



# DEPARTMENT OF TRANSPORTATION

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# NEWS

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COMMENTS BY SECRETARY OF TRANSPORTATION CLAUDE S. BRINEGAR  
AT NATIONAL PRESS CLUB LUNCHEON, WASHINGTON, D.C.,  
MAY 14, 1974.

I appreciate very much this invitation to appear  
before the National Press Club.

In keeping with that fine old American tradition  
where each week has a name, this one is called "National  
Transportation Week." It's probably accidental, though  
certainly not inappropriate, that National Transportation  
Week falls in the middle of National High Blood Pressure  
Month. Actually, the way things have been in Washington  
for the past few months, I find it difficult to see how  
we can single out only one month for that title.

Tradition demands that the Secretary of Transportation  
spend National Transportation Week jetting about the country

pointing out the strengths and weaknesses of our transportation system, both of which we have in quantity, and stressing transportation's vital role in making our Nation function. But this year, in recognition of the energy shortage, I'm flaunting that tradition, and perhaps starting a new one, by staying home.

Before turning to a discussion of some of the major items now on my transportation agenda, I'd like to offer some perspective on two key concepts. These are the concepts of "transportation" and "National Transportation Policy."

The principal point to understand about "transportation" is simply that it is not an end in itself. Rather it is a means to contribute to the Nation's economic well-being and quality of life. Thus, transportation is a linking process-- it links together the Nation's productive resources as they move from the raw material stage to the manufacturing plant to the consumer; it links our dispersed population centers; and it makes it possible to move people and goods within our densely-populated urban centers.

When our transportation system is performing these "linking" functions well, or reasonably so, it--and the Secretary, hopefully--can be largely ignored. But let a

key link fail, or threaten to do so--for example, let Penn Central or the over-the-road truckers shut down, or the air traffic controllers slow down, or Pan Am threaten to go bankrupt, or the New York subway workers go on strike, or any of a dozen other transportation disasters occur--and then we all suddenly realize how indeed vital transportation is.

"National Transportation Policy" is an attractive but illusive concept. I don't know how many times I've been lectured to the effect that "what the country needs is a National Transportation Policy," and that with such a policy "all these transportation problems"--and everyone has their own list--would soon vanish. I readily agree that we can do better than we have in developing a coordinated statement of National Transportation Policy, but I must caution that whatever we come up with will be disappointing to most and will certainly not, by itself, solve many problems. The reason is simple: Those who are asking for "policy" are usually really after the details of programs--they want to know where future highways will be built and how they will be financed; where the railroads will run; what cities will have subways; and so on.

I'm convinced that our country is too big, our mixed public-private economy too complex, and our historic divisions of Federal, state and local responsibilities too firmly entrenched to permit us, at the Federal level, to even come close to being able to design the nationwide details of such programs. Further, since transportation serves to link activities that flow from other policy decisions--including those of national defense, urban development, agricultural and rural development, environmental protection, energy conservation, and on and on, who, we must ask--knowing in advance that the question is unanswerable--can tell us the future of policy and programs in these areas?

Yet, if we focus our sights on a reasonable target I think we can get somewhere. I think we can develop a set of coordinated principles to guide our future policy decisions so that, in time, the necessary programs will emerge. We should be able, for example, to decide upon the relative roles of the public and private sectors in providing transportation investments; we should be able to agree on what our objectives are in Federal transportation regulations, and on what changes are needed, we should be

able to establish principles to decide what share the users and other beneficiaries of Federal investments in transportation should pay; we should be able to clarify our National urban and rural growth policies; and we should find some way to balance our presently partly conflicting objectives of environmental protection, energy conservation, and automotive safety. Decisions such as these, I believe, can be made, and we are at work on appropriate recommendations.

So much for philosophy. Let's now shift to the hard news department. Since in many of my press interviews I'm often not asked the questions I've prepared careful answers for, let me start off by answering a few that fit that category. Later, I'll do what I can to answer the other kind.

The first question, please.

Q. How's the Penn Central and the other Northeast area railroad restructuring going?

A. This question refers to the process that was set in motion by the President's signing of the Regional Rail Reorganization Act in early January. Progress thusfar is

about as expected. The United States Railway Association, the agency created by Congress to handle the restructuring, is up and going--it has a president (Mr. Ed Jordan) and most of its executive staff; President Nixon has nominated the U.S.R.A. Board Chairman (Mr. Arthur Lewis, a former president of Eastern Airlines), and he will shortly nominate its directors.

Our Department has issued the preliminary report called for by the statute, recommending, in a general way, the kind of route restructuring that seems necessary to restore this vital rail system to some measure of economic health.

I wish to stress that we have not recommended massive track abandonments, but rather attempted to identify those light-density branch lines that are "potentially excess" in an economic sense. The trackage that we have so identified equals about 25% of the total in the Northeast and Midwest, yet handles only 4% of the area's rail freight. Thus, these lines seem to be the prime candidates for close examination. We readily admit that our data can be faulty or out-of-date, and have encouraged U.S.R.A. to get the up-to-date facts.

One key point must be stressed: Since the majority of the rail companies that serve the Northeast are in bankruptcy, clearly something must be done. Simply throwing in more and more taxpayers' money to keep every branch line going is no solution. The system must be either streamlined, or the rates raised on the light-density lines, or the extra costs picked up by local agencies so that eventually this rail operation can stand on its own feet. The alternative is piecemeal nationalization, with all its evils.

U.S.R.A. is scheduled to submit its preliminary system plan to Congress in October. That step will be followed by the final system plan in February 1975 and, if all goes well, the start-up of the new railroad--the Consolidated Rail Corporation--will occur in the fourth quarter of 1975. There are admittedly still many hurdles ahead, including constitutional tests of the Statute, approval of the final rail system plan by Congress, and the keeping of Penn Central alive (though far from well) in the interim. To this last point, we have, since the new Statute was passed, provided Penn Central with some \$18 million in working capital, and will likely have to provide more in the coming months (the Statute provides

up to \$85 million). In addition, we expect we will have to make some near-term direct Federal investments--probably through AMTRAK--in the Northeast Corridor right-of-way in order to prevent rail service deterioration. Though it will be a rocky road, we will keep Penn Central going and we expect to see the new streamlined system emerge about on schedule. It better happen that way--the alternatives are all horrible.

Q. While we're on railroad issues, do you have any comments about AMTRAK? It--and its management--seem to be coming under increasing criticism. Do you think this is warranted?

A. This is a complicated subject, and I won't attempt a detailed answer today. But let me make a few points: AMTRAK was devised in 1970 as a way to salvage intercity rail passenger service after it had been battered by ICC regulations and out-competed by the automobile and air service. Since AMTRAK was conceived of as a for-profit operation--in fact, its common stock is owned by three railroads--this implies to me that it was intended that it provide this service in markets where it makes reasonable



economic sense. But Congress has--and is--pushing AMTRAK in other directions, mostly political. We are now prohibited from changing the present route structure--even though some of the long-haul routes have very little ridership--and we are even required to add a new "experimental" route this year and next. AMTRAK's executive salaries are limited by statute to levels significantly below industry standards, thus limiting our abilities to recruit, and the Board of Directors now has to have a specified political balance.

When it started up a little over 3 years ago, AMTRAK inherited some 2,000 largely worn-out passenger cars and, even today, it has to rely on the railroads to both operate its trains and to repair and maintain its equipment. And, of course, last winter's gasoline shortage suddenly threw AMTRAK a great surge of business it was ill-prepared to handle.

Needless to say, these various events have not been conducive to peace and harmony. They are also producing a very serious cash loss--a loss that is being financed, I suspect unknowingly, by the general taxpayer. Despite a 30% increase in this year's ridership, AMTRAK's revenues of about \$240 million will be offset by expenses of nearly \$400 million, for an operating loss of about \$160 million.

In addition, the Federal government has guaranteed \$300 million in AMTRAK loans to purchase new equipment, and will likely soon guarantee another \$200 or so million. I find it extremely difficult to foresee the conditions under which AMTRAK can repay these loans.

AMTRAK's management can reasonably be criticized on a number of grounds, and I have my own list, but to me most of the gripes that I hear are the result of events largely beyond their control. In particular, I think various recent efforts to place the blame upon AMTRAK's President, Roger Lewis, are off-base. He's working very hard to make the most of a difficult situation.

AMTRAK clearly has a valid role in moving passengers in our densely populated corridors--such as the Washington to New York to Boston area, and possibly a few others. I would encourage the development of good, high-speed equipment and good roadbeds to provide this service. Such steps will enable us to unload some of our over-burdened airways and highways, to the advantage of all. But I seriously question AMTRAK's role in trying to provide cross-country service in competition with our fine air and intercity bus service.

The economics are simply wrong. AMTRAK should specialize in what it's good at, and stop trying to do too much. I'm not saying it should be forced to operate at a profit, which may well be hopeless, at least in a traditional business sense. But certainly we ought to be able to agree on the tolerable level of taxpayer support, and then work to maximize service within that limit. I very much hope we will be able to re-focus AMTRAK's direction along these lines before the whole thing becomes hopelessly politicized.

Q. Let's talk about urban transportation for a moment. What with the energy shortage and all, isn't it time to mount a massive Federal program to help our cities solve their public transportation problems?

A. Let me offer two thoughts on this question:

1. Yes, I agree that our major cities need additional help in financing public transportation. Last January the President proposed an innovative \$16 billion, 6-year program that we think properly meets these needs. This proposal is embodied in the Unified Transportation Assistance Program (UTAP), which is now before the House Public Works Committee. I should note that there have been some worrisome reports to

the effect that the Committee is considering a "major increase" in the level of funding. I hope this is not so. While the large cities need help, there certainly has to be a limit to the burdens placed on the Nation's taxpayers for such projects. Significant increases over the funding levels proposed by the President would be both inflationary and an invitation for some cities to undertake expensive but inappropriate long-term construction projects simply because the funding is available.

2. The second thought has to do with the energy shortage and energy conservation. Without question our Nation will be short of energy--especially liquid petroleum, the prime mover of our transportation system--for as far ahead as we can foresee. Petroleum demand growth trends of the past decade cannot be sustained for another decade without America becoming hopelessly dependent upon Arab oil resources. The only way to cut down this rate of growth over this crucial decade is to use the transportation facilities we have, or will have, prudently and intensively. Detroit must, of course, shift its focus from the overweight, inefficient auto to small, efficient ones--which they are now doing at top speed. But it also means that we must bring

about increased usage of existing mass transit systems, most of which are being used far below effective capacity, and we must quickly add to the bus systems in all our cities. Further, in order to discourage needless private driving, we must see large increases in car pooling, work-hour staggering, and other approaches to efficient traffic management. Our Department has a number of programs underway directed to such priority needs. These approaches, coupled with our hoped-for success in finding new oil sources in the North American Continent and the development of domestic synthetic fuels industries, offer the best hope for gaining our necessary independence from future foreign oil blackmail.

Q. You've talked much about what's wrong with our transportation system. Do you have any comments about what's right?

A. I'm glad you asked that. I find our transportation system to be far more right than wrong. Compared to world standards, we have the best and safest highway system, the best and lowest-cost private carriage freight system, and the best, safest, and most secure air passenger system.

We also have a splendid inland waterway and coastal navigation and maritime safety system. Sure, we've got transportation problems--and we always will. But what we've got in terms of our ability to provide freedom of personal mobility and to serve our business and governmental needs is, by all standards, something to be very proud of.

Q. One final question. Would you care to summarize your personal reaction to your first year and a half in Washington?

A. I'm not so glad you asked that. If humor is still permitted, I suppose I might venture an opinion that it lies somewhere between (inaudible) and (unintelligible). More seriously, a Cabinet post is, of course, a responsible and important position. The Department of Transportation has a work force of over 100,000--including the large staffs of the Federal Aviation Administration, the Federal Highway Administration, and the U.S. Coast Guard--and an annual budget of \$10 billion. I've found that we have a great many talented, dedicated people working on programs of major significance to the Nation. I'm proud to be associated with this fine organization.

On a broader scene, I have, of course, been greatly encouraged by President Nixon's successes in foreign affairs. In addition, I embrace his efforts to re-direct the thrust of many of our domestic programs. I fully endorse his New Federalism, a concept that I believe is of major long-term significance to the Nation. I've also been encouraged by the many good and bright people in town--especially the career staffs. They have good ideas and they work very hard to get them implemented.

On the other side, I've been discouraged by the rigidities of the town's institutions, most of which seem dedicated mainly to preserving the status quo. I have also been discouraged by the mistaken belief of many in Congress that each new problem can only be solved by a new Federal program, and that each faltering program can only be cured by throwing more taxpayer money at it.

And, of course, I've been shocked, offended, and discouraged by the mess of whatever the term "Watergate" eventually comes to embrace. To a non-political type, and I'm certainly that, such events are beyond my comprehension. But history shows that it's a near impossibility to judge

history while you're standing in the middle of it, and I won't attempt it. I certainly do not want the President to resign. I certainly do want to see the air cleared by the orderly process envisioned by the Constitution. And, of course, I very much hope this will be done promptly, with fairness, and with as little emotion as possible. These have been key elements of our past American tradition. These have been the key elements of our strength and stability. Let's keep it that way.

Thank you for this chance to appear before you.

Now I'll do what I can to answer your questions.

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