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Contact: Linda Gosden
Phone : (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
U.S. SECRETARY OF TRANSPORTATION DREW LEWIS
TO THE WOMEN'S TRANSPORTATION SEMINAR
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If you have been listening the last few days, as I have, to what our Senators and Representatives are saying after being back home talking with their constituents, you get the idea that the bi-partisan support for President Reagan's economic recovery program is not only widespread but deep-rooted.

There is a strong feeling that President Reagan has offered the voters what he promised. There is equally strong support for giving the President a chance to show that his proposals will work -- to prove that an expanding economy is still the best solution to our nation's problems.

That may not sound revolutionary for a country that cut its teeth on the free enterprise system. But it's quite a contrast to the notion that grew up during the days of the New Frontier and the Great Society: that the cure to our problems lay in bigger and better Federal programs -- never mind the bigger taxes needed to fund those programs.

Perhaps we developed a greater social consciousness as a result of those programs, but the cost has been high. Consider these grim facts:

- The Federal budget has been in balance only once in the last 20 years.
- Federal spending per household increased 46 percent in the last four years alone.
- Federal taxes per family have quadrupled since 1965.
- Average weekly earnings -- real income after allowances for taxes and inflation -- have dropped 14 percent in the last 10 years.

Increases in Federal spending have not solved our welfare problems and have actually added to our economic problems. The experiment has failed. More Federal spending is not the answer.

President Reagan has made it clear that he believes in a growth economy. As he has said: "Only with economic growth and free enterprise can we ensure the expansion of economic and social opportunities which will benefit all Americans."

The success of the President's economic recovery plan depends on Congressional support for the total program -- spending cuts and tax cuts. For years Democratic Congresses have failed to balance the budget or strengthen the economy. Now, as one Democratic Congressman said a constituent told him: "We have a man in the White House who has never had the opportunity to try. I think we should give him a chance."

The country needs the President's total program -- not just the budget cuts but the tax proposals as well. The reason is clear. The average American now works until May 10th to earn the money needed to pay his or her Federal, state and local taxes. That's six days longer than last year, and nearly a month longer than it was 20 years ago.

The American worker -- the American family -- has paid a heavy price for the long years of carefree Federal spending habits. Unless we break that pattern -- unless we reverse the process -- we may never get the country's finances in order.

The transportation legislation we have proposed to the Congress reflects, on the one hand, the President's promise to hold down the Federal budget and, on the other, his recommendations for user fees to take the place of taxes in certain areas.

To achieve these goals we must realign national transportation policy along three basic principles:

First, Federal efforts must be focused on programs that are national in scope, instead of trying to manage the way funds are spent for every state and local transportation project.

Second, give back to the states the authority to deal with their transportation needs in ways that best serve the people. All wisdom is not centered in Washington. As the President has said, we should not treat state and local officials as though they were nothing more than administrative agents for the Federal government. I think we have to change that relationship and change, too, the practice of hauling taxes off to Washington, eating up 20 or 30 percent in overhead costs, and then sending the remainder back to the states with instructions on how to spend it.

Third, recover the costs of transportation services to the extent that those costs can be identified and allocated to the users. We shouldn't tax the farmers to pay for the air traffic control system, or tax office workers to dredge our rivers and repair locks. The people who use the airways and those who ship over our waterways should pay a fair share of the costs of maintaining, operating and improving those facilities.

Those principles more or less outline the job I have carved out for myself. I have no illusions that it will be easy. But as Malcolm Forbes once said: "If you have a job without any aggravations, you don't have a job."

Let me get down to specifics, and I'll start with railroads because we have a couple of urgent concerns there.

One of those pertains to Conrail.

Over the last five years the government has invested 6 billion tax dollars in Conrail. As a result, it's a better railroad than the old Penn Central and the family of other bankrupts it replaced. We believe Conrail has a future, that it can be made more efficient, and that private railroads will acquire its freight lines, if we can shake the system loose from three very difficult economic burdens that are dragging it down. We are therefore recommending legislation to separate the existing and very costly labor protection from rail operations and treat it like the social cost that it is; to transfer commuter responsibilities to passenger-oriented agencies and pay the necessary subsidy costs; and to share the costs of terminal operations with other railroads or set up a separate company to manage them.

These are tough preliminaries, but they are the steps we have to take, if we want the Conrail system -- serving 35 percent of the productive capacity of the country and with billions of dollars worth of government-paid improvements -- to become an attractive property for private rail operators. We are proposing legislation that will honor our obligation to labor, through severance pay, relocation assistance and retraining benefits for any workers dislocated by the Conrail transfer. We will preserve the commuter service now operated by Conrail -- and probably improve it in the process -- by getting it out from under a predominantly freight railroad and into passenger-oriented agencies. The time is now.

Our second rail concern is Amtrak.

We're asking, in the legislation sent to Congress in March, that Amtrak's revenues be required to cover at least 50 percent of its operating costs, beginning in October 1981.

That may not seem to be asking a lot -- and I've been accused of trying to kill the trains -- but the truth is that passengers today pay only about 40 cents of every dollar Amtrak spends. You and I pay the rest. The Federal subsidy now averages \$35 per passenger, when the heavily traveled Northeast Corridor trains are included. On less traveled routes, such as the Washington to Cincinnati run, the government shells out as much as \$137 per ticket. It would be cheaper for the government to buy airline tickets for those travelers, and pay their way to the airport. We need to focus Amtrak's resources on the busy corridor routes, and not try to operate a nationwide system. The time to do this is now.

Let's move on to the highways.

The proposal we sent to the Hill calls for completing the Interstate system by 1990, and putting more money into the maintenance of that system as well as our primary roads and bridges. We're proposing to spend about \$8 billion in FY '82. We have roads — fairly recently-built roads -- that are crumbling beneath the wheels of our cars and trucks. So while we finish the Interstate we must also begin rebuilding it. At the same time we are recommending that the responsibility for state and local road programs revert to the states.

In public transit, we believe Federal funds are best invested in capital improvements, not operating subsidies. When Washington foots the bill, the local transit agency has no incentive to set fares realistically or to hold costs down. That's one reason why operating costs have gone up an average of 13 percent a year since 1973 and transit fares have gone up only about 3½ percent a year, while private car costs — over the same period — have gone through the roof.

In my judgment, we can best serve the cause of public transit and still serve the President's budget-cutting goals by increasing Federal support for bus and rail modernization projects -- not new starts but continued investment in proven, well-used systems — while phasing out operational assistance. Cities can survive without the few cents on a dollar we provide in operating costs. However, they would have a rough time matching the up to 80 percent Federal share of new buses and rail equipment.

For aviation, we're looking at a new technology air traffic control system that may cost \$10 billion over the next decade, and we believe we need some increase in the airways user tax — on airline tickets and general aviation fuel -- to help pay the cost of that system. We also propose over the next two years to end Federal subsidies to the nation's largest airports, which generally have the means to finance their own development work.

Now is the time to act, in each of these areas. Now is the time to give the President's proposals their day in the sun. What it all comes down to is a matter of choice: do we accept the higher and higher taxes that go with an over-indulgent Federal budget, or do we tighten the belt and adopt the fiscal discipline needed to get our economy under control and the adrenalin of individual initiative running again?

I believe the choice is clear. And the time is now. We must make the difficult decisions and we must make them promptly and decisively. The time is now, to go with the policies that will lead us back to an economy under control, a healthy society, and a renewal of pride in our country and confidence in ourselves.

I believe, as President Reagan said in his inaugural address, that we still have the right in this country to "dream heroic dreams" and that we have the determination to make those dreams come true. America is too big for big

government. America is not too old or too tired or too complacent for big dreams. America is not through "growing."

President Reagan has faith in America. He expresses it well, as he did again last night. And because he has been fair and forthright in his budget cut proposals -- and because he has moved to fulfill his campaign pledges -- he has not only won strong bipartisan support, he has fired the imagination of people who are tired of higher paychecks and less money to spend -- bigger bucks that buy less and leave nothing for tomorrow. Tired of empty promises and wasteful government programs.

President Reagan's goals are the goals of an expanding economy: more jobs, more "take home" pay, more industrial growth and real gains again in productivity.

These are not blue-sky goals. They are attainable. There is a growing sense that no situation is hopeless; we can do something. That's the attitude I detect in this Administration.

I think we had reached the point where the prior Administration was saying that the American people would have to accept a lower standard of living because the government couldn't live within its means. This Administration doesn't buy that for a minute. The budget and legislative proposals going to the Congress demonstrate that the new optimism is based on a revival of faith in the American spirit, confidence in private enterprise and real hope for our future.

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