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REMARKS PREPARED FOR DELIVERY BY SECRETARY WILLIAM T. COLEMAN, JR., TO
THE INTERNATIONAL LONGSHOREMEN'S ASSOCIATION IN MIAMI, FLORIDA
JULY 22, 1975

I accepted with pleasure Mr. Gleason's invitation to this convention because, frankly, I have not had as many opportunities as I would like to become better acquainted with the problems, the potentials, and the people of marine commerce.

While my Department encompasses transportation in all its forms, we do not - unfortunately - cover the waterfront. That remains the domain of the Maritime Administration at the Department of Commerce.

Nevertheless, we are far from being landlocked at the Department of Transportation. Our "family" includes the United States Coast Guard, and the St. Lawrence Seaway Development Corporation. My associations with both of these agencies - especially the Coast Guard - have made me much less of a "landlubber" than I was when I left Philadelphia five months ago.

But it's the St. Lawrence Seaway I primarily want to talk about today, along with a few observations on the state of the economy and the national importance of efficient energy use.

The delegates to this convention from the ILA's Great Lakes district recognize the importance of America's "Fourth Seacoast" to our nation's economy. Since the St. Lawrence Seaway began operations in 1959, tonnages have grown from the 20 million tons carried that inaugural year to more than 57 million tons in 1973. The Seaway has given ocean-going vessels access to the port cities along the Great Lakes - and, by inland waterway, rail and road, to the heartland of America. The Seaway has become the fastest growing trade route in the world.

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Average cargo per ship has increased from 3,300 tons in 1959 to nearly 10,000 tons in 1973. More than 7,000 vessels shuttle through the system during a typical season. And those that navigate the full length of the Seaway - from the mouth of the St. Lawrence River to ports on Lake Superior - will pass through 16 locks and climb 602 feet above sea level.

But the St. Lawrence Seaway agency is a "development" corporation because its full potentials have not yet been realized. The major constraint to maximum utilization of the system continues to be the lack of year-around navigation capabilities. That constraint will be cancelled if current efforts to extend the shipping season to the full twelve months are successful.

Efforts in that direction began with the Rivers and Harbors Act of 1970, which authorized a three-year study into the feasibility of season extension. A demonstration program, begun in 1971, has been extended through this coming winter - and, at the moment, we foresee no technical reasons why year-around navigation on the Great Lakes/Seaway system can't ultimately become a reality.

The demonstration program underway is the product of ten participating agencies, and has had the support of the Great Lakes Task Force, of which the ILA is an active member. This year the Seaway opened for traffic March 25, the earliest date in the system's history. But shipping through the Soo Locks continued as part of the 1972 season until early February of 1973 - so operations at corresponding latitudes on other portions of the system should be equally feasible.

Why do we consider an extended season worthwhile? What does all that icebreaking do for Longshoremen, or for our economy?

First, it saves fuel. Water transportation is far and away the best means of moving large tonnages with minimum fuel consumption. A Great Lakes bulk carrier in the 50,000 ton class will average 500 net ton miles per gallon of fuel - compared to 200 ton miles/gallon for railroads, 60 ton miles/gallon for trucks, and less than four ton miles per gallon for air transportation.

Second; water transportation is least disturbing to the environment, and least demanding in terms of land utilization.

Third; with the current nine-month season, industry must resort either to expensive stockpiling of materials to carry them through the winter, or cargo must be hauled by the more costly overland methods. Year-around operations would assure a continuity of vessel and port services, with assurance of delivery at lower costs to shippers and consumers.

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Fourth; all-year operations would also bring stability to the labor force on the Great Lakes. Our studies indicate, however, that the diversion of cargoes to the Great Lakes in the winter months would not materially affect the job markets on our other coasts. We believe, in fact, that the most likely way to achieve the four to five percent national growth in export cargoes found along the other Seacoasts is to extend the season on the Great Lakes.

Fifth; all season operations on the Great Lakes/St. Lawrence Seaway system would have a significantly favorable effect on labor earnings.

According to Department of Commerce calculations, approximately 42,000 jobs would be added in the 11 States that comprise the immediate Great Lakes Economic Region. In terms of 1967 dollars, an estimated \$382 million in additional labor earnings would be generated through 1980.

Sixth; extension of the navigation season would stimulate business and aid economic development in the eight States that border on the Great Lakes. Moreover, a longer season would encourage greater foreign trade. The traffic flow from Europe to America's Fourth Seacoast has been affected even in summer months because of the unwillingness of overseas shipping firms to plan one course of transportation for their customers nine months of the year, and a second course for the other three months.

For all of these reasons, we believe year-around water commerce for the ports and working people of the Great Lakes Region is worth the effort. But we believe that for some of these same reasons, a greater overall use of marine transportation makes sense.

The urgent necessity to conserve energy demands that we make every effort possible to use the means of transportation that are most fuel-efficient. Along with pipelines, water transportation fills that bill. Using a 15 million gross ton commodity shipment as an example, the Winter Navigation Board looking into the possibilities of season extension showed that the use of water rather than rail transport would save 260,000 barrels of fuel, and nearly 2 1/2 million barrels over highway transportation.

With America's domestic petroleum production now down to about 8.4 million barrels/day, compared to 9 million a day just a year ago - and dependence on foreign imports now close to 40 percent of our daily requirements - we clearly must do more both to stimulate new domestic sources and to reduce consumption.

In this respect, I would commend to you President Ford's energy program. Six months after the President proposed his energy conservation and development measures, Congress has failed to construct or enact a meaningful alternative program. Everyday we evade or avoid the issue brings us one day closer to the possibility of serious energy shortages; each day of greater dependence on Arab oil increases our vulnerability to the producing nations' pricing and political policies.

By continuing price controls on "old oil," we are - in effect - playing into the hands of the foreign oil cartel. At the controlled price of \$5.25 a barrel, domestic producers with wells yielding 15 to 20 barrels a day have neither the inclination to continue pumping, or the incentive to invest in more costly - but potentially more productive - recovery methods. Without such investments domestic production in established fields will decline as fast as new oil can be made available.

President Ford's recent proposal for the gradual decontrol of domestic crude oil prices makes sense. It would raise gasoline prices a few pennies over a 2 1/2 year period, but much of the increase would be channeled back to the consumer through an excess profits tax on the decontrolled oil.

The transportation machines that deliver the products of American agriculture and industry to our nation's docks, or bring the world's goods to our shores, run on oil. The nearly 130 million motor vehicles we depend on for our personal and commercial mobility in the United States run on petroleum products - at the rate of about 6.8 million barrels a day. To protect that mobility, and the jobs that depend on it, an effective, realistic energy conservation and development policy must be adopted by the Congress and implemented. The hour for honest action grows late.

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Along with an energy policy that has some guts to it, we need to re-make - or re-direct - a number of our transportation policies and practices.

For one thing, we need to rebuild the country's railroads, many of which are in deplorable condition. A revitalized rail system would assure better, more dependable "on-time" linkages between America's port and inland cities.

In addition to improving track and rolling stock, we need to lighten the burden of rail regulation. I do not believe it is coincidence that our least regulated industry - the water carriers - performs with greater efficiency than our most regulated transportation industry - the railroads.

The trucking industry, too, is suffering inefficiencies and incurring unnecessary costs as consequences of overregulation. We propose to change that situation and, hopefully, reduce fuel consumption and increase productivity in the process.

We have other goals, among them: speedier completion of the interstate system; greater emphasis on public transit; better intermodal planning; and increased safety on our roads and rails, in the air and on the waterways.

The embodiment of all our goals and objectives, along with some indication of priorities, is the statement of national transportation policy I have been working on now for some months. We plan to send it to the Congress before the members return from their August recess.

To conclude my time with you today, let me make just a few observations on the state of our nation's economy.

First, I think it's clear that the recession is over. The various indicators have been forecasting economic recovery for some time now, but the clincher came last week with the news that industrial production had increased in June after eight months of decline. This rise in output on the heels of inventory reductions offers the most convincing evidence to date that the recession is being licked.

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My second observation is to sound a note of caution. While the number of Americans at work increased by well over half a million during the past four months, the unemployment rate remains high. Since no one likes unemployment, there is a temptation to speed up the process of economic recovery by spending our way back to prosperity.

Such tactics would not be wise. President Ford has taken those measures that are prudent, including an extension of jobless benefits. But the rate of inflation has been brought down from last year's 12 percent to less than half that rate. Excessive government spending now would only create new pressures on prices and perhaps set off a new cycle of inflation and recession.

The permanent solutions to the unemployment problem must come through full production in the private sector. More than 80 percent of the job opportunities lie with private industry, which is the most productive sector of our economy. Improve business and the flow of commerce, and the hardships of unemployment will recede and disappear. As President Kennedy once remarked, "A rising tide lifts all ships."

Third, and finally, I would urge you to look to the future, and not to the past, in search of your destiny and that of America's.

We have suffered more than a few shipwrecks in the process of charting this country's course over the past 200 years. We want to forget neither our heritage nor the lessons those years have taught. As Eric Hoffer has so aptly said: "It is well to treasure the memories of past misfortunes; they constitute our bank of fortitude."

But neither can we cling to the past when the future clearly beckons. The old woodburning riverboats disappeared from America's waterways because, as Mark Twain said, "When it's steamboat time, you steam."

Change is the way of progress, and we sail with the tide or we do not sail at all. Invention and innovation have changed the complexion of transportation in America - promoted commerce and raised the standard of living - and, in turn, transportation has changed the face of America. The docks today are safer, more efficient places to work than they were in former years. New methods for shipping and handling cargo have made your work easier, and the increased productivity has in large part paid for increased wages and job benefits.

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More changes lie ahead. But as we propose innovations that affect the working man, we will meet with you, consult with you, and insure that you are involved in the decision-making process.

In closing, I want to congratulate the ILA for good faith bargaining that produced a contract last year without a nationwide work stoppage. I hope that from this point forward we can all work together - management, labor and government - in continued harmony and with a mutual awareness of our interdependence, our common objectives, and our responsibilities.

As I have told Mr. Meany and Mr. Gleason in my meetings with them, and as I tell you now, you have my pledge of due concern and full consideration for the interests and welfare of America's longshoremen in the formulation of any transportation policy or program that touches on those interests. The longshoreman will never be a forgotten man as long as I am in the Cabinet.

Now, I wish you well during the remainder of your convention and prosperity in the year ahead. May the nation's 200th year, and your 84th, be a good one for the International Longshoremen's Association.

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