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Remarks prepared for delivery by
U.S. Secretary of Transportation Drew Lewis
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I am delighted to be here to share thoughts with what has proven to be one of the truly innovative industries in this country.

It was the synthetic rubber tire that carried us to victory in the Second World War and led to the creation of a \$20 billion industry which today employs 230,000 people.

Your industry traditionally exercises the kind of creative ingenuity that Ronald Reagan seeks to rekindle throughout America. Inventiveness and the can-do spirit of the free enterprise system carried this nation to greatness and that same spirit will return us to greatness during this Administration.

We're soon approaching the close of the first year of the Reagan Administration -- a year of more government action, of more government change than Washington has seen since the early days of the New Deal. Let me share with you an appraisal of what's happened and what the impact will be for your industry, and more important, what this means for all Americans and for our nation.

For too long politicians have taken the easy way out. For too long we have permitted run-away inflation -- fueled by excessive Federal spending. For too long, we've applied band-aids to social ills and then kidded ourselves by thinking that Federal money is by itself a solution.

In 10 short months the entire direction of this country has shifted away from uncontrolled spending and an overgrown government to a government that responds to the people, a government which directs the budget rather than having the budget dictate government.

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President Reagan's leadership has given us the greatest reduction in Federal spending in our history. Growth in spending in this Administration has been cut in half. We cut \$35 billion from the 1982 budget. His vision put us on the path that leads to a nation at work, to fiscal sanity, to lower taxes and less inflation. His courage has given us the strength to "hold to a firm, steady course" because at last America is on a charted course which will ultimately bring sound economic recovery.

To appreciate how far we've come in only 10 months, just look at one or two programs in the Department of Transportation.

President Reagan believes that the burden of government regulation has been too heavy and the price too high, and he pledged to "get the government off the backs of the people."

And who would have thought that in only 10 months we could have freed American industry and state and local governments from so many binds of regulation.

For example, the automobile industry relief package, announced April 6, called for reforms or elimination of 34 regulations affecting automobiles, 17 under the jurisdiction of the Environmental Protection Agency and 17 under the Department of Transportation. The Administration has already acted on 16. Changes in those 34 regulations will save the industry \$1½ billion in capital costs over five years and consumers another \$9.3 billion.

A key element in our regulatory reform efforts has always been that market forces of competition are the most direct, effective and efficient form of achieving desirable social and economic results. This, in general, is a strong commitment to protecting the interest and role of an informed public, an informed consumer, whose knowledgeable market choices allow such an approach to work. We know that in your industry the Uniform Tire Quality Grading System is of critical concern. We want to use regulatory reform to do everything we can to assist you in growing, developing, expanding. Right now we are looking at the Uniform Tire Quality Grading System because we aren't sure its effect is positive. It is overly complex. We don't know whether it, in fact, does inform the public or increase the knowledge of the consumer. We are concerned that the system is not serving its original purpose, that consumers don't understand it and that it may need to be simplified or amended. We will appreciate your input into the review process and your comment on other regulations you may find particularly troublesome.

Industry is not the only victim of excessive regulations. State and local governments have become impotent in the face of government red tape and regulation. We are relaxing regulations and eliminating much of the red tape that has gone along with Federal grants. This should help offset additional costs and give state and local governments more flexibility and greater efficiency in meeting local transportation needs.

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For example, recently we awarded the State of Pennsylvania one grant for bus purchases for 16 transit systems in the state. Instead of having each of the 16 transit systems come to Washington hat-in-hand, the state was able to do long-range planning and also take advantage of the better price in large volume procurement.

We also removed the regulation which required all buses receiving Federal grants be retrofitted with hydraulic lifts for handicapped persons and left to the states and local governments to decide how best to meet the needs of handicapped persons.

The Reagan Administration will continue to move swiftly and firmly in this new direction. We will reduce excessive Federal regulations which have stifled productivity and interfered with the free market because we know that fewer and more efficient regulations will reduce costs to consumers and will increase the efficiency of the overall regulatory process.

In addition, we are returning to a Federal government concerned with the national interests, and leaving to state and local governments the responsibility and authority to determine their own needs. A multi-year highway bill authorizing the Federal-aid Highway program is part of the legislative strategy to achieve the defederalization. The Senate passed multi-year highway legislation on Monday and we are hopeful that the House and Senate will reconcile differences between their bills and finalize legislation this year. We will continue to work with the Congress to achieve this. Obviously a multi-year bill would give us greater continuity in completing our highway program. Nonetheless, we all are aware that there are strong political differences that can affect the outcome of this legislation.

We believe the state and local governments can and should build and repair their own secondary road systems. This shift in philosophy would allow the Federal government to focus resources on the completion and preservation of the Interstate Highway System -- a program which commands the highest national attention.

The Interstate is vital to the country's commerce and economic well-being and that system should not be allowed to decay. Our program calls for completing Interstate construction in 1990. At the same time we will proceed with a Federally-supported program of reconstruction and rehabilitation.

We are also committed to make the necessary investments to keep the nation's primary roads and bridges in good shape. We recognize that the country faces a serious problem of bridge deterioration. Bridge repair is so costly that it is unrealistic to expect states to carry that burden. For this reason the Bridge Replacement and Rehabilitation Program will be continued.

The highway program is financed from the Highway Trust Fund, an excellent example of the "user pays" concept which we believe is an equitable approach to financing. We are conducting a major cost allocation study relating to the component parts of the Highway Trust Fund. This study will provide a basis for future reviews of the fund and the extent to which the various users of the system share in meeting its costs.

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This study will be helpful when we have to confront the reality that the present four-cent gasoline tax has been in effect since 1959 and it will not continue to provide sufficient funds to complete the job that needs to be done. We'll have enough money to complete the Interstate system, do an adequate program on bridges and continue with our obligations on the primary roads, and we will have some funds to rehabilitate the Interstate System. But that is as far as we can go at the current funding levels. We must face the disturbing possibility that sometime in the near future we may need to have increased highway user fees in terms of a gasoline tax if we are to have a truly effective highway program.

The Administration had proposed that the states pick up secondary, urban and rural roads programs and administer these through state offices using state funds -- from state fuel taxes. However, there seems to be considerable opposition to this approach among state and local governments.

We still think the proper way to go is to have the states finance secondary, urban and rural road programs through state gasoline taxes and administer them through state offices.

Hopefully, after state and local governments feel the relief from the Federal domination that has characterized their existence for so long, they will take a second look at our philosophy in the road program. If not, we are prepared to continue this responsibility as long as we have the necessary revenue sources.

We have come a long way in 10 months toward unleashing the productive forces of the free enterprise system. The most important accomplishment is the reduction in Federal spending. The President has put through a program of tax reductions, to let working Americans keep more of what they earn and to encourage increased investment in American industry. The Reagan Administration has faith in private industry and in the free enterprise system. Citizens will save more of what they earn. Then private industry will be able to invest and new jobs can be created.

The challenge ahead is to hang tough and fight hard in our efforts to reclaim the great promise that is still ours in America. The commitment of all of us must be to use these reforms to help get the national economy back on track.

Whether you personally agree with all of the President's programs, you know his motivations are the motivations of a great patriot -- a man who will prove in history to be in no President's shadow; a man who has the courage to tackle what, in one short year, would have seemed impossible. And after tackling the problem, the courage to stand firmly by his convictions.

Recently I was on a program with Congressman Dan Rostenkowski, Democratic chairman of the House Ways and Means Committee. In his remarks Dan said "it's refreshing for a change to have man in the White House who does in office what he said he was going to do when running for that office."

Because I am asked so much about it, let me describe for a moment the President's action in the traffic controllers' situation, which demonstrates the firmness of his commitment to the principles of this democracy.

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The President felt strongly that when someone takes an oath -- as he did when he became President -- as I did when I became Secretary of Transportation and as the traffic controllers did as Federal employees -- that oath is a serious commitment.

This democracy has been maturing as a system of laws for over 200 years. We cannot permit the citizens of this country to pick and choose the laws they wish to obey or not obey.

We did everything within reason to reach an agreement with PATCO. We negotiated for seven months. We agreed on a new contract -- a \$40 million package of benefits -- that gave the controllers an 11.4 percent increase -- twice what other Federal employees are getting. That agreement recognized the difficulty of their jobs, but they chose to reject the contract, to ask for 17 times more, \$40,000 additional cost per controller, to strike, and to refuse to return to work after the President gave them 48 hours to reconsider their actions.

Obviously we regret losing 11,500 experienced people. But we are a government of laws and we are not turning back. The airways are safe. We are rebuilding the system with people who want to work. The over 9,000 people who served the public after the strike and kept the system going, do not want the striking controllers back. Because of our commitment to the laws of this country, and in addition, our obligation to those who stuck with us, we will not rehire the striking controllers.

By facing these difficult issues and taking the positive actions we have taken in the first year, we can look forward with some assurance to a better America. Interest rates have been dropping since September. Inflation is decreasing and we are optimistic that the balance of the President's strategy will begin to show results.

We're all living in a remarkable period of history. We're participating in the greatest change in direction of government in 50 years. Let's build on the foundations those changes provide for the great future that is ours.

Let's rededicate ourselves to a better, more productive, and self-reliant America.

As the President said in a Cabinet meeting and later to the American people:

"If not us, who?"

"If not now, when?"

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