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M E E T T H E P R E S S

Produced by Betty Cole Dukert

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Live/Washington

Guest: Neil Goldschmidt - Secretary of Transportation

Moderator And Executive Producer: Bill Monroe - NBC News

Panel:

Bill Monroe - NBC News

William Cook - Newsweek Magazine

Jerry Flint - Forbes Magazine

Andrea Mitchell - NBC News

MR. MONROE: Today on MEET THE PRESS is the new Secretary of Transportation, Neil Goldschmidt. Mr. Goldschmidt is the former Mayor of Portland, where he made a national name for himself as a developer of mass transit. He replaces former Secretary of Transportation, Brock Adams, who quit in a disagreement with the White House.

Secretary Goldschmidt, at the age of thirty-nine, is the youngest member of the Carter cabinet.

Mr. Secretary, what one or two key things would you most like to accomplish as Secretary of Transportation?

SECRETARY GOLDSCHMIDT: I think the most important thing, Mr. Monroe, is to accomplish the President's objective for a national energy policy. It is the force that is driving inflation; it is critical to the jobs and lives of every American, and the President has made it clear to me, and I think to every member of the cabinet as well as to Congress and the American people, we have to solve it.

Within the Department of Transportation, he has made it clear that he wants management, and in many cases that means dealing with substantive issues, like, in our case, of railroads, public transportation, and so on. And what he is looking for there, I think, is an integrated program where we not only get rail reform but truck reform, but better service of public transit in cities and the kinds of things that will support jobs and keep the air clean around the United States.

MR. MONROE: The Chrysler Corporation has asked for a delay on government regulations affecting emission standards to help it out in the current financial crisis. Are you in favor of that?

SECRETARY GOLDSCHMIDT: No, I am not. I might add, they have also inquired, but I am not sure they have asked, as to whether or not we would be willing to waive the mileage standards involving fuel economy. Those standards will save something like 280 million gallons of gasoline by 1990, and it is critical to our economy we not do that. I do not think Chrysler's solution is going to be found in dirtier air or in less efficient cars.

MR. MONROE: Is there anything you can see that you have some control over or influence on as Secretary of Transportation that might be helpful to Chrysler that you would be in favor of?

SECRETARY GOLDSCHMIDT: Well, our doors are open, and I am going to be up in Detroit before Thanksgiving, visiting with the leadership of all the automobile companies, to try to make sure that we are talking with them, rather than talking at one another. But I think Chrysler we have to deal with as a private company, that it is. But the President has made it clear that the job base it represents, and the impact of closure of Chrysler on the country is something that deserves his attention and the cabinet's attention.

But I don't think he intends to have Chrysler become a child of the government. And the dealings in this matter are being handled by Secretary Miller and the Treasury Department, and I think the message has been delivered very clearly.

MR. MONROE: We will continue the questions for Secretary Goldschmidt with Mr. Cook.

MR. COOK: Mr. Secretary, you were successful mayor of a lovely city. What made you decide to come to Washington at the tailend of an administration which is in some difficulty? Could it be that you decided you couldn't run against Bob Packwood for the U.S. Senate in 1980?

SECRETARY GOLDSCHMIDT: Well, I had already decided not to run for the Senate when this situation came up, and my wife and I had concluded that a year of campaign or more, and six years in Washington was a commitment at a point in our lives for ourselves and our children we couldn't make.

There is really nothing that would have gotten me to come to Washington except a request by the President to serve, and I told him, and I have said to my friends and the people in Portland that I would have accepted this job had I believed that the President would not run again, nor would he be elected again if he did run. I happen to believe he will be reelected, and I am excited about being on the team to get there.

But the very simple point I want to make to him, and I did, was that he earned it, in my city. The job the Carter Administration has done in my city and cities around the United States deserves the support that I think is requested when I am asked to come to Washington.

MR. COOK: You are known as a mayor who blocked an urban

freeway, the Mount Hood Freeway, and got the Federal money diverted to transit.

Mr. Secretary, will you attempt to slow down the building of freeways within cities and ever perhaps help knock down some existing urban freeways that are the subject of local protest?

SECRETARY GOLDSCHMIDT: Mr. Cook, most of the direction for that comes from Congress, and I think it is important to recognize that they have done a great deal and are to be commended for that, to make the Federal highway program more flexible, to accommodate the decisions of governors and local officials.

The only decisions that come to the Secretary are those in which there is a controversy between local and State government and our Administration, or there is a controversy between local and State officials and they can't get anything decided.

We ought to help with technical assistance, and we ought to help with try to help the process toward decision because Congress has made it clear they want the interstate system at least either built or withdrawn, but other than that, I don't think my views should be inflicted on local communities and the governors of the States in the United States.

MR. COOK: In Portland you helped promote a new light rail system, a street car system. Are you going to be promoting this in other cities?

Do you think this is a new wave of transit?

SECRETARY GOLDSCHMIDT: Well, there are a number of communities looking very seriously at that.

I think a bigger question is whether or not the United States Government is going to provide the financing to do it. There are places where it will make sense and some where it will not, but without the windfall profits tax and the Energy Trust Fund, the ability to begin new starts in this country for programs of that kind just isn't going to be possible; and I think it is critical to recognize that the transit portion of that -- I am talking about the saving of energy -- is really only a portion of that, and we have got to work as a part of a larger program to deal with synthetic fuels, alternative sources of energy, conservation and trying to break the deadlocks that exist around the United States on pipelines and other issues where energy supply is needed.

So, we will work on it, but without the resources nothing will happen.

MR. FLINT: Mr. Secretary, the administration proposed a public transit program that basically called for repairing old subways, finishing some new systems that are on the boards and passing out more buses. Is this really enough of a program for the future in an oil-short world?

SECRETARY GOLDSCHMIDT: I think it is not enough of a future for the next twenty-five years, but it is the immediate agenda. It is a sad commentary on the instability of our public transit program in the United States that the manufacturing base needed to provide buses and rail cars has really dropped to almost nothing. The private sector has a great deal of doubt whether or not we mean what we say that there will be a transit program. In the beginning, at least, most communities need buses, and our job, I think, is to take the windfall profits tax to plug the portion that is committed to transit into an encouragement to the bus industry to produce high-quality, competitive buses that can be used in towns, in the mountains of West Virginia, or on the streets of New York City. The existing systems need to be fixed, and the new commitments that have been made over the last few years need to be finished, but I guess I should refer, Mr. Flint, back to Mr. Cook's question. There is a need for some new systems, and, as Secretary, I intend to try to encourage those.

MR. FLINT: Even in the bus field for almost ten years the Department of Transportation played with bus design, and

finally at enormous cost, they ordered a bus that no one can build. Do you think this kind of fantasy world operation will stop under your direction?

SECRETARY GOLDSCHMIDT: Well, Mr. Flint, I am working in my garage on weekends to design a new one. I didn't like the other one very much.

I intend to make sure that this issue, called Transbus, which is the miracle bus to solve all problems that ended up with no manufacturer feeling they could manufacture it and sell it, and bus operators feeling they were not sure they could afford it, is resolved very soon. It is an important issue, but I think there are plenty of issues that are more complicated than this one, and I wouldn't expect it would deadlock us for long.

MS. MITCHELL: Following up on Mr. Cook's question, perhaps in your garage you could also be working on the President's energy program, as it is now winding its way slowly through Congress.

It is a Democratic Congress. The President was forced last week to compromise dramatically on his synthetic fuels program. The windfall profits tax is in very big trouble. Doesn't this tell you that the President is in political trouble, within his own party, and why are you really confident that he will gain renomination or re-election?

SECRETARY GOLDSCHMIDT: Mrs. Mitchell, perhaps I should

back away from the question a minute and describe my perspective about where we are. I am not an historian, but the feeling I get from this period of our time in the United States is not dissimilar from that which President Roosevelt faced before World War II. The American public wasn't particularly eager to get ready for that controversy and that fight, either, and it is a very tough thing for a society to adjust itself.

The government isn't the society. We reflect it to a great extent. The President's view, I think, has been, we have to come through this with jobs for our people, some security for their retirement, but the ability to make domestic and foreign policy independent of what somebody in OPEC tells us that we have to do.

He has proposed a method of getting to the point where we will have independent energy resources and has included conservation, and the transit portion is in the conservation area as a large part of that.

I sense, and this is just a personal feeling, very much a movement to accomplish those things in Congress. They came home from the recess and in the calls that I made, my judgment is that the public is beginning to be ready to see things happen, and the President, in fact, by the time the election comes, is going to be rewarded for tenacity and foresight. As a practical matter, I think everybody in the cabinet is prepared to continue to gut it out, and that is just to do the

right thing for the long-run health of the country.

MS. MITCHELL: There does seem to be some confusion within the administration, though, on signals. The day after the President's energy speech, when he talked about billions more for mass transit, his own lobbyists were on the Hill campaigning, fighting to kill extension of the subway system in one city, Washington, D.C., and that has led to a great deal of resentment and confusion on Capitol Hill.

SECRETARY GOLDSCHMIDT: Well, I think there is no question there was some confusion about that, but for the rest of the United States, who have probably almost no interest in the Washington, D.C. subway system, it is important to recognize that it has a unique history. It is the only system that essentially was a direct child of the Federal Government. The President's view -- and I think he is right about this -- is that Washington Metro needs to move into the same category with all the other subway systems in the country. The question is, what should we -- that is, the Department of Transportation, Congress and the administration -- do for Metro before we move it. That is, what is our final commitment, and I think those negotiations are just about finished.

MS. MITCHELL: You don't think, then, that this bodes poorly for mass transit as a commitment --

SECRETARY GOLDSCHMIDT: No, not at all.

MS. MITCHELL: And compromises your philosophy?

SECRETARY GOLDSCHMIDT: Not at all. My sense of things at this point is, the President is likely to do more rather than less over the long run for transit, but what he would like to see is some product, and this really gets back to Mr. Flint's question about what are we going to do. It would be nice to be able to show the public that when we mean transit, we could deliver buses. That is a simple, straightforward statement.

MR. MONROE: Mr. Secretary, the Secretary of the Treasury has apparently told Chrysler that although they say they need more than \$1 billion, something like \$1.2 billion, to come back with a plan for more like \$700 million, just a little bit more than half of what they say they need, and now you are saying you can't see anything else the government can do for Chrysler, even though Chrysler makes quite a case that part of the trouble therein has to do with government regulations, meeting fuel standards, economy standards, pollution standards, safety standards. Considering the fact the government has had some impact on Chrysler's present condition, is there nothing at all the government can offer Chrysler in easing regulations, delaying them for a couple years?

SECRETARY GOLDSCHMIDT: Mr. Monroe, I want to deal with the question of whether or not the government's regulations are the problem at Chrysler. It is very hard to say to somebody who has turned into a paraplegic or who becomes an epileptic, because of an automobile accident, that wasn't their fault

that there isn't any reason for the government to pay attention to the safety standards that automobiles have in the United States.

Fifty thousand lives have been saved up through 1976. Fifty-five thousand, I think, it is. That is growing by ten thousand a year because of the regulations. We probably are seeing as many lives saved because of regulations imposed on Detroit for the automobile, for safety, as are saved by the Health, Education and Welfare programs we have. It is a phenomenally important thing. Nobody really wants dirty air. It is an interesting thing, but we suspect that the Japanese and the Germans can meet these very standards today.

The question is, why is it that Chrysler should be exempt?

I don't think the answer for the average citizen in this country who wants a safe car, an efficient car, and a good product, is to tell them that they have to get that car by making an exception for this company. I do not think the regulations are the problem. I think the important point Chrysler has to get across is this: There are thousands of companies, little businesses and large, in the United States run by people who work like the dickens to go bankrupt every year, and they do not come to the Federal Government to be saved.

Chrysler is a unique case because of the impact it could have on the economy, but not so unique that they cannot be held ^{everything} to be accountable for doing/that they can do to save themselves. That means working with their creditors; that means working with their labor organizations, all of that. And I might add, their labor organization, the United Auto Workers, has through all of this process not suggested that these standards be waived, not once.

MR. MONROE: Mr. Secretary, you said a few days ago that in general you thought it might be a good idea if the Government should do something, could do something for Chrysler?

SECRETARY GOLDSCHMIDT: That is correct.

MR. MONROE: Are you not concerned with the fact that

Chrysler might disappear, go under, and that might have an impact on transportation, the economy, et cetera?

SECRETARY GOLDSCHMIDT: Of course I am concerned. I am concerned that we might end up with General Motors, if Chrysler went out of business, with too large a share of the market.

For example, I am sure General Motors wouldn't necessarily see that as a fair point of view, but I think we have got some competition and antitrust issues. But ultimately I am concerned that we not come to the aid of any company until we are absolutely convinced in using the public's money they have done everything for themselves that they can.

I think it is important that those jobs be protected, and they aren't just jobs in Detroit and St. Louis; they are jobs all over the United States, but not protected at the expense of beginning a pattern which I think Great Britain followed and our country does not agree with and isn't impressed with, of taking over companies and trying to run them.

MR. COOK: In Portland, the new energy plan which you helped put together in the city will require that homeowners when they sell their homes meet some sort of energy audit on their homes. Do you think this would be acceptable in the rest of the country?

SECRETARY GOLDSCHMIDT: I didn't come to this job to be a promoter of the plan, but you have given me an opportunity, I think, to describe what the President has really said to the

country, and it applied to Portland as well.

There are lots of things we can do to save energy in our own communities; and he has encouraged in every way -- I think he should, and I understand him to say he is going to continue to do that -- each community to find its own level, at its own conservation strategy.

In ours, you describe a requirement that people retrofit their homes with insulation as a mandatory requirement five years from now, and before the home is sold, it would have to meet this energy test.

I think the ability to finance all of those all over the United States would be tough today, and a program would have to be put together to do that.

I think it was a good idea for Portland; I think it will work in some communities; but other communities may find other things that are easier to save energy at.

The other point I want to make is that Portland had a test you would only be required to do if it would pay itself back in ten years, and I think that is a very important cost-effective measure that other communities ought to look at.

MR. FLINT: You used the word "accountability" with the automobile industry. Can that accountability be applied to the bureaucracy? For years the three major regulators of the automobile industry, in pollution, safety and fuel economy, did not meet or even work together to keep their orders from

conflicting or causing chaos. There are some serious questions of the effectiveness of some of the regulations.

Can there be assessed an accountability for bureaucracy too?

SECRETARY GOLDSCHMIDT: I think that is absolutely essential. I have been a servant of a community of fairly moderate size in Portland, and I now have 112,000 employees working for me, or a little less than that, in the Department of Transportation, and I guess I am trying to say that I think management -- and I put that at the top of my list in the beginning -- is essential, and the coordination of the cabinet-level team work that is required is really just as important as what I mentioned before.

I suppose the example I could point out is that the mileage testing for fuel efficiency is actually done by the Environmental Protection Agency. We are the ones who would enforce that. We have now got money in our budget to make sure that the matter is handled properly. We have to work closely with them, or we are just going to confuse the automobile industry. I don't have any argument with that.

If somebody gave me some specific complaints and examples, I will check them out, but I just don't think we can afford to make life hard for people that are paying our salaries.

MS. MITCHELL: At your confirmation hearing, Mr. Secretary, you seemed to back away from Brock Adams' commitment to creating

the 50-mile-per-gallon car. You said that you would wait to talk to the auto industry and others before you decided what your target would be.

Are you backing away from that commitment? Do you think that 35 miles per gallon perhaps is more reasonable, and do you have any questions about the 27-1/2 mile per gallon mandate for 1985 that the auto industry is trying to get relaxed?

SECRETARY GOLDSCHMIDT: Ms. Mitchell, let me take the last part first. I think General Motors' announcement that they will meet the fuel economy standards is message enough that the standards were reasonable when they were promulgated. Whether they were loaded on the front end too heavily and weak on the back end, there is some discussion about that that needs to go on. But basically I think they have been important.

It is going to save hundreds of millions of gallons of gasoline between now and 1990 that we would have otherwise used; and it is critical that we not be buying abroad, because of what it is doing to the dollar and to inflation.

The reason I was a little bit more careful about the 50-mile standard is this: I suspect that it is not just a matter of technology; it is a matter of capital plant investment and other tradeoffs, and I would like to be sure that the process by which we get to the decision is open and allows everybody to get a voice in.

The issue is not whether we need to get to a 50-mile-per-

gallon average automobile fleet that will save energy, save oil; it is a question of how we get there, and how fast.

The standard we have promulgated now takes us into the mid-1980s, so we have the time to think it through.

My sense is that the Europeans and the Japanese are a little bit ahead on this score, but it makes it pretty clear that the technology can be gotten there.

But, you know, when you live somewhere out in the open spaces and you live out in the farm country and all you have got is farm roads and a long ways to drive, what most of those folks are concerned about is dependability of supply and the reliability of the product they buy.

If our regulations affect the supply positively but end up with a crummy product, we haven't done our job. So we have to make sure we don't regulate the industry into a bad product. Ultimately, that won't keep jobs in America, and ultimately that doesn't bring any confidence about our policy. So I think we are going to get there, that is, to some mileage figure, but I don't think the Secretary of Transportation needs to announce in advance before hearings and any real evidence.

MS. MITCHELL: What about the emission standards? Waivers have already been granted for part of Chrysler and American Motors' fleets. Are you thinking about granting waivers from the '81 standards to some of the other auto makers' standards as well?

SECRETARY GOLDSCHMIDT: Well, I am not involved in the decision about whether to waive emission standards, but the squeeze that puts the American people in is essentially this:

We have congressionally adopted standards for air quality that we are trying to head toward, and that regulations to implement them be adopted by the Department of Environmental Quality, the Federal Environmental Protection Agency. It is essential that everybody recognize that what it is the automobile doesn't do to clean up the air has been left to local communities, to find other methods to get it done if they want clean air; and it is a very expensive shift of financial burden on to the backs of cities around the United States, and that we should do that only reluctantly; and I think that is, in fact, the way the Administration has proceeded.

The judgment that has been made is not that it is a good idea to do it, but the technical problems of getting those air quality standards at the same time as we are doing emission standards may be too difficult, and we have to be reasonable.

MR. MONROE: We have about two and a half minutes.

Secretary Goldschmidt, you have said twice on this program in connection with one thing or another that you have the feeling the Europeans and Japanese are ahead of us. Why are the European and Japanese automobile companies ahead of American companies?

SECRETARY GOLDSCHMIDT: Well, I think the pricing of fuel in those countries has been high for a long time. I just think folks have come to recognize the cost of operating an automobile is a major force in how they make consumer decisions, and the marketplace reflects that already.

MR. MONROE: You expressed some concern a bit ago about the possibility that if Chrysler went under, there may not be a best-possible competitive situation among U.S. automobile companies. Would you think if Chrysler went under that that competitive situation would be something the government should take a close look at?

SECRETARY GOLDSCHMIDT: I am not sure we will have to. It may be that foreign manufacturers will come in and take up the slack, but I think it is a factor we need to be aware of. If we let this company go, much of what it is they now sell may

be picked up by current manufacturers. That would include G.M. and Ford in the United States, and, to a lesser extent, foreign competitors, and we may end up with a situation in the marketplace where General Motors literally is just such a force that the antitrust laws come into play.

MR. COOK: The FAA has been criticized over its handling of the DC-10, from the original type certification, to the cargo door, to the crash in Chicago. What do you propose to do to make sure the FAA follows its safety mandates?

SECRETARY GOLDSCHMIDT: The Federal Aviation Administration, Mr. Cook, put everything they had into the certification process in examining what they did with the DC-10. I am not a pilot, I don't fly, and I don't have a great deal of expertise at that. But the President, I think, is very concerned that we assure the American public during a time of deregulation and reform of the air industry, where more people are flying, that no sacrifices are made on inspection quality, and we will appoint, or have appointed, a citizens committee, a blue-ribbon committee, to look at the way we do business, basically just open our books and say: What can we do better?

MR. FLINT: Do you intend to rewrite the administration's mass transit program?

SECRETARY GOLDSCHMIDT: I don't think we need to do that. What we need to do is implement it and put it on the ground. We have been understaffed in the Urban Mass Transit

Administration, and I think we have got some rules that are really bad. They are just dumb. They take too long for people to get things done. We will change those.

MS. MITCHELL: Do you have some concerns with airline deregulation about the poor safety record or comparatively poor safety record of some of the small commuter lines that are picking up the routes of the big commercial lines?

SECRETARY GOLDSCHMIDT: Well, Mr. Bond, the FAA Administrator, has been looking at that, and I think we need to watch it. I think it is an issue that is being raised in trucking deregulation, the question of whether or not if we deregulate, we will have less safety standards. I think the two of them are absolutely separate issues. We intend to maintain tough safety standards on air; we intend to maintain them on trucking, and certainly on rail, and this administration is committed to the idea that travel should be safe.

MR. MONROE: Thank you, Mr. Secretary, for being with us today on MEET THE PRESS.

Next week, our guests will be Jane Fonda and Tom Hayden.