

2.51

# U. S. Department of Transportation

# news:



Office of Public and Consumer Affairs  
Washington, D.C. 20590

REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION BROCK ADAMS,  
TO THE RICHLAND CHAMBER OF COMMERCE, RICHLAND, WASHINGTON, MARCH 26, 1979.

I'm glad to be with you. This is the first day of a three-day visit to your state and I am delighted to be starting my itinerary in this very pleasant but very busy section of Washington.

During my years in Congress I would return to my district periodically to report to my constituents on what was going on in the "other" Washington.

I thought tonight I would take a few minutes to do that again, reporting briefly on what we are doing -- and trying to do -- to make our transportation systems better, safer and more efficient.

The Administration's two major domestic issues, and they are related, are energy and inflation. They affect each of us and they impact our present and future transportation decisions.

These issues, I'm sure, are particularly important to the Tri-Cities because you are engaged in energy generation, with the Hanford complex accounting for a high percentage of your urban employment.

Unfortunately, we can't use nuclear or electric power in our cars --not yet anyway. And preserving the motor vehicle and the freedom it affords us -- the "automobility" we enjoy and our economy depends on -- is one of the most important and most urgent transportation challenges before us.

- more -

So I'm involved in a high-priority effort to get a better American car --one that is, first of all, super energy-efficient; secondly, several times safer than today's cars; and, in the third place, meets the emission standards necessary to prevent air pollution.

Now, we don't have the prototype of such a car hidden away anywhere, and the government is not going into the automobile business -- although some of the automakers think we are already in it. What I'm trying to do is get a basic research program started, in areas where there is real potential for high fuel economies. We have had one technical conference, attended not just by representatives from the major manufacturers but from suppliers, universities and a number of independent scientists and engineers as well. A second conference will be held in Washington in May.

I think what we have to do is overcome the auto industry's traditional "can't do" attitude. I am always amazed that for an industry with tremendous resourcefulness and proven performance, their first reaction to proposed Federal safety and fuel economy measures has always been "we can't do that" or "the public won't buy it."

I don't want to tell the companies what they should or must do, anymore than they want to hear it. But I am deeply concerned about the cost and supply of motor fuel, and our freedom to enjoy our cars in the future. The automakers are the key to American mobility.

I want to protect that mobility, which is why I believe we must look beyond 1985 to cars that will average 40 to 50 miles per gallon, and make our level-best effort to solve the technical problems that stand in our way. It is also why I believe the industry should concentrate on building and selling the fuel economy models needed to meet the 1981 through 1984 mileage standards instead of lobbying for relief from those standards. Recent events in Iran should make it clear that we can't postpone the energy crisis and we should not try to postpone an honest and realistic response to it.

Part of that response involves conservation. We're now using more than 100 billion gallons of fuel a year in our motor vehicles. Our total oil consumption is at a record high -- nearly 900 million gallons a day, only about half of which comes from secure domestic sources.

To help compensate for the reduced flow from Iran, each of the 20 member nations of the International Energy Agency has agreed to cut consumption by 5 percent. For the United States that's about 42 million gallons a day.

We could save that, and more, simply by slowing down on the highways. I know the 55 mile per hour speed limit is not popular with everyone, especially here in the West, and I can understand that. But I do not believe state legislatures should be proposing alternatives to the established speed limit at a time when other, more painful measures -- ranging from week-end closings to rationing -- are being talked about.

Fifty-five does save fuel, and lives. It has been the most effective weapon against death on the highway ever tried. And my mathematicians tell me that if motorists and truckers nationwide obeyed the speed limit 100 percent we could save enough gasoline in one year to operate all the cars in the state of Washington for three years.

What do I think is going to happen? Well, I predicted about a year ago that dollar-a-gallon gasoline was not far away, and I'm afraid that's true. We are unusual among the oil-importing nations in that we have held pump prices down by controlling the price of "old" domestic oil. In other industrialized countries, as you know, gasoline costs more than twice as much as it does here. It is \$2.30 in Belgium, for example, \$2.50 in France and \$3 in Israel.

I am concerned that even with controls the price of gasoline has been rising, and we are gaining nothing from those increases. I think that we must devise a way to capture some of that increase and return it to the taxpayers. The President is studying the possibilities now -- we discussed the problem at Camp David last week -- and will bring the people an energy message on television Thursday evening.

The second big issue facing us is inflation. The 1967 dollar is worth 49 cents today and could decline another five cents by 1980 unless the present rate of inflation can be checked.

Inflation is the result of living beyond our means and thinking we can afford it. After 10 or 12 years inflation has attained a momentum that's given it almost a life of its own in our economy. We buy today, whatever the price, because we think the cost tomorrow will surely be higher.

The chain has to be broken. The President's wage and price guidelines must be respected. That means management and labor must cooperate, historically and psychologically a very difficult thing to bring about.

Government must also get it's own spending habits under control. We don't need a constitutional amendment or a convention to balance the budget; we just need the discipline to manage the government's fiscal affairs responsibly. President Carter is moving with determination in that direction and I admire him for it. I know how difficult it is to hold the line on spending when there are so many pressures for Federal assistance.

There are several things we can do -- and are doing in transportation to relieve that pressure.

One is to reduce or eliminate the costs of unnecessary government regulation.

Last year we deregulated the nation's airlines, which has led to lower fares for air travelers and better earnings for the carriers.

More cities are getting better service, although a few are losing some flights. Small cities are protected because the law specifies that no community that has air service can be left without any commercial air service. But since October airlines have applied for 1600 new or dormant routes, while only 98 requests have been filed to stop or reduce service.

This year we have just sent to the Congress proposed legislation that would make fundamental changes in the way our freight railroads are regulated. We are also studying regulation in the trucking industry to see if reforms there would be in the public interest.

We have focused on the railroads because, frankly, that \$20 billion industry is in trouble. While some lines are healthy and profitable, others are surviving only on Federal subsidies and for the industry as a whole the rate of return on investment last year was less than one percent. By our best estimates the railroads will be short by \$16 billion by 1985, and even direct government assistance -- under the present regulatory system -- would not cure the root problems of the railroads' deficient earning power.

We can't allow the railroads to die. We need their freight capacity and the contributions they make to our economy. America can't operate without the freight railroads.

On the other hand, the government shouldn't nurse them forever. The intravenous feeding of tax dollars is a poor but costly substitute for the natural vitality of a strong and competitive industry.

We are proposing, then, to do three things:

1. Give the railroads rate freedoms, phased in over a five-year period. During that time railroads would be allowed rate flexibility within a prescribed zone. After that railroads and shippers would be free to bargain.
2. Allow the railroads to abandon non-economic lines or discontinue service unless the costs of operation are covered through subsidy or purchase.

3. Permit free entry by construction or acquisition by anyone except a regulated carrier of another mode. The bill would also transfer merger authority from the Interstate Commerce Commission to the Department of Justice where the railroads would be under the same antitrust laws that apply to other industries.

Our purpose is to pump life back into the railroads without massive transfusions of Federal aid. We think substituting good old competitive private enterprise for a 90-year old relic of government regulation is the rational way to go.

I realize that the prospect of abandonments, like rate freedom, raises some uncertainties in the minds of shippers and on the part of communities. At the same time, we believe that carriers should not be forced to operate non-compensatory lines.

I think we also have to bear in mind that times have changed since the days when the railroads were the only ballgame in town. We have a vast highway network and an industrious motor carrier industry, so we don't necessarily need a vast system of under-used branch lines -- a private line to every grain elevator or a siding for every manufacturer.

The Iowa study of a few years ago showed that farm shipping costs could actually be reduced by moving grain by truck to subterminals and taking advantage of lower multiple rail car rates for the long haul. One boxcar a week on a rusty branchline is an inefficient way to use rail resources.

In short, we believe the benefits of our proposal to be substantial and the need for them urgent. The legislation will achieve the goals the 4-R Act aspired to but failed to attain. It will promote greater productivity which, in the long run, is the best antidote for inflation. It will increase rail revenues, improve rail service, induce greater competition and more choices for shippers, and produce new efficiencies.

And it just might save the railroads from private oblivion or the public dole.

A second thing we can do to fight inflation is to improve our efficiency in administering Federal programs. One way we propose to do that is to merge the present Federal Highway and Urban Mass Transportation administrations into a single agency.

I mention that today because I know there are several surface transportation projects pending here in the Tri-Cities area that you fear may be affected adversely by proposed organizational changes in Washington and in the field. I suggest that you not worry about that. We are not going to rob the Highway Trust Fund. We are not going to advocate transit programs over highway programs; both will get equal consideration under our consolidation proposal. And we are not going to take any prerogatives away from the states or from local authorities.

My support for better highways still stands. About 45 percent of the 1980 DOT budget is vested in highway programs. As last year's Surface Transportation Act demonstrates, we remain committed to the completion of the Interstate system and to the care of the Federal-aid highway network. I assure you, we do not intend to qualify, compromise or back away from that commitment.

A single, unified Surface Transportation Administration will, we believe, serve our mutual purposes and enable us to do more with available resources. The trend in recent years clearly has been toward integrated transportation planning and a cohesive national policy. Our efforts must be directed to the system as a whole -- to put the parts together in ways that will best serve the needs of the state, the city and the community.

The 1978 Surface Transportation Assistance Act which -- for the first time -- addressed highway and transit programs together in a single legislative package was a major stepping stone toward program integration.

In fact, its new provisions for a rural and small urban areas transportation program can be implemented only by a mass transit-highway partnership. The programs and regulations in other words, have converged; it is time now for the agencies administering them to merge. As I have said before, the two have been living together pretty successfully -- now it's time for the wedding.

Let me emphasize another point. In recommending the consolidation of FHWA and UMTA, we are not going to subordinate one agency to the other, and we are not going to alter traditional lines of state authority. We do want to blend two housekeeping organizations into one, establish one-stop review and approval service, provide faster response and cut overhead costs. It's no longer true that two can live as cheaply as one. And there's no reason -- or excuse -- for rivalry between highway and transit interests.

A third thing we are doing to restrain the effects of inflation is to use the government's purchasing powers to encourage cooperation.

Our budget for 1980, I believe, is adequate. Projected highway spending, as an example, is up six percent. But we are going to make a determined effort at every opportunity to get full value for the public's transportation dollar. We are continuing to re-examine construction bids that exceed estimates by more than seven percent, we are going to expect states and cities using Federal grant funds to buy from companies that stay within the Administration's pay and price

standards, and we are going to look for managerial and administrative economies wherever we can find them. That doesn't mean that well-justified transportation projects are going to go begging, but it does mean that planners and bidders had better use sharp pencils.

I do not want to take advantage of your hospitality or intrude overly long on your evening. I have enjoyed being with you and I look forward to my next opportunity to visit the Tri-Cities.

#####