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TALKING POINTS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION
NEIL GOLDSCHMIDT, GM MANAGEMENT GROUP, DETROIT, MICHIGAN
APRIL 9, 1980

When I became Secretary of Transportation, one of my first calls was to General Motors to visit with the two men who head your outstanding organization. For my part, the message I had to deliver was a simple one: Let's all lower our voices. Let's stop the running debate in the newspapers between Detroit and Washington. Let's stop blaming each other in print. When I have something to say, I'll say it to you directly and not to the nearest reporter.

Since then, both parties to this agreement have kept it and I think with beneficial results. There are critical challenges ahead of this industry and ahead of this country: A major transition for the auto industry and the industrial base that depends upon it; the current problem of inflation; questions of our nation's role in a new world economy; the long-term energy and resource issue; and more. The more we are able to concentrate our energies and our talents on meeting those challenges--and the less we are distracted by petty public sparring and posturing--the greater will be our success.

It's in that context that I welcome the opportunity to talk with you tonight. Tonight, it's just among us--no press, no outsiders--and so tonight I'd like to take up some of the tougher areas of our relationship. I do this in the belief that cooperation between government and industry is fundamental to our future--and that cooperation is only meaningful if we are honest and candid in disagreement as well as agreement. There's an old saying, "I can't be your friend and your flatterer, too" and it holds true for our relationship as well.

So let me begin by holding up an historical mirror to your industry with the aim of letting you see something of the way you are seen.

It starts in 1964.

1964: TIME magazine reports, "CLEARING THE AIR--AUTOS AND POLLUTION"

1965: THE NEW YORK TIMES front page headline, "THE CAR AND SMOG: A GROWING CONTROVERSY--AUTO INDUSTRY SAYS EVIDENCE DOES NOT WARRANT CONTROLS."

And CONSUMER REPORTS featured an article on the auto industry, "QUALITY CONTROL, WARRANTIES AND A CRISIS IN CONFIDENCE: INDUSTRY'S SLOPPINESS IRKS BUYERS".

That same year saw the now famous exchange, widely covered at the time, between Senator Robert Kennedy and your then-President over corporate profits and spending on safety.

1966: BUSINESS WEEK reports, "DETROIT TRIES TO DEFANG SAFETY BILL."

1969: BUSINESS WEEK "AUTO MEN GASP IN THE SMOG."

1971: BUSINESS WEEK, "DETROIT TRIES TO CLOSE ITS CREDIBILITY GAP."

1972: US NEWS AND WORLD REPORT, "GROWING BATTLE OVER AUTO POLLUTION."

1973: BUSINESS WEEK, "URBAN DRIVE TO RESTRICT THE AUTO". Followed by another feature in that magazine, "DETROIT LOOKS DOWN A LONG, DARK ROAD."

1975: NEWSWEEK, "DETROIT FEARS SHOWDOWN AT CREDIBILITY GAP."

1978: BUSINESS WEEK: "WHY DETROIT RESISTS CHANGE."

And finally let me cite a 1979 Yankelovich briefing for management on the outlook for the 80's which concluded "...the American public remains highly suspicious and mistrustful of business...the public expresses an increased concern that business has too much political influence...moreover, business' failure to reduce underlying public mistrust and hostility suggest a fertile ground for activist group pressures as well as for nonregulatory outlets for public anger."

I do not raise these old and not so old ghosts in order to endorse or add my voice to the criticism, or to scold or castigate you for past conduct.

I bring them up because I believe that the attitude the public has toward this industry is a major obstacle to our accomplishing our national agenda. I believe it weakens our prospects for successfully managing our way through this period of transition: I believe it reduces our

overall strength as a nation in responding to the world economic challenge--including the problems of productivity and inflation; and I am deeply disturbed by the prospect that it will restrict the range of choices available to government decision-makers and corporate leaders like you in selecting wisely the course your industry and this nation will pursue in the future--that it will create national myopia regarding the extent of our problems and our opportunities and that bad politics will produce bad policies.

And for any of you who may doubt these concerns--the concerns of a relative newcomer to Washington--I only wish that you could have sat at the back of the room during the recent Vanik hearings on auto imports and listened to the comments of the committee members. I was absolutely shocked at the strength of their feelings: They don't like you; they don't trust you; they're not the least bit disturbed over your current problems, which they think you brought on yourself; and they're quite content to see you stew in your own juice.

That is precisely the kind of myopia that concerns me--and should concern you. It is a harmful and destructive attitude--and it is prevalent not only in Washington in the Congress but also among the people they represent. It is not simply a question of replacing these elected officials with others; they are an accurate reflection of the people they represent.

With that mind-set in Congress and in the country, I do not feel at all confident that we are going to make the most intelligent decisions on re-tooling American industry; on our long-range energy future; on the future of our nation's cities--on any of the half-dozen fundamental issues that are now before us and which require American government and American industry to work together.

Because of the urgency of these issues, I believe it is incumbent upon the auto industry--and especially the industry leaders--to place at the top of the corporate agenda a change in the nation's attitude toward it.

Moreover, I regard the current period of dislocation for the industry to be your greatest ally in accomplishing this change. This period of transition represents an opportunity to do more than re-tool the industry; it is an opportunity to re-tool the industry's image in this country.

There are, I believe, three specific ways in which you can use the opportunity presented by down-sizing and the transition to smaller cars to re-tool your image.

First, you can demonstrate your responsiveness and innovativeness in responding to consumer demands. Today, the consumer looks first at mileage ratings. But even where some of our domestic producers offer vehicles that are competitive in fuel economy, too often American consumers are opting for imports and basing their decision on other criteria.

The response must be American-made products that reflect total quality. Specifically, I believe that safety, repairability and serviceability of autos will be key items of concern to consumers.

The down-sizing of cars clearly raises the importance and visibility of the safety issue. The American consumer will not sacrifice personal or family safety for fuel economy--and the company that demonstrates the ability to offer both will dominate. (It's important to note that NHTSA testing in this area flunked every imported car and that the Chevy Citation, Plymouth Horizon and Ford Mustang passed every test.)

Down-sizing will also raise the issue of product reliability. The industry will have to demonstrate that less is more--more reliability, more serviceability, more repairability, in addition to more money.

Finally, I believe that down-sizing represents the industry's opportunity to look beyond the mere technological fix or internal adjustment of the industry. It is a chance to think about and examine the role of the auto in our culture and its role in the future. It is a chance for the industry to demonstrate boldness and innovation--in producing speciality vehicles, in re-assessing political values regarding the city-scape and the environment, in testing other mobility options. For if this current period of change yields only more fuel efficient gas powered cars, I will tonight predict another such period of crisis within the next 20 years.

Second, down-sizing is an opportunity to demonstrate civic and community involvement.

There will be major impacts on regions and communities as the industry's transition is accomplished. Some areas stand to boom; others may bust--or fear that they'll bust. You stand to gain in stature as you demonstrate your sensitivity to these problems and to the workers who are affected.

Now is the time, I believe, for the industry to do some creative thinking about ways to mitigate the impacts of corporate decisions --perhaps in partnership with local, state and federal governments, labor and the academic community.

And finally, I think this time of transition is a chance for the industry to show its commitment to the country in ways large and small.

America today is being tested as never before. Economically, politically, in the world and in our neighborhoods, our basic values and beliefs are at issue.

It is a time for us to summon the very best we have as a people --to demand an extra measure of service, of patience and of courage.

Some of the very best this country has to offer is here, in this room tonight. Surely General Motors is a reservoir of talent for America.

Now is the time to draw against that reservoir.

The fight against inflation must be your fight.

The needs of our cities and neighborhoods, of our young people seeking hope, our old seeking dignity, our minorities seeking work and all seeking meaning and value and security--these are your causes and your needs.

When I was a Mayor in Portland, I used to tell people that there was no greater service a citizen could perform for his or her community than to be a scout master or den mother. That kind of day to day contribution to the country can never be re-paid.

The same is true at the national level. There is no substitute for and no price that can be put upon the contribution you can make as a loaned executive to a local government. Or a member of a team assisting a government review of a problem or as a willing participant in a public-private civic enterprise. This kind of involvement strengthens the fiber of our country and gives the lie to those who say that industry's only motive is the profit motive.

I come here tonight convinced that the opportunity before this industry and this country is almost unlimited.

Pressed by adversity, we stand to rebound even stronger than before. Pushed by competition, we will emerge even more productive, more efficient and more confident of our abilities as a people.

Our watchword comes from the German poet Goethe who wrote, "Whatever you can do, or dream you can, begin it. Boldness has genius, power and magic in it."