUSINESS. AND IT SUGGESTS JUST HOW CENTRAL A ROLE FREE COMPETITION IN THE MARKETPLACE PLAYS IN THE PRESIDENT'S ECONOMIC PROGRAM. UNDER THE PREVIOUS LOCK-LIKE RESTRAINTS OF FEDERAL REGULATION, NONE OF THESE FREIGHT OR PASSENGER CARRIERS COULD COMPETE ON PRICE OR SERVICE. NONE COULD SET ITS OWN ROUTES. NONE COULD ENTER

OR LEAVE A MARKET WITHOUT GOVERNMENT APPROVAL.

GOVERNMENT REGULATION MAY HAVE MADE SENSE IN ANOTHER ERA. TODAY, IT'S CLEAR, HOWEVER, THAT TRANSPORTATION IS NO LONGER A NATURAL MONOPOLY. ON THE CONTRARY, IT IS A NATURALLY AND INCREASINGLY COMPETITIVE GROUP OF INDUSTRIES.

RECENT REGULATORY REFORMS HAVE ALLOWED RAILROADS TO COMPETE MORE EFFECTIVELY, OPERATE MORE EFFICIENTLY AND GENERATE INCREASED PROFITS. THIS FINANCIALLY HEALTHIER CONDITION IS IN TURN ENABLING RAILROADS TO IMPROVE THEIR PHYSICAL PLANT AND PROVIDE MORE COST EFFECTIVE SERVICES. THAT IN TURN SHOULD ASSURE BETTER SERVICE FOR SHIPPERS.

LET ME GIVE YOU AN EXAMPLE. MINNESOTA SHIPPERS, AND THOSE IN OTHER STATES ALONG THE LINE STAND TO BENEFIT SUBSTANTIALLY FROM THE ACQUISITION OF THE MINNEAPOLIS-ST. PAUL AND KANSAS CITY GRAIN LINE BY

THE CHICAGO AND NORTHWESTERN. WE ARE CURRENTLY IN THE FINAL STAGES OF NEGOTIATIONS WITH THE RAILROAD FOR $15 MILLION IN FEDERAL FUNDS TO BE ADDED TO $42 MILLION OF THE RAILROAD'S MONEY TO UPGRADE FACILITIES. THIS WILL PROVIDE BETTER SERVICE TO MINNESOTA SHIPPERS, AND THOSE IN OTHER STATES ALONG THE LINE. FURTHER, UNDER OUR DEPARTMENT'S LOCAL RAIL SERVICE ASSISTANCE PROGRAM, MINNESOTA HAS BEEN PROVIDED AN ADDITIONAL $12.9 MILLION IN FUNDS, INCLUDING $9.4 MILLION TO PREVENT ABANDONMENT OF 112 MILES OF THE MILWAUKEE LINE.

ALONG WITH THIS FEDERAL ASSISTANCE, MINNESOTA'S OWN RAIL ASSISTANCE PROGRAM TOTALS OVER $6 MILLION. MINNESOTA IS A LEADER AMONG STATES CREATING THEIR OWN PROGRAMS TO DEAL WITH THE TRANSITIONS THAT INEVITABLY COME WHEN RAILROADS WITHDRAW SERVICE FROM UNPROFITABLE LINES. THE TRANSITIONS MAY BE INEVITABLE, BUT ASSERTIVE STATE

LEADERSHIP IS NOT. YOUR STATE IS TO BE COMMENDED FOR THE STRONG COMMITMENT IT HAS SHOWN IN NEGOTIATING THIS ISSUE.

MINNESOTA IS ALSO A RECOGNIZED LEADER IN THE REVITALIZATION OF LIGHT DENSITY AGRICULTURAL BRANCH LINES. THE REHABILITATION PROGRAM ON THE MILWAUKEE BRANCH LINES FROM ROSEMONT TO JACKSON ARE A STANDARD FOR THE NATION. THE MILWAUKEE MAIN LINE FROM JONATHAN TO ORTONVILLE IS YET ANOTHER SUCCESS. AND YOU CAN BE ASSURED THAT YOUR FELLOW MINNESOTAN IN THE DEPARTMENT, JOHN RILEY, OUR FEDERAL RAILROAD ADMINISTRATOR - DESIGNATE, KEEPS ME UP-TO-DATE ON ALL YOUR SUCCESSES.

AN OUTSTANDING EXAMPLE OF FEDERAL, STATE, LOCAL AND SHIPPER COOPERATION IS THE CURRENT PROJECT TO REHABILITATE 36 MILES OF RAIL LINE BETWEEN HANLEY FALLS AND MADISON. NEARLY $2 MILLION OF FEDERAL FUNDS, TOGETHER WITH NEARLY $3 MILLION OF STATE AND SHIPPER FUNDS WILL

BE USED TO CARRY OUT THE PROJECT. IT'S AN ENCOURAGING STEP FORWARD, A PUBLIC-PRIVATE PARTNERSHIP THAT WE THINK DESERVES TO BE ENCOURAGED AND EMULATED ELSEWHERE.

TRANSPORTATION IS UNDERGOING MANY CHANGES, AND IN MY VIEW, THE SINGLE PIECE OF LEGISLATION THAT HAS RECEIVED THE GREATEST PUBLIC ATTENTION IS THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1982, MORE PROPERLY KNOWN FOR THE NICKEL-A-GALLON GAS TAX INCREASE IT AUTHORIZED. THE INCREASED FUNDING LEVELS GENERATED BY THE ACT ENABLE THE STATES TO PROCEED WITH FINAL SEGMENTS OF INTERSTATE CONSTRUCTION -- SUCH AS I-35 AND I-494 IN MINNESOTA -- AND TO ACCELERATE CRUCIAL HIGHWAY AND BRIDGE REPAIR PROJECTS. THE INCREASED GAS TAX REVENUES HAVE RESULTED IN A 56 PERCENT GAIN IN HIGHWAY SPENDING, FROM $8.2 BILLION IN 1982 TO $12.8 BILLION IN FISCAL 1983. THAT'S BY FAR THE HIGHEST LEVEL IN THE HISTORY

OF THE HIGHWAY TRUST FUND. FROM JANUARY THROUGH SEPTEMBER, IN FACT, WE MADE FUNDS AVAILABLE TO THE STATES AT THE RATE OF $1 BILLION A MONTH. AND HERE'S GOOD NEWS FOR YOU -- MINNESOTA WILL RECEIVE ALMOST $224 MILLION FOR HIGHWAY USE IN FISCAL 1984.

WE'VE ALL HEARD ABOUT THE SO-CALLED "CRUMBLING OF AMERICA," THAT STEADY, PAINFUL EROSION OF THE NATIONAL INFRASTRUCTURE THAT A LOT OF FOLKS TALKED ABOUT, AND THAT WE ARE FINALLY DOING SOMETHING TO HALT AND REVERSE. BY SEPTEMBER 1ST, FOR INSTANCE, MORE THAN 3,500 MILES OF ROAD RESURFACING AND REHABILITATION HAD BEEN STARTED NATION-WIDE. REPAIR WORK HAS BEGUN ON 1,200 MORE BRIDGES THAN LAST YEAR THIS TIME. WHEN YOU CONSIDER THE ACT HAS BEEN IN EFFECT FOR LESS THAN A YEAR, EVEN THAT PROGRESS SUGGESTS ONLY A BEGINNING. MORE IMPORTANT THAN NUMBERS, HOWEVER, ARE THE HUMAN RESULTS. ONE THING I ENJOY MOST ABOUT BEING

SECRETARY OF TRANSPORTATION IS THE CHANCE TO WORK IN A FIELD DIRECTLY AFFECTING PEOPLE IN EVERY SECTOR OF OUR ECONOMY. IT'S NOT THE MILES OF PAVEMENT THAT COUNT, BUT THE IMPROVEMENTS IN COMMERCE AND TRADE, THE INCREASED SAFETY AND THE GAINS IN QUALITY OF LIFE THAT ACCRUE TO A SOCIETY WHICH CHERISHES ITS MOBILITY.

WHEN I FIRST CAME TO THIS OFFICE, A NUMBER OF INDEPENDENT TRUCKERS WERE ATTEMPTING TO SHUT-DOWN THE SYSTEM IN PROTEST OVER THE HIGHER FEES LEVIED BY THE SURFACE TRANSPORTATION ASSISTANCE ACT. ON THE ONE HAND, I FELT A GREAT DEAL OF SYMPATHY FOR THE TRUCKERS. KNOWING THEIR PLIGHT, IT WAS HARD NOT TO. AT THE SAME TIME, I THOUGHT THEY WERE GETTING A LOT OF MISINFORMATION. AS WE TRIED REPEATEDLY TO EXPLAIN, THE HEAVY VEHICLE TAXES WERE BEING PHASED IN GRADUALLY. THEY WOULDN'T BEGIN TO TAKE EFFECT UNTIL JULY 1984, FOR FLEET OPERATORS, OR

JULY 1985 FOR THE SMALLER OPERATORS WITH FIVE OR FEWER TRUCKS. EVEN THEN, THE INCREASES WOULD BE IMPLEMENTED ON A GRADUATED BASIS: THE FULL TAX WOULD NOT BE IN PLACE UNTIL 1989. FURTHERMORE, THERE IS AN EXEMPTION TO THIS TAX FOR TRUCKS DRIVEN LESS THAN 5,000 MILES A YEAR ON PUBLIC HIGHWAYS.

WE REALIZE, OF COURSE, THAT HOWEVER IMPLEMENTED, SUCH NEW TAXES REPRESENT AN INCREASE IN THE COST OF DOING BUSINESS. AND NO ONE WANTS THEIR COSTS TO INCREASE, IF THEY CAN HELP IT. BUT AS LONG AS THE TRUCKING INDUSTRY PAYS LESS THAN ITS FAIR SHARE, SOMEBODY ELSE -- MOTORISTS, LIGHT TRUCK OPERATORS OR THE GENERAL TAXPAYER -- MUST PAY THE DIFFERENCE. ACCORDING TO THE EXTENSIVE COST ALLOCATION STUDY COMPLETED LAST YEAR, HEAVY TRUCKS, IN THE PAST, HAVE PAID ONLY ABOUT 56 PERCENT OF THEIR FAIR SHARE OF HIGHWAY COSTS. WE THOUGHT THAT

SHOULD CHANGE, AT LEAST TO A DEGREE. NOW, THE TRUCKERS' SHARE IS CLOSER TO 70 PERCENT. WE ARE STUDYING THOSE ALTERNATIVES AND HAVE PROMISED TO SEND THE RESULTS OF THIS EFFORT TO CONGRESS BY JANUARY 1, 1984, A YEAR EARLIER THAN THE LAW REQUIRES. WE CONTINUE TO BELIEVE THAT THE AMOUNTS OF TAXES LEVIED ON THE HEAVIEST TRUCKS ARE FAIR, BUT AT THE SAME TIME WE ARE VERY MUCH INTERESTED IN DETERMINING IF THERE ARE BETTER, FAIRER WAYS TO COLLECT THEM. IN THE MEANTIME, WE ARE OPEN TO SUGGESTIONS CONCERNING OTHER EQUITABLE COLLECTION SYSTEMS WHICH COULD RELATE THE TAX MORE PROPORTIONALLY TO ACTUAL HIGHWAY USE.

WHATEVER THE COLLECTION SYSTEM, IT IS STILL OUR BELIEF THAT THE TAX IS MORE THAN OFFSET IN MOST INSTANCES BY THE INCREASES IN PRODUCTIVITY THE NEW LAW PERMITS. WHILE THE RELATIVE COSTS AND BENEFITS WILL VARY FROM COMPANY TO COMPANY, AND DEPENDING ON

CIRCUMSTANCES, OUR BEST RULE-OF-THUMB CALCULATIONS SHOW AN ANNUAL NET GAIN -- BY 1985 -- OF $3.2 BILLION OF BENEFITS OVER COSTS FOR THE INDUSTRY AS A WHOLE.

ANOTHER ISSUE WE HAVE BEEN LOOKING AT VERY CLOSELY IS THE POSSIBILITY OF ACHIEVING GREATER UNIFORMITY IN TRUCK TAXING AND REGISTRATION PROCEDURES. I THINK IT IS INCREDIBLE, THE LENGTHS TO WHICH TRUCKERS MUST GO TO COMPLY WITH THE STATES' PATCHWORK QUILT OF DIFFERING REGISTRATION REQUIREMENTS, FUEL TAX PAYMENTS, OPERATING AUTHORITY RULES AND "THIRD STRUCTURE" TAXES. ALL OF US AGREE THERE IS A NEED FOR SOME UNIFORMITY OF STATE LAWS REGARDING REGISTRATION AND TAX ADMINISTRATIVE PROCEDURES FOR MOTOR CARRIERS. RIGHT NOW, TO REGISTER A TRUCK LEGALLY TO RUN IN ALL 48 CONTIGUOUS STATES, A TRUCKER MUST FILE 87 APPLICATIONS, GET 84 STICKERS AND SUBMIT ABOUT 205

QUARTERLY AND SEMI-ANNUAL REPORTS. THE ADMINISTRATIVE BURDEN IS MONUMENTAL. WE ESTIMATE THAT THE ADMINISTRATIVE COSTS TO THE TRUCKING INDUSTRY FOR COMPLYING WITH THESE PROCEDURES APPROACHES $1 BILLION A YEAR. THUS, WE HAVE DEVELOPED AND SENT TO CONGRESS EARLIER TODAY LEGISLATION WHICH HAS THE POTENTIAL TO SAVE A SIGNIFICANT PORTION OF THAT COST. ALTHOUGH WE DO NOT INTEND TO ENCROACH UPON THE STATES' ABILITY TO SET TAX RATES, WE BELIEVE WE CAN BE HELPFUL WITH REGARD TO UNIFORMITY OF ADMINISTRATION.

THE DEVELOPMENTS I HAVE DISCUSSED WITH YOU TODAY WITH REGARD TO WATERWAYS, RAILROADS AND HIGHWAYS ALL SUGGEST SOME OF THE CHANGES OVERTAKING TODAY'S TRANSPORTATION SYSTEM. CHANGE IS CRUCIAL IF WE ARE TO MEET THE CHALLENGES OF MOVING PEOPLE AND GOODS MORE EFFICIENTLY, EFFECTIVELY AND SAFELY IN THE LAST DECADES OF THE TWENTIETH CENTURY

OUR PROPOSED LEGISLATION WOULD GIVE A WORKING GROUP OF STATE REPRESENTATIVES 12 MONTHS TO MAKE RECOMMENDATIONS ON ISSUES RELATING TO STATE UNIFORMITY. THIS IS CRUCIAL, BECAUSE WE FEEL THE STATES SHOULD HAVE THE FIRST OPPORTUNITY TO PROPOSE SOLUTIONS TO THIS ISSUE. SECONDLY, THE LEGISLATION GIVES ME THE AUTHORITY TO ENTER INTO RULEMAKING ON UNIFORMITY OF STATE TRUCK REGISTRATION AND TAX ADMINISTRATIVE FORMS AND PROCEDURES. I WILL BE SENDING A LETTER THIS WEEK TO EACH GOVERNOR AND STATE TRUCKING ASSOCIATION ON THIS PROPOSED LEGISLATION. I WANT TO POINT OUT THAT THE LEGISLATION AVOIDS INTRUDING INTO THE POWER OF THE STATES TO SET MOTOR VEHICLE TAX RATES. BUT BY WORKING IN THE AREAS OF ADMINISTRATIVE FORMS AND PROCEDURES, WE FEEL THERE IS A REAL OPPORTUNITY TO IMPROVE THE EFFICIENCIES OF THE

TRUCKERS AND THAT WILL ULTIMATELY BENEFIT CONSUMERS. WE HAVE BEEN WORKING CLOSELY WITH THE STATES AND WITH OTHER PARTIES INVOLVED IN MOTOR CARRIER TRANSPORTATION TO MAKE REAL GAINS IN THIS AREA, AND I LOOK FORWARD TO A CONTINUED WORKING RELATIONSHIP.

AND THE START OF THE TWENTY-FIRST. "IF YOU WANT TO MAKE ENEMIES," WOODROW WILSON USED TO SAY, "CHANGE SOMETHING." I PREFER TO THINK WE ARE MAKING PROGRESS -- LISTENING AS WELL AS LEADING, CONSIDERING THE VIEWS OF ALL THOSE AFFECTED BEFORE WE CHALLENGE OLD COURSES OR CHART NEW ONES.

AS WE STRIVE TO REALIZE THESE HOPES, I THINK OFTEN OF AMELIA EARHART. ONE DAY, SO THE STORY GOES, WHEN SHE WAS JUST BEGINNING TO LEARN HOW TO FLY A PLANE, SHE CRASH-LANDED INTO A CABBAGE PATCH. HER REACTION AFTER THAT INCIDENT WAS THAT WHILE IT DID NOT DIMINISH HER ENTHUSIASM FOR FLYING, IT CERTAINLY DID REDUCE HER ENTHUSIASM FOR CABBAGES.

MISS EARHART HAD A GOAL. BY THE SAME TOKEN, WE MUST NOT LOSE SIGHT OF OUR OWN LONG-TERM GOALS. AS THE PRESIDENT SAID RECENTLY,

MOST FAR-SIGHTED ACCOMPLISHMENTS DON'T JUST HAPPEN. THEY ARE THE RESULT OF HARD WORK AND A VISION OF THE FUTURE. WHAT WE'VE PROVEN WITH THE PROGRESS OF OUR TRANSPORTATION SYSTEMS IS THAT THERE'S NEVER A TIME WHEN DREAMS ARE OUT OF SEASON, OR PROGRESS IN RECESS.

"CIVILIZATION," HISTORIAN ARNOLD TOYNBEE HAS WRITTEN, "IS A MOVEMENT AND NOT A CONDITION; A VOYAGE, NOT A HARBOR." TRANSPORTATION, I SUGGEST, IS BOTH A MOVEMENT AND A VOYAGE. WE ARE PROPELLED BY CHANGE, AND INNOVATION IS THE ONLY SAFE HARBOR WE WILL EVER KNOW. I LOOK FORWARD TO SHARING THE RIDE WITH YOU, AND TO SMOOTHING THE JOURNEY THAT LEADS TO AN EVER-BETTER, COMPETITIVE AND SAFER SYSTEM OF TRANSPORTATION -- THE FINEST IN OUR HISTORY.

THANK YOU VERY MUCH.

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