

# U. S. Department of Transportation

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TALKING POINTS PREPARED FOR DELIVERY BY U.S. SECRETARY NEIL GOLDSCHMIDT, DENVER UNIVERSITY LAW SCHOOL, MAY 1, 1980.

If there is any basic principle that marks my direction of the department -- and my sense of the future of transportation in America -- it is my conviction that our transportation decisions must be expressed as a driving force in the economic growth of this country. That is, that transportation and the economy are interdependent. This interdependency is expressed in a variety of ways:

\* In our drive for personal mobility -- witness the auto industry, which provides roughly one out of every six jobs in America; or the air industry, particularly the growth in general aviation and the export of air frames, our second largest contribution to a favorable balance of payments.

\* In the role of transportation in moving the goods and commodities that are the life-blood of the economy -- and that depend on truck, rail and air travel to reach their markets.

\* In the extensive amount of public works capital investments which first create jobs and then structure private sector investments in relationship to the initial project -- whether our national \$1 trillion highway system or the \$50 billion in transit investments we will make this decade.

The point is a simple one: Transportation is an industry in America, and an important one, not only because of its size, but also because of its role as an integrator -- the thread that intertwines our economy, our lifestyles, our environment, our culture.

Today this country is confronted by an unprecedented problem of inflation and capital scarcity -- problems which do not admit to easy solutions.

For those who advocate wage and price controls, for example, the experience of 1974 is instructive: by March 1974, just before the Nixon controls were removed altogether, the industries that had been exempted from controls included, in alphabetical order: aluminum, automobiles, canned fruits and vegetables, cement, coal, fertilizer, furniture, mobile homes, prepared feeds, all retail trade, rubber tires and tubes, semi-conductors, shoes and other footwear, and zinc.

Wage and price controls won't work. What will work is the program laid out by the President -- to balance the budget, to restrain credit, to rein in the economy.

Further, in my department we are fashioning a strategy of transportation investments that support the set of principles laid out by President Carter:

\* In a time of inflation and capital scarcity, both public and private, we cannot tolerate waste or inefficiency. Highest priority must go to the maintenance and preservation of existing investments. We cannot afford a throw-away economy. Nor can we allow the federal treasury to be picked clean by local or state governments or private interests. Seeking federal dollars to pay for wasteful decisions or mistakes.

\* Our commitment to a strong economy cannot be translated into an attack on the environment or transferred into social costs. That would simply represent a short-sighted mortgage of our national heritage.



\* The energy issue is symptomatic of a need for an all-encompassing national conservation strategy -- we should not have to do with less; rather we should get more out of all that we do.

\* We are competing in a world economy, against other countries with partnerships between government and industry and carefully targetted export strategies. To remain competitive, we must stress productivity and efficiency and look for export opportunities.

\* And finally, we, too must look for opportunities for public-private partnerships to leverage our investments. Our credo must be to build strategies not just projects.

These principles underlie the efforts of my department and the strategy we are following in our fight against inflation. You can look at any of our programs and measure them against these principles:

A) Regulatory Reform

We are working hard to pass reform legislation in both rail and truck. The reason is simple: we want to reduce red tape, stimulate competition and produce more economic movements of goods.

Trucking

- \* Protected industry limits competition
- \* Ability to set own rates
- \* Inefficient routings, restricted hauling permits
- \* Congressional Budget office estimates reforms would save consumers \$5-8 billion by 1985.

Railroads

- \* Critical industry in terms of energy/coal-hauling.
- \* Regulations which may have been appropriate in 19th century are an economic strait-jacket today.

\* For healthy railroads we need to ease restrictions on entry, rate-making, mergers and abandonments -- in other words, return profitability, innovation and the market to the industry.

Air

\* We believe air reform is working: adjusting for final price increases, the nominal 1979 fare was below that of 1978; the industry has shown significant productivity gains; commuter airlines are stepping in to serve small communities; labor protection has not been involved -- all evidence that it is working.

B) Highway and Transit Issues

Highways

- \* \$1 trillion asset with no system for depreciation for maintenance
- \* Trust fund will spend more than it takes in
- \* Limited planning to analyze goods movement on the highway network
- \* We are responding with a new emphasis on preservation rather than continually adding new road; looking at long-term solutions for funding; ordering greater attention to goods movement, particularly shipments bound for export -- "Harvest to Harbors"

Transit

- \* Again, focus on preservation -- useful bus life regulations, help for existing systems.
- \* Direct purchase of buses
- \* New formula for transit aid inflecting local effort and ridership

C) Auto Industry

We have been chartered by the Congress and White House to conduct a full study into the future of the auto industry -- looking as well into the industrial base which supports the auto industry.

The issues are substantial: energy conservation, industrial policies, tax policy, trade policy, jobs, international competitiveness and more.

4) Each of these issues is complex; they demonstrate the extent of the economic challenge that is before us -- challenges that will not be solved by simplistic formulations. Rather, it will take a steadfast application of fundamental principles which represent the best instincts of our country. The solution is hard work, conservation, efficiency, competition and a united effort.

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