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REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION NEIL E. GOLDSCHMIDT, TO THE AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION, SAN DIEGO, CALIFORNIA, FEBRUARY 18, 1980.

It is a pleasure for me to come here today, to be with a group to whose members must go a large share of the credit for the development of our nation's superb transportation system.

Today, as we take the first steps across the threshold of a new decade, our country can boast of a transportation system that is unmatched, unparalleled and unequalled in the world.

Today, we possess a system of highways, subways, railways, airports and marine facilities that undergird our nation's commerce -- moving the goods that move the economy -- and that provide our people with mobility -- offering safe and economical travel.

And today, this transportation system -- the product in large measure, of 30 years of labor -- confronts a new horizon. For the passing of the 70's marked the passing of an era. Proud though we may be of those past accomplishments, now they are behind us. Behind us, as well, are the old assumptions and old habits; before us now is a new age, a time of difficult choices and finite resources, a time of new assumptions, new habits and new approaches to solving problems.

A growing recognition, in this country and abroad, of a new world energy reality is already sending shock-waves around the globe. Our own people have responded to the increasing cost and scarcity of gasoline by moving to smaller cars -- a significant number from overseas -- which has taken a heavy toll on our nation's economy.

But I believe that we have the will and the skill to solve the energy problem. The President has made it clear to the world that under no circumstances will we let our national interests in the Middle East be compromised by Soviet aggression. And, at the same time, we are embarking on a national program of energy conservation and production that will achieve energy security in this century.

There is another basic resource, besides energy, where we face as great a problem, but where less attention has been directed. And that is capital. Capital, like energy, has been fundamental to our country's growth and development. And in capital, as in energy, we are now entering a period of scarcity and expense.

Where once we could envision ever-increasing revenues, we now see stable or even declining dollars.

Where once we had resources that made choices unnecessary, we now face tough decisions among competing priorities.

Where once gold-plating was a standard of luxury, we now recognize the difference between wealth and waste.

Now, as a nation, we are challenged to embrace a conservation ethic, not only of energy but of capital as well. An ethic that requires us to utilize our capital with prudence; to make new investments wisely and in ways that will reap multiple benefits; to maintain and preserve our existing investments for the longest useful life and the least amount of waste.

Our challenge is not to settle for doing less, but to insist on getting more out of what we do.

If our future holds the prospect of scarce capital, then our response must be the promise of increased efficiency and productivity. For I believe that a new conservation ethic -- based on old-fashioned American values and virtues -- can create a working strategy that will not only conserve our resources and increase efficiency, but also keep America working, keep America building and keep America moving. I believe that taking the waste out of our economy is the way to take the inflation out of our economy.

And I believe that the transportation system -- and those who build that system -- have the opportunity to take the lead in drafting this new national charter -- to be the leaders on the cutting edge of change.

After all, it is transportation that, like a strong and unifying thread, weaves together the fabric of this nation.

It is transportation that makes all the other necessities of life available and accessible -- that takes the worker to the job and home again, the food to the market, the patient to the doctor, the family to the resort, the goods to the store. It is transportation that brings us together and holds us together as a nation and as a people.

And so, if we can eliminate waste from transportation -- alter the weave of our single, major thread -- we stand to change for the better the shape of the entire piece of cloth.

Let me be specific. For there are today key opportunities in our highway, rail and transit programs if we are alert to seize and shape them.

Perhaps the greatest need for a new approach is in the area of our greatest accomplishment, the Interstate highway system. Over the past 30 years we have spent more than \$75 billion to build over 90 percent of that system. It is our greatest national asset. It is only a few hundred miles shy of completion.

And we are wearing those last few miles around our necks like an albatross.

First, we now estimate that they would cost us almost \$55 billion to complete. And that figure keeps growing as we add non-essential links and inflation drives the cost ever higher.

At the same time, while we focus our attention and resources on non-essential Interstate construction, we are letting our existing investment rot from decay and neglect. We estimate that the Interstate system that we have already paid for needs almost \$90 billion of repair and rehabilitation over the next 10 years.

And the real irony of the whole situation is that we have these enormous needs at a time when, for the first time in history, we are forecasting declining revenues in the Highway Trust Fund. Fuel efficient cars and a diminished rate of travel together with an exemption for gasohol mean a capital-short future.

There is a way to make the future work -- to preserve mobility, to preserve jobs, and to preserve our highway system. But we can't do it by hanging on to the obsolete baggage of the past.

First, we must re-structure the Interstate program. It is time we identified those projects that are essential and are buildable and build them; and it is time we jettisoned those that are not and moved to another account those that really are not new projects but safety or reconstruction projects.

The projects that remain -- our true "complete" Interstate system -- will cost between \$20-30 billion. I am committed to building those projects and making this decade the decade in which we finally complete the Interstate system.

Second, we must immediately increase by \$1 billion our spending on highway repair and maintenance. That \$1 billion will mean 100,000 jobs right away, an important boost for the economy. But just as important it will send a message that we are shifting our national focus toward preserving the investment we already have. It is a signal that we are turning our attention to increasing the safety, efficiency and economy of our basic transportation system.

Third, as we shift our focus, we will be able to make a convincing case for a new revenue source, one that will reflect the new energy reality, will compensate for inflation and allocate the cost in an equitable manner.

This is an agenda which I believe would ensure the future health of our highway system and would point the way for the nation to use our capital resources prudently and efficiently.

There is an example in the area of railroads, as well, one very similar in some respects to our highways.

According to recent cost estimates, our nation's private railroads face a \$13 billion capital shortfall to perform critical track maintenance. Poor track condition cripples the industry's ability to compete at a time when we need a healthy rail industry to carry grain to export and coal to replace oil imports.

Yet consider this fact: 66 percent of rail commerce is carried on less than 20 percent of the track. Our federal regulations are killing railroads by making them hold on to way too much track. And so today in the Mid-West, we are witnessing the bankruptcy of two grain-hauling railroads while rail regulatory reform languishes in the Congress.

Some propose as a solution the purchase by the federal government of the railroads -- nationalizing them at a cost of billions.

I say that's a waste of capital.

We propose a more conserving strategy, one premised on the need for a healthy private system operating with greater freedom in the market place.

As an example, we are offering to use \$100 billion as a loan for the up-grading of a single, high-speed rail line between the twin cities and Kansas City -- a grain funnel. Three railroads would share the track; it would stimulate further private investment in up-graded and new railyards; and it would mean a much more efficient operations in a critical transportation corridor: a rail car could move between Iowa and Gulf Coast ports in one-third less time than the trip takes today -- a tremendous saving in equipment, labor, energy, time and money.

This is a conserving strategy, with the government using its capital as an incentive to the private sector in a partnership for mutual success. It helps farmers, it helps railroads and railroad employees, it helps shippers, and ultimately it helps our economy. Those are the kinds of multiple returns we must seek on our investments.

One last example is in our transit programs.

If we get the windfall profits tax -- and with your help I think we will -- in the decade of the 80s this nation will devote \$50 billion to mass transit. It is possible that some of that money will go for new heavy rail starts and almost certain that a portion will go for extensions and improvements to existing systems.

But like our highway program, it will not be business as usual.

There will be no more decisions like that made for the Metro project in Washington. When the decision to build was originally made, Metro was estimated to cost \$1.7 billion. Today, if we are lucky, it will be completed for \$7 billion. And meanwhile good and needed projects in other cities have languished for want of capital.

We are entering an era in our transit projects of cost confidence engineering. We will take projects into preliminary engineering without committing to build them. And when we get figures that we have confidence in, after we've thoroughly examined the costs, only then will we make the decision on a major commitment of resources. We are determined to avoid surprises and just as determined to get as much transit for our money in as many cities as we can.

These examples are a vision of the future of this country and the critical role transportation can play in shaping it.

It is a future I think we can all believe in and invest in, a future where our basic values can be held intact: work for our people, control of our own destiny in the world, and the promise of a better life for generations to come.

To have this future we must adopt a philosophy of conservation. It was a French patriot who explained his country's downfall in war this way: "Our spirit of enjoyment was greater than our spirit of sacrifice. We wanted to have more than we wanted to give. We spurned effort and met disaster."

Let that not be said of us.

Rather let those who come after us say that knowing what we stood for, we wisely used our resources to leave for a future generation of builders a nation that welcomes its leadership in gratitude for its legacy of progress in tough times.

Together we can do it!

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