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REMARKS PREPARED FOR DELIVERY BY SECRETARY ELIZABETH HANFORD DOLE
TO
THE WHOLESALE FLORISTS AND SUPPLIERS OF AMERICA
NEW ORLEANS, LOUISIANA
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Many years ago, the great Yankee poet Robert Frost, who was something of an amateur botanist himself, wrote a poem called "Leaves Compared With Flowers".

"A tree's leaves may be ever so good," he wrote,

So may its bark, so may its wood;

But unless you put the right thing to its root

It never will show much flower or fruit."

For the last two years, President Reagan and his Administration have been working to replenish the roots of America's economy. For we believe that this nation, like a tree, is strongest at its roots. And so we have devoted ourselves to strengthening the roots of investment and productivity, capital and job creation. We have sought to nurture economic growth rather than regulate it. And we have sought out the basic elements, the economic equivalent of sun and soil, that make it possible for businesses of any size to flourish in a period of uncertainty.

Transportation is such a resource. Efficient, reliable, and on time, it provides an essential link between supplier and wholesaler, jobber and retailer. It is the key to successful marketing strategies. It reduces cost and guarantees product quality. It can easily be taken for granted -- until Mother's Day flowers arrive on the Fourth of July, or an order that must be airlifted from California is found sitting on the ground in a Chicago snowstorm. Thus, the first priority of any Transportation Secretary must be the maintenance and improvement of this national grid -- without gridlock.

Current transportation policy, I believe, clearly serves those goals. At the time I was sworn-in, the country was in the midst of an attempted shutdown by a group of independent truckers. The issues in that protest grew out of provisions in user fee legislation passed late in December by the 97th Congress. These included a five cent per gallon increase in the Federal motor fuel tax, for motorists and truckers alike, and some realignment in heavy truck use taxes.

The resulting protest was more than unfortunate. It was unnecessary, and in some instances, it was tragic. The trucking industry is an essential part of American

commerce. Anything that damages it is a wound to the nation's well-being. More appalling still was the scattered violence that injured many drivers and killed one of their colleagues. This was a wound to our conscience, to our basic sense of deserving and ultimately to the truckers themselves. But I also said the strike was unnecessary. That is because truckers' fears were largely unfounded. Let me explain for a moment...

Americans experience a highly effective trucking industry because we enjoy a superb highway system. That system, however, is showing its age. So, I might add, are the rest of us who recall at first hand the administration of Dwight Eisenhower under whom the Interstate highway system was launched. Parts of the system are beginning to crumble. Still other parts call for preventative repairs. To finance all this, the Administration proposed a nickel-a-gallon increase in the federal fuel tax -- the first such increase in 23 years.

At the same time, the legislation moved to correct an inequity that has existed in the highway user fee structure for a long time. Heavy trucks, as a class, have been paying only about 60 percent of their fair share of highway costs. That has been the case, even though these trucks -- in the over 75,000 pound range -- cause far more damage than passenger cars or lighter trucks. In effect, they have been subsidized by those other highway users.

Now the law enacted last December did two things. First, it increased the tax on the heaviest trucks, but at a rate that still keeps truckers' costs below their share.

Second, it defers the increase in the excise tax -- the annual user fee on heavy trucks -- until July of 1984 for fleet operators and July 1985 for independent truckers operating five or fewer vehicles. And even then the new fees will be increased gradually and phased-in over a period of four years.

I know this whole matter of truck taxes has been of some concern to you. After all, you depend on independent operators for many of your deliveries. And let me assure you, they are not in danger of going out of business because of the user fees. Since the trucking industry relies extensively on the nation's highways -- they are, in effect, the truckers' "factory" -- they will be among the major beneficiaries of the better roads the new law supports. That law, I might add, also provides a number of substantial "fringe" benefits for truckers, designed to reduce their operating costs, improve efficiency and increase payload. By our estimate, the benefits gained by the trucking industry will be two to three times greater than the increase in user fees.

This is not to deny that truckers have some real concerns, one being the hodge-podge of state regulations and registration requirements. There is little symmetry in these and for the interstate trucker they pose a paperwork barrier to productivity. We have offered to work with the truckers, and with the Congress, to achieve a uniformity in these areas. I have personally told members of the trucking industry that it is to our interest as well as theirs to improve the environment in which they operate.

This is by no means the only instance where we intend to slash red tape in order to erase red ink. Less economic regulation means more freedom to compete for every entrepreneur. And competition means more service and rate options for more clients.

Deregulation allows free market forces to work their magic on the transportation industry. If you have any doubts on that score, consider today's transcontinental air fare bargains and the greater choice of carriers and fares available to meet air travelers. Look at the tremendous increase in air freight services; the rebirth of

America's railroads through competition and innovation. Deregulation has enabled the trucking industry to operate more efficient routes and offer more flexible rates and services. It has given the intercity bus industry the incentive to offer new service patterns and to expand its package delivery program.

The President and his Administration are often labeled "conservative". And in Washington, there used to be a rap against conservatives. They are people, it was said, who never do anything for the first time. Well, consider the changes and reforms now being undertaken by this "conservative" Administration. I think you'll agree -- the status quo has few friends in high places. Rather, the word new is the operative one in Washington these days. We have a new highway program underway. We will, over the next several years, put people to work restoring the nation's roads and bridges. We have a new airspace system in development -- to increase the capacity of the airways by as much as 50 percent and further improve air safety. We will be negotiating new and better bilateral agreements with other nations to assure that international air transportation remains accessible and competitive. We have a new emphasis on curbing the drunk driver and reducing the number of highway fatalities. We are doing more on every front to make transportation faster, safer, more efficient and increasingly reliable.

And that hardly exhausts the catalogue of innovations overtaking America in 1983. I believe it is a good time to be in Washington for a second reason: since the recession began, 2½ years ago, the signs of recovery have never been stronger, the cause of hope never more justified.

As the President said in his State of the Union message, this has been a "painful period." The economic conditions that caused the recession, especially high interest rates, ran deeper than most people -- in and out of government -- had predicted. But President Reagan has taken the right course, I am confident, in choosing to "put the right thing to its root" rather than patch the surface problems -- to build for a new era of enduring prosperity rather than settle for quick fixes and short-term benefits.

All of us concerned in any way with economic policy recognize that this approach has caused some distress. But we have made the difficult choices and applied the sometimes unpopular self-discipline that America needed desperately if she was to overcome the near-lethal effects of a generation of spend now, tax later. Surely, our memories are not so short as to forget what conditions were like in this country just a few short years ago.

Surely, we haven't forgotten an inflation rate running at 13 percent. If that rate had continued (and remember that during the first half of 1980 it was even higher), by the turn of the century a one dollar hamburger would have cost \$32, a \$5,000 car \$160,000 and someone earning \$20,000 would have to make a little over a million dollars just to stay even.

I know that many of you -- as small businessmen and women -- have not forgotten about the twin effects of high inflation and skyhigh interest rates. Yet today the double digit inflation that had become almost a way of life in this country has been stopped dead in its tracks. Last year's rate of inflation fell below four percent. And the drop in wholesale prices so far this year is a persuasive indication that recovery is on the way. Whether we have a cure or only a respite from pain depends in large part on our success or failure in reducing the long range federal deficit.

The same thing applies to interest rates. Without the inflationary expectations that feed them, the cost of borrowing money has fallen to half the 21½ percent level of two years ago. In a stable economy it should remain at moderate levels. Again, any further decline of substantial proportions probably will depend on the will we exercise in cutting the deficit.

Even there, the news is encouraging. While economists are notorious for their inability to agree on their reading of the statistical tea leaves, many view the administration's own forecast for this coming year as exceptionally modest. Fortune magazine, for example, recently revised its estimate of growth in the 1983 GNP from three percent to four percent. And a number of other economists have ventured their opinion that the recovery will be stonger than most people think.

Unemployment itself appears to have peaked. And in our natural concern over those without jobs, we seem to have obscured at least one impressive achievement: even now, during what many economists are calling a period of transition from the traditional "smokestack" industries to a new "high tech" revolution, the underlying strength of the American economy is sufficient to provide work for more than 99 million of our people. Even now, the Administration's forecasts -- which are deliberately cautious -- call for sustained real growth in the nation's economy over the next five years -- three percent in 1983 and four percent in each of the next four years. And even those growth levels will raise employment by 1.6 million this year, three million more in 1984 and a total of 15 million by 1988.

Down in the French Quarter there is a statue in Jackson Square. If you haven't seen Jackson Square, try not to miss it because it's such a beautiful part of New Orleans. The man memorialized in that statue once remarked that "one man with courage makes a majority." At times President Reagan must have had to summon the courage of an Andrew Jackson to stick with his economic recovery program and not bend with the political winds. History, I am confident, will prove him right.

We already know that historical precedent is on our side. For an average, the downside phase of the seven previous postwar recessions has lasted 10-12 months. The present recession has persisted 18 months; recovery is long overdue. History, of course, is not necessarily a window into the future, but in the legal profession we put considerable stock in precedent and in this case precedent speaks strongly for recovery this year.

Bit by bit the good news has come rolling in and it has become apparent to even the most pessimistic that the course President Reagan has followed the past two years is producing results. We have an impressive list of recovery forces working on our behalf. As the President has said: "America is on the mend."

- Industrial production is up: 9/10ths of a percent in January.
- Housing starts are up: 36 percent in one month.
- The economies of seven Western nations are all on the increase, signalling improvement in international trade.
- Oil prices are falling; and
- The stock market recently reached a new high.

Your industry is in the vanguard of recovery. Archie Clapp tells me that you account for \$6 to \$7 billion a year in retail sales, and according to the Floral Report --

the industry newsletter -- sales of cut flowers were up four percent last year over 1981. Your FTD (Florists' Transworld Delivery Association), I note, is forecasting a five percent growth rate this year over the \$412 million volume of last year.

If renewal is at hand then recovery cannot be far off. But what kind of recovery? One that takes root deep in the subsoil of American ingenuity and production or is cut off at the roots by a return to the misguided policies of yesterday. The challenge before us now is to keep government spending under control, to hold inflation in check and to pursue the policies needed to achieve steady, sustained growth.

There's no question in my mind that we have the leadership the country needs to achieve those goals. President Reagan again demonstrated this when he announced his \$4.3 billion emergency jobs bill and benefits package. We have all heard words of concern for the jobless and dispossessed. The President's actions in proposing this bipartisan jobs and benefits package spoke louder than any words. His is no make-work proposal. It includes programs to help people find work. It offers incentives for employers to hire the jobless. It provides resources to help train and assist workers in this time of economic transition. It extends benefits -- temporarily -- for an estimated 1.3 million workers who would otherwise exhaust their checks between March and September of this year.

The roots of American self-government are also being nurtured by this President, who has recently proposed a new version of his Federalism plan, one that would go a long way towards returning programs to the states and cities where they belong. We seem to have wandered far from the founding fathers' concept of a limited central government -- what James Madison called the "few and defined" powers of Federal authority. President Reagan's new Federalism proposal will return to the states a number of programs that have no business being in Washington in the first place, including responsibility for state and urban highways along with \$2 billion a year in grants to carry out those programs. And it will help insure that those who administer such programs are closest to those who need our help -- who deserve to be treated as individuals in need rather than faceless recipients of a largesse automatically dispensed from Washington's marble corridors and cloakrooms.

Finally, let me say a word this morning about your own futures.

John Naisbitt, in his current best-selling book "Megatrends," notes that more and more Americans are opting today for self-employment or small business. New business starts, he says, now average 600,000 a year compared to 90,000 30 years ago, and many carry financial rewards to match the emotional ones.

Small business is and always has been the backbone of our economy. It accounts for more than 45 percent of the GNP and 80 percent of all new jobs created. It provides a livelihood for 100 million Americans. Perhaps Calvin Coolidge would have been more accurate if he had said that the business of America is small business. If it wasn't then, it most certainly is now.

This Administration is committed to the health and welfare of those for whom incentive and profit are very much a part of polite conversation. The accelerated cost recovery system that President Reagan implemented last year was designed to aid small businesses by permitting the faster write-off of capital investments. Similarly, businesses -- especially those that are single proprietorship and unincorporated -- also benefit from the reductions in individual income and estate taxes.

All of which brings me to my final and most important point. Despite past mistakes and current difficulties, America is on the road back. Whatever problems we may have, they pale when compared to the potential that stretches before us. It will be spring soon. From the mayflowers in the woods of New Hampshire, to the cherry blossoms surrounding Thomas Jefferson's memorial in Washington, to the dogwood blooming on the sides of his "little mountain" in Virginia, to the prairie grass of Kansas, the azaleas of Mobile, and the roses of Portland and Pasadena -- from the soil of America will spring to life a fresh beginning, and the hope that accompanies the renewal of life.

The sense of an economy reborn is no less pungent. Over the last two years, I have had the honor to meet with thousands of Americans, both individually and in groups. I have heard their concerns, and I have been refreshed by their faith, in our country, its principles of free enterprise and equal opportunity, and in the great American tradition of persevering through challenges and prospering because of them. Now with the garden tilled by an industrious, imaginative people, with the roots of prosperity strongly nurtured, the greatest of all perennials is poised for spring. America herself is about to bloom again.

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