

TRANSPORTATION POLICY FOR A CHANGING AMERICA

A Statement by Secretary of Transportation Brock Adams  
February 6, 1978

PREAMBLE

Federal transportation policies profoundly affect the lives and fortunes of all Americans. Transportation is a fundamental, indeed an essential, part of our country's economic life, of our individual working lives and of our family and social lives. It is our lifestream.

I believe it is important for the Secretary of Transportation to set before the country the broad directions and goals he expects to pursue in developing Federal transportation policies and programs for the future. That is what this statement will attempt to do.

Having this vision of the future, murky and controversial though it may be, is an essential prerequisite to the development of the new transportation philosophy we will need for the future. It, of course, will not be an entirely new viewpoint. Long-standing objectives and concerns such as economic development, national security, the efficient management of the public transportation sector and a vital, competitive and responsive private transportation sector are still important elements of our philosophy. But other concerns and priorities will have to be accommodated to a far greater degree than in the past, in particular:

- Energy conservation and production. Although we have lived with the energy "crisis" for some years now, we have yet to come to terms with it. Transportation, as the greatest consumer of energy and the key to much of its future supply, must take the lead in changing wasteful habits and transporting alternative sources of energy.
- Environmental protection and enhancement. Transportation has long been a valued servant of commerce, an engine of development and a good employer. We must also make it a good neighbor. While much has already been done or begun to meet the most obvious concerns, closer study is revealing that transportation's impact on lives, especially on the quality of community life, is even more pervasive and far reaching than we had heretofore appreciated.

- Safety. The hazards to life and health inherent in most transportation modes, but particularly in motor vehicle travel, have become increasingly amenable to various control measures. While important gains have been made in the last decade, the potential for improvement is still so large that safety can claim nothing less than our all-out efforts.
  
- Quality of life. A recognition of transportation's ability to affect, for good or bad, the quality of life of both the individual and the community in the most basic and fundamental ways must be made a more explicit and overt consideration in our transportation decisions. Access to transportation is vital for employment, for education, for delivery of health and other social services, for obtaining the essentials of daily life and for social well being. For far too many people today--the young, the poor, the physically handicapped, the unemployed, the aged, the carless rural resident--such access is either totally lacking or sadly deficient.
  
- Improved resource allocation, both human and material. In the decades to come, America's own living standards and quality of life and, to a significant extent, that of the rest of the world will depend importantly on a better, more rational use of our human and material resources. In the past, ours has been a spendthrift society, not only in energy, but across the whole spectrum of increasingly scarce and non-renewable resources. We must change. In transportation, this will mean squeezing more productivity out of the existing system, eliminating inefficient or redundant capacity, and tailoring our future transportation investments, both personal and business, to meet the new conservation requirements.

In the case of our human resources, transportation, the nation's leading employer, must be in the forefront in opening its ranks to previously excluded minorities and to women. As the key to bringing people to jobs, transportation policy must be sensitive and responsive to those carless unemployed trapped in the center city or in the distant countryside away from the main places of work.

Over the past year, all of the Administration's transportation decisions have been guided by the imperatives of this new transportation ethic. For example,

On Energy:

- Setting tough, but attainable, fuel efficiency standards for autos.
- Promoting observance of the 55 mph speed limit.
- Stimulating ride-sharing and use of energy efficient mass transit.
- Developing measures to facilitate the transport of coal.

On Environment:

- Supporting legislation to reduce aircraft noise.
- Setting new standards for supersonic transport planes.
- Initiating domestic regulations and urging international action to prevent oil pollution, and proposals to compensate if it does occur.
- Initiating legislation and other actions to prevent oil spills, and proposals to clean up spills and compensate if spills do occur.
- Deciding major environmental controversies on specific highway and transit projects.

In Safety:

- Establishing mandatory requirements for passive restraints in passenger cars.
- Developing new highway safety legislation to enable state and local officials to make better use of Federal safety funds.
- Developing a safer airway system.

On Quality of Life:

- Endorsing Federal standards for no-fault automobile insurance.
- Approving a new standard for intracity buses, making them more easily used by the elderly and the handicapped.
- Encouraging lower air fares, to open up new dimensions of intercity and international mobility for many would-be travelers.

Improved Resource Allocation:

- Supporting waterway user charge legislation which should lead to a better intermodal allocation of investment resources.
- Developing new legislative proposals which will remove any formula bias in local highway/transit choices.

- Managing the rail assistance program so as to encourage joint use of tracks and other facilities.
- Setting mandatory goals calling for at least 15 percent of contracts associated with the upgrading of the Northeast Corridor passenger rail system to be made with minority firms.

Many of our recent actions, of course, have been directed to the traditional Federal transportation concerns--economic development, national security and more efficient and responsive public and private sectors. For example:

- Development of comprehensive new transit/highway legislation, reflecting a new emphasis on integrated transportation services and planning.
- Development of a "combined transportation account" concept for Federal budgeting and decisionmaking to encourage more rational and modally integrated Federal programs and policies.
- Renegotiation of our principal bilateral air service agreements with other countries.
- Support of legislation which will encourage greater competition, better service and lower prices in domestic air service.
- Placing priority on completing the remaining gaps in the Interstate highway system which has already stimulated vast new economic development.

More than anything else, however, the successful development of a new transportation policy for a changing nation will require that we be both foresighted and decisive. By their very nature, our transportation decisions today shape the nature of our world for many future generations. The system of interstate highways which now influences our lives and economy so importantly can be traced to decisions made more than a quarter of a century ago. We must not be shortsighted, looking only to short-term objectives. We have a responsibility in managing our public and private roles in transportation to both preserve and improve an effective and viable transportation system for future generations.

Ensuring this legacy for our children means being decisive and bold in the decisions we make now and over the next few years. Timely decision rather than endless argument and search for perfection must characterize our public decisionmaking process. I have made decisions on cases that have been pending before the Department for many years. Finally settling a problem is, as Judge Brandeis once remarked, more important than settling it perfectly.

Our national transportation policy, then, must be directed to the people's needs and to their problems, to both present and future realities, rather than to clinging to old myths and pursuing long outdated economic theories. It must seek, in President Carter's words, "efficient, balanced and coordinated transportation, humane in its accessibility, stimulating commerce, industry, jobs and safety, and with favoritism only toward innovation, economy and social justice."

#### I. Where We Are Today

For most of our 200 years as a nation, transportation investment policy has been meeting the needs of a rapidly growing nation as it evolves from an agrarian to a modern industrial society. Past policies not only met these needs, but met them well. America built extensive, and very good, railway, waterway, highway and airway systems. As a mature industrial society, however, we must now shift from the policies of the past and prepare the nation for the changes that lie ahead.

Today, we have a national transportation system that appears to need no major expansion over the next ten or fifteen years. This does not mean, however, that the challenge or financial burden will be diminished in any significant way. Maintaining, improving and adapting the system to new national and regional priorities will require the full exercise of our intellectual skills and resourcefulness.

When we were building our present system, we were in a hurry, and we were not always careful of its impact on our environment, our communities, and on existing transportation systems. Our policies were aggressively promotional, and we did not always worry about the extent to which we were using public funds to advance private interests as long as the job got done. In the nineteenth century, public land was generously bestowed on the railroads at slight immediate cost to them, and today we still let private carriers on the inland waterways use public facilities at no charge.

Past policies have left us a mixed bag of economic regulation. For example, the railroads are regulated in a framework intended to restrain potential monopoly abuse, now no longer the threat it once was. Airlines are regulated in a manner that was designed to protect and develop a new industry, but commercial aviation is today a mature industry that will improve with more competition. Motor carriers operate under a partial regulatory regime that does not recognize the major role the modern truck has assumed in today's transport system, and the inland waterway system is hardly regulated at all.

Nonetheless, while circumstances behind the original regulatory conceptions have changed, the industries involved have adopted a "protective shield." Over the years they have learned to live with the rules of the regulatory agencies and, as with all innovative American firms, have often found ways to make the original consumer protection agencies help those they were supposed to regulate. In some cases the regulatory agency has a mandate to promote which further confuses its role.

Since the Second World War the public's love affair with the automobile has led to the collapse of privately owned passenger transportation services and the decentralization of both residences and work places. There followed a takeover of transit operations by state and local governments and a considerable broadening of society's perception that this activity was not to be judged by a profit and loss criterion, but as a public service furthering important social goals. The postwar era also saw the rise of air travel and the decline of intercity rail passenger service. The expansion of intercity freight transportation by truck and pipeline was accompanied by a sharp drop in the relative share of freight traffic carried by rail. In many cases, these changes have left, as by-products, redundant or underutilized facilities, poorly integrated services, and financially distressed private sector carriers.

## II. Why New Policy Directions Are Needed

Nothing has so vividly highlighted the need to rethink our national transportation policies as the change in the world's energy economy. We have, in a relatively short period of time, witnessed a drastic shift from an era of relatively abundant energy to one of relative energy scarcity, a situation that must be accepted as a reality now and in the future. As transportation adapts to this change, conservation through efficient use of transportation resources becomes essential.

Growth of the economy and full utilization of the transportation system will clearly remain as primary national goals, but priority will be given to achieving more effective use of the existing system rather than to investing in system expansion.

Over the last decade, we have become conscious not only of the need to conserve material resources but have recognized--gradually at first, but now with increasing clarity--that we have a rich legacy of environmental, social and cultural resources that must be preserved. Thus, we have come to realize the importance of shaping new transportation policies towards the enhancement of safety, the protection of the environment, the improvement of community life, and the revitalization of our cities. We have come to recognize personal mobility as vital to the quality of life for people at all income levels and to the transportation disadvantaged--the handicapped, the elderly and the young. Equity has become an important principle of transportation policy.

In addition, there is a new recognition that transportation planning and decisionmaking have to be integrated into the total public policy process at all levels of government, from Washington to the county seats of rural America. Only through this partnership can we hope to preserve and enjoy the marvelous economic machine we have built.

## III. Major New Directions for National Transportation Policy

Moving from a primary emphasis on new construction does not mean slowing down. Our energies must focus on the improvement and integration of the services of the various transportation modes, on increasing operational efficiency and on eliminating wasteful redundancy in existing facilities. Federal transportation policies and programs will have to reflect an approach that treats all elements of the national transportation system as a whole and thus transcends the parochial interests of any single mode of transport.

Policies and programs will have to distinguish clearly between developing new local transportation alternatives and the national transportation network that speeds people and goods across long distances. For the cities, suburbs and rural counties, decisionmaking should be placed largely in the hands of the appropriate state and local officials so that Federal grants can be matched to their needs. Intercity transportation, on the other hand, should be the object of more explicit decisionmaking by the Federal government, as these decisions are national in their implications.

A. Federal Investment and Financial Policy Towards the Interstate Transportation Network--Highway, Rail, Water and Air

Adopting the theme of maximum effective use of the existing network, future programs will concentrate on:

- Completing the essential segments of the currently planned Interstate Highway System.
- Upgrading, rehabilitating and maintaining existing and needed railway, waterway, airway and highway systems.
- Encouraging decisions that will eliminate redundant facilities of the railroads and improve the quality and dependability of rail service.
- Improving integration of service within and between different modes of transportation, especially surface freight movements.

This Administration is not shutting the door on expansion of the transportation network. However, expansion will have a low priority except in particular cases where a high payoff can be shown. One such possible exception would be facilities for increased movement of coal. Another would be facilities that serve to integrate services between modes, thereby eliminating wasteful duplication.

Also, to the maximum extent possible, we must eliminate indirect and direct subsidies to freight transportation. There is no good reason why a businessman shipping his product should expect the general taxpayer to underwrite a major part of his costs. That is why waterway user charges should be imposed to recover a substantial portion of Federal waterway expenditures, just as aviation and highway user charges, too, should be periodically reexamined to see if they are fair.



## 1. Highways

For the past twenty years, national policy has directed a large part of Federal financing for transportation toward construction of the Interstate Highway System. With most of that system now built and in use, the time has come to bring this landmark effort to a sound conclusion.

A first priority should be to finish those segments now deemed essential to intercity travel. After that, priority should be given to providing, on a continuing basis, the funds required for the rehabilitation, restoration and resurfacing of those parts of the existing system in need of such work. The level of Federal resources devoted to these goals will be reviewed and adjusted periodically in the years ahead, in light of the overall needs and priorities of the rest of the transportation system.

## 2. Railways

Freight Service. The Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act) provides major financial aid to railroad firms. While this program is a necessary step in restoring the vitality and financial viability of the railroads, Federal aid alone will not solve the industry's problems. We must look to a solution that does not lead to a permanent Federal dependency, an outcome that I believe is both unnecessary and unwise.

At this moment a strong argument can be made that some additional Federal assistance is necessary to restore part of the physical plant as part of an effort to achieve a healthy private rail industry. Such Federal aid must be applied only to those facilities essential for the future movement of freight.

Further, Federal aid will be most effective if it is provided in connection with and in support of restructuring and rationalization of the system, especially in the Midwest. The industry should be encouraged to do the restructuring job itself. We plan to use the authority of Section 401 of the 4R Act to facilitate private sector restructuring. Restructuring options, including market swaps and joint trackage and plant agreements, have a great potential to improve the rail industry's viability.

The 4R Act also provided Federal funding for ConRail in order to preserve and restore to private sector operation effective rail freight service in the Northeast and Midwest. Questions have been raised as to whether the level of aid is going to be adequate. We are examining this question with great care. Taxpayer investment can only be asked for restoring essential rail freight service which meets the test of public interest.

Finally, the 4R Act made the most substantial reform in railroad regulation in many decades. We are monitoring the implementation of these provisions to encourage their full use.

Passenger Service. The large and growing Amtrak deficit concerns us all. Therefore, the Department of Transportation, in conjunction with Amtrak, is analyzing the market for intercity rail passenger operations with a view to redefining the total national network we will support. A higher proportion of Amtrak's costs should be covered by fares. However, I believe it would be unrealistic and unwise to consider eliminating the Federal subsidy to intercity rail passenger service. The goal will be to keep the Amtrak deficit within manageable limits, and maintain the right of the American public to use the extensive rail network as one alternative means of transportation in the future.

The Federal Government's continued financial support of Amtrak can be justified in large part by the need to ensure the availability of an energy-efficient alternative to intercity air and automobile travel in the event of a severe fuel shortage. This is particularly true in the heavily traveled Northeast Corridor where the Department and Amtrak are embarked on a major intercity rail repairing, upgrading and improvement program. We are hopeful that the Corridor operations will be financially self-sustaining.

### 3. Intercity Bus

Because of its inherent economic and physical characteristics, the intercity bus industry has been able to provide low-cost service to thousands of communities that have no other means of intercity common carrier transportation. In addition, the intercity bus industry is the most energy-efficient carrier.

While the industry has been able to operate at reasonable profit levels for years, the Department is sensitive to the recent decline in its financial condition. We are studying this situation, and in particular the effects of Federal and state regulation, to determine what changes may be necessary to ensure its continued economic viability.

#### 4. Waterways

The Federal Government's long involvement in inland and intra-coastal water transportation has included channel and port dredging, an extensive and costly system of locks, dams and other improvements, along with safety, environmental and minimal economic regulation.

Historically, Federal policy towards the water mode has been strongly promotional and supportive of regional economic development. In this regard, it has also been very successful. However, as with the other freight modes, the principal opportunities have already been largely exploited. The future calls for better use of existing capacity, closer integration with other transport modes, and some important changes in the way the government finances, and makes decisions on, waterway investments.

Future public investments in the inland waterway system will be necessary as many parts of the system are deteriorating. We need a funding system for the future costs of its operation, maintenance and rehabilitation. There must be substantial recovery from commercial users. The Administration is strongly supporting legislation to this end. Future public investments that would expand the system's capacity should not be made until the impact on the total system has been assessed and considered in the decisionmaking process. A long-range plan for the entire waterway system needs to be developed and continuously updated. Individual project decisions, such as timing of replacement of a particular lock and dam, should mesh with this long-range systemwide plan.

In this connection Congress has instructed the Department to do this at Locks and Dam 26, and now is the time the Department of Transportation should complete its meshing of planning for all systems by the elimination of the statutory constraints on investment criteria found in Sections 4(b)(2) and 7(a) of the Department of Transportation Act so that consistent and equitable analysis of public investments can be applied in all modes of transportation.

#### 5. Airways

As indicated earlier, for the most part the major airport and airways facilities that we will need for the foreseeable future are authorized or in place. Therefore, our policy must now change to emphasize the improved utilization and more effective management of these facilities. For the future, this will involve upgrading the system to keep pace with technological improvements that offer safety or high-payoff productivity improvements, and making those investments in additional capacity that reflect geographic changes in demand.

Environmental compatibility of the air commerce system, particularly in the context of aircraft noise, will weigh heavily in our future aviation policy. The Department has promulgated stringent rules that should significantly reduce the noise emissions of the current fleet and those under design. Further, the Department is committed to ensure that all technologically feasible and economically reasonable measures are implemented to reduce noise and to encourage airlines to acquire quieter aircraft.

However, even with these measures, noise around airports will continue to be a problem as air traffic operations increase. Airport operators and local communities should be allowed to set their own standards and take appropriate measures to implement them, working closely with Department representatives and the users, to reduce airport noise to acceptable levels, as long as those measures do not conflict with the safety of air commerce, are applied in a non-discriminatory manner, and do not create undue burdens to commerce.

We stand ready to help communities plan for noise control by supplying technical information, by assisting in developing innovative solutions to problems and by continuing to require noise abatement design and operational procedures. The key to effective noise control planning is early and continuing coordination and communication between all parties concerned--the airport proprietor, state and local authorities, the users, the Department and the citizens.

#### B. Federal Investment and Subsidy Policy Towards Urban and Rural Local Transportation System

Direct Federal assistance to states and localities to help meet their transportation needs began after the Second World War as the population grew and dispersed and public sensitivity to environmental and social concerns increased. In both urban and rural areas, transportation planning has to be integrated closely with other national and local objectives such as community revitalization, equality of opportunity, energy conservation and preservation of environmental standards.

##### 1. Major Urban Areas

In the future, Federal transportation policy for major urban areas should emphasize:

- Using existing facilities and services more effectively.

- Providing state and local officials the flexibility and authority they need to plan and implement transportation improvements in an effective manner.
- Simplifying the administrative requirements for Federal project approval.
- Restructuring Federal transportation programs in urban areas so that they are more responsive to the national goals of energy conservation, urban revitalization and environmental protection.
- Ensuring that urban transportation systems provide adequate services for the poor, the elderly and the handicapped.

Each of these policy goals helped structure the new highway and transit legislation presented by the Administration. In this legislation we are seeking a major restructuring of the urban transportation grant programs in order to increase the decisionmaking flexibility of state and local officials. The legislation also proposes a consolidation of the highway and transit planning program to create intermodal planning and simplify the administrative requirements.

## 2. Small Urban and Rural Areas

The needs of individuals without ready access to automobiles in small urban and rural areas have not been addressed, and it is the policy of the Administration to correct this.

The Administration's legislative proposal provides for a combined transit and highway program for small cities and rural communities, recognizing that their problems are quite different in character from those found in the large cities. This program provides assistance for improving and preserving our vast network of secondary and local roads, while our primary system, which serves both intercity and regional travel, is retained as a separate program. For the first time, operating assistance for transit will be made available to these areas to reinforce and support the transit capital grant program already available. To make sure that rural public transportation problems are addressed effectively, the legislation requires comprehensive planning, including the full participation of local officials in developing their own transportation solutions.

We are asking the states, in cooperation with local governments, to be the catalysts in the development of this important new program. To further support this effort, we are developing a technical assistance demonstration program to assist rural transportation decisionmakers and operators.

### C. Economic Regulation

The existing pattern of Federal economic regulation of transportation treats each mode of transport differently, often inhibits management initiative and can encourage inefficiency by frustrating normal competitive instincts.

A primary reform goal should be to achieve a system that is even-handed in its treatment of all like traffic moving between like origins and destinations regardless of the mode--especially in the case of freight traffic. Meaningful, timely reform of the regulatory system will require statutory change and new legislative direction, as well as active efforts by the independent regulatory agencies themselves. We are encouraged by the new attitudes emerging at the ICC and the CAB and will encourage those agencies to match their regulatory policies to current economic conditions.

Along with the goal of evenhanded treatment of the different modes, our policy objectives should include reliance on competitive marketplace decisions, the encouragement of intermodal integration, incentives for energy conservation, and the encouragement of competition and shipper and passenger choice in those markets where they can be efficiently supported. Economic regulation should have as its goal protection for the consumer by assuring reliable non-monopolistic service.

In aviation, we are strongly supporting proposals that will allow airline managers greater freedom in setting their own prices, choosing the routes they wish to fly, and providing new services. These changes should result in significant consumer benefits by affording a wider range of choice in price and service.

In the rail area, as noted earlier, the 4R Act provided significant liberalization of railroad rate regulation. It is too soon, however, to make a definitive judgment as to the effects of this change on the system as a whole.

The Administration and the ICC are studying the motor carrier industry with an eye toward significant reform. Where possible, we will seek to work at the ICC and within the existing statutory framework, but new legislation, setting new regulatory goals and policies, may be necessary.

#### D. International

##### 1. National Security and Foreign Relations

Domestic and international transportation systems have great significance to national security and foreign relations objectives. To cite a few examples: the Interstate Highway System is designed to accommodate military transport; the air traffic control system provides support to military operations; the Coast Guard provides vital support for defense in national emergencies through maintenance of air and maritime aids to navigation, port safety and security and as an active operating arm of the Navy; the Civil Reserve Airline Fleet (CRAF) is an important part of our emergency air cargo lift capability; and the Maritime Reserve Fleet offers emergency sealift capability. In addition to these relatively well-known defense support functions, our transportation system is crucial to the hope of reducing U. S. dependency on foreign petroleum supplies.

As a nation we now import about 48 percent of the petroleum we use. The increased dependence on foreign petroleum supplies in recent years adversely affects our national security in two important ways: (1) it makes our economy vulnerable to the supplying countries; and (2) massive foreign exchange payments weaken the dollar on international markets and ultimately increase inflationary pressures domestically.

The President has designated energy conservation as our most urgent national goal--and the transportation sector accounts for approximately 52 percent of the total domestic petroleum consumption.

##### 2. International Air Commerce

The Department, in cooperation with other Executive Branch agencies and the Civil Aeronautics Board, intends to continue to strive for the preservation and extension of a system of international air transportation that places principal reliance on competitive forces.

U.S. international aviation policy cannot be implemented unilaterally. Our objectives have to be achieved in the system of bilateral agreements with other nations that form the basic framework for the international air transportation system. The Administration seeks a competitive system that:

- creates new and greater opportunities for innovative and flexible pricing to meet the varied service and price needs of different consumers;
- liberalizes the rules governing charter operations of supplemental and scheduled carriers. Limitations and restrictions on the volume, frequency or regularity of charter operations should be eliminated and requirements for approval of flights should be prohibited;
- reduces or removes restrictions on capacity, frequency, and route and operating rights of scheduled carriers which hinder efficient operations and consumers' traveling convenience;
- eliminates unfair, discriminatory or restrictive practices imposed on U.S. carriers by foreign governments;
- authorizes the designation of more than one carrier in international markets that will support such service, and permits the expansion of nonstop gateways offering potential for increasing travelers' convenience and improving integration of carriers' domestic and international services.

### 3. Maritime

International maritime economic affairs are largely the responsibility of the Maritime Administration and the Department of Commerce. Federal assistance to U.S. maritime interests is not part of a national program coordinated by the Department of Transportation.

The U.S. should continue to strive for internationally recognized improvements regarding vessel safety, accident prevention and marine environmental protection. In this connection, the Department of Transportation, in concert with the Department of State, has vigorously pressed the President's initiatives on tanker safety and pollution prevention in the Intergovernmental Maritime Consultative Organization (IMCO).



These initiatives, announced in a Presidential Message to Congress on March 17, 1977, resulted in IMCO's undertaking a heavy work program leading to international conferences in February and June 1978 which we hope will result in treaties raising tanker standards worldwide. IMCO is the specialized agency of the U.N. which deals with vessel safety and environmental protection. The U.S. government, chiefly through the Coast Guard, contributes broadly and dynamically in IMCO proceedings. These international efforts on vessel safety and environmental protection parallel domestic regulatory action on the same issue. Continuing liaison between the Department and appropriate committees of the Congress assures that international progress is taken into account in the legislative process.

#### E. Safety-Energy-Environment-Jobs

There are a number of important transportation goals and functions such as safety, environmental protection and energy conservation that are truly intermodal.

##### 1. Safety

It is the nation's policy to provide the highest practicable level of safety for people and property, employed and carried by the nation's transportation systems. While a completely accident-free transportation system is not possible, we seek the closest possible approach to this goal as we also deal with economic, energy, and environmental issues. Increasing emphasis is placed on the reduction of hazards and the prevention of accidents.

Our policy is to promote transportation safety through programs that will prevent accidents, decrease injuries to people and damage to property in the event of an accident, and provide the financial assistance to states for emergency response and treatment of accident victims.

Safety efforts are directed toward protection of vehicle occupants, improving the vehicle right-of-way, improving vehicle operator skills and safeguarding the transport of hazardous materials. These include, for example, the efforts of FAA, Coast Guard and NHTSA relating to better communications systems, and the provision of quick-response medical aid to accident sites.

Highway safety remains the most serious safety problem, and we are committed to achieving a significant reduction in highway accident rates. The Department's passive restraint regulations and its proposed restructuring of the highway safety grant programs are the most recent actions in this effort. We are continually pressing our research efforts for improved highway safety, and we are striving for improvements in highway design.

## 2. Energy Conservation

Transportation policy can make three major contributions to the President's national energy program. First, as a major consumer of energy, transportation should achieve large gains in energy conservation. Second, we must sharply increase the efficiency with which energy is used in moving passengers and freight. Third, transportation must provide a new, efficient energy distribution network and be capable of responding to changes in the mix of types and sources of fuels used as we shift to coal and other substitutes for petroleum and natural gas.

Transportation energy policy must encourage:

- Continued promotion of improved fuel efficiency through technological improvements.
- More efficient and socially responsible use of the automobile.
- Greater reliance on energy-efficient forms of public transportation, particularly in urban areas.
- Increased emphasis on energy considerations in freight transport, both long and short haul.
- Removal of any regulatory constraints that lead to energy inefficiency.
- Careful coordination of safety and environmental goals with energy conservation.
- Continued analysis of the nation's energy materials transportation system and development of programs to remedy deficiencies that inhibit achievement of national energy production goals.

Future policy must continue to emphasize such key energy programs as the mandatory automobile fuel economy standards, which should yield an 80 percent increase in new car fuel economy over the 1975-1985 period. Similar standards are now being developed for light-duty vehicles. The voluntary truck and bus fuel economy program is aimed at increasing the energy efficiency of heavy trucks and buses.

Other programs directed toward motor vehicles, which account for some 75 percent of total transportation fuel use, include incentives for greater carpooling and vanpooling, transportation system management programs, and adherence to the 55 mph speed limit.

Energy conservation programs also are under way for all of the non-highway transportation modes, including aviation and rail transport. Research on technological innovation that would reduce energy consumption in transportation must receive continued support and encouragement from both the public and private sectors.

### 3. Environment

The protection and enhancement of the nation's human and natural environment is an essential national goal. In pursuing this objective, the analytical and procedural framework of the National Environmental Policy Act will be used to identify alternatives and their potential environmental impacts and to seek the expertise and advice of interested and affected communities, groups and agencies. Environmental planning will be an integral part of the Federal transportation decisionmaking process, but we must make this system much more efficient so decisions can be promptly made.

### 4. Labor and Jobs of the Future

Transportation is a very labor-intensive industry, with much of it requiring a highly skilled work force. The effectiveness of the system depends on the people who build, operate and maintain the transportation network. Almost any significant change in the way we do things in transportation is likely to have some important effects on those who earn their living by keeping our transportation system operating. Major changes, such as regulatory changes or the formation of ConRail, that affect the structure and operations of a major industry can have major impacts on labor. If we are not careful, these changes can have disastrous effects on the lives of many families. When we make changes to achieve more efficient transportation, we must guard against any tendency to overlook the human costs of the transition. Consideration of labor protection measures, then, must be an important part of the development of any legislation that is likely to have significant adverse impacts on working men and women.

## 5. Minority Opportunity, Civil Rights and Human Concerns

This Administration seeks greater opportunity for minorities and women in all areas of American life. Women and minorities have often suffered from a lack of mobility, as have the physically handicapped. The development of healthy urban and rural transportation systems will improve the access of disadvantaged people to schools, jobs, health services and other essential facilities. Last year's decision to require use of the Transbus will ensure access to public transportation for many physically handicapped people.

Transportation is one of the nation's largest employers. We will require higher levels of minority and female opportunity in all activities receiving DOT assistance. The Northeast Corridor Improvement Project set a goal of 26 percent minority representation in the total work force on the project and a goal of 15 percent of the dollar volume of the project for minority contractor participation. We have approved a variety of techniques to achieve this goal including the use of "set-asides." We intend to extend the use of these techniques to all DOT contracts and grant programs.

### E. Management of Federal Transportation Functions

#### 1. Federal Organization

The way in which the Federal Government implements transportation policies and programs says more about real policy attitudes than do any number of formal statements. The current organization still represents, unfortunately, a highly fragmented approach to transportation problems.

In a December 1977 report on the regulatory organization of the Federal Government, the Senate Committee on Governmental Affairs proposed substantial changes in programs as diverse as the waterway planning and construction activities now in the Corps of Engineers and the subsidy programs located in regulatory agencies, such as the CAB's

local service subsidy. The Senate report also proposed that the Secretary have the authority to establish regulations and policy statements by which the transportation regulatory bodies would have to be guided. These proposals deserve careful consideration.

The internal organization of the Department of Transportation also needs improvement, and I have already taken the first step in this process by streamlining the Office of the Secretary to reduce overlapping and to pull closer together the major staff elements in the Department.

Next, as our highway and transit legislative proposals reflect, I am considering combining and reorganizing the highway and mass transit agencies. Federal transportation organizations should not be structured along traditional modal lines, but, rather, according to the character of the service or assistance being provided. We will be working with the President's reorganization project on the organization of the Department to better carry out the original purpose of integrating transportation programs.

## 2. Combined Transportation Account

To facilitate better decisionmaking by both the Executive and Legislative branches, a combined transportation account is being developed. The President's budget this year established such an account, but I believe some items must still be added to make it complete.

With all Federal spending for transportation purposes combined, the "account" will show both the sources of funds and the purposes for which they are used. To illustrate the concept, the FY 1979 Federal transportation programs (not limited to DOT) have been arrayed in such a "combined account" and are shown in the appendix.

Ultimately, all Federal financing for transportation, whether derived from user fees or appropriations from general funds, would be shown in a single transportation account with regular review by the Congress. Congress and the Executive branch would then have the ability to decide how best to allocate the limited transportation resources among the many competing claims for Federal assistance, without necessarily changing the method of financing for individual modes.

Long-term investment projects should be funded largely from trust funds or multi-year authorizations, thus ensuring stable financing and a sound basis for long-range planning. Operating programs and non-capital assistance should be made from annual appropriations.

#### IV. Conclusions

Acceptance and implementation of these new directions in transportation policy would mean:

- A fresh and effective approach to Federal decisionmaking through the allocation of Federal financial assistance to transportation.
- Protection and enhancement of existing transportation facilities through proper maintenance and constant incorporation of new research developments.
- An Interstate Highway System with all essential links completed and provision made for future rehabilitation and upgrading.
- Federal grant programs for urban and rural transportation that stress flexibility necessary for state and local decision-makers to meet different local conditions while encouraging the simple and speedy administration of the program.
- Major rail transit systems in place in those cities where they are truly needed.
- A completed system of major airports with provision made for continuous improvement in aviation safety and operations.
- A streamlined private sector rail system providing increasingly safe, efficient and energy saving transportation of freight.
- A rail passenger system providing effective service on a nationwide selected set of routes at a reasonable subsidy level.

- A private sector bus system providing extensive intercity and regional services.
- An inland waterway system being put in good condition, with users paying a substantial share of Federal costs.
- Healthy transportation companies operating in a regulatory environment that preserves needed protections for society while allowing for management decisions and a fair chance for new people to enter the market.

If these goals can be met, the nation's transportation system will serve the needs of a changing nation. It will give our people the transportation choices they want as our economy changes to meet the challenge of energy constraints, environmental concerns, and new economic realities.

APPENDIX

ILLUSTRATIVE  
COMBINED TRANSPORTATION ACCOUNT - FY 1979  
(in millions of dollars)

<u>A. PURPOSE</u>	<u>Budget Authority</u>	<u>Outlays</u>
1. <u>Ground Transportation</u>		
Highways - DOT	\$ 8,148	\$ 7,811
- Appalachian Highways (est.)	221	200
Public Transportation - DOT	2,865	2,250
- WMATA	19	61
Railroads - DOT	1,573	1,401
- USRA	163	424
Regulation - ICC	69	69
Subtotal, ground transportation	<u>13,058</u>	<u>12,216</u>
2. <u>Air Transportation</u>		
Airways and Airports - DOT	3,091	2,874
Aeronautical Research & Technology - NASA	522	466
Air Carrier Subsidies - CAB	69	69
Regulation - CAB	27	27
Subtotal, air transportation	<u>3,709</u>	<u>3,436</u>
3. <u>Water Transportation</u>		
Marine Safety & Transportation - DOT	1,681	1,459
- Panama Canal	-0-	2
Ocean Shipping - Commerce	537	531
Navigation - Corps of Engineers (est.)	846	710
Regulation - Federal Maritime Commission	11	10
Subtotal, water transportation	<u>3,075</u>	<u>2,712</u>
4. <u>Other Transportation</u>		
DOT	69	75
NTSB	16	15
Misc.	-0-	5
Subtotal, other transportation	<u>85</u>	<u>95</u>
GRAND TOTAL	<u>\$19,927</u>	<u>\$18,459</u>

B. SOURCES OF FUNDS

1. <u>Trust Funds &amp; Other User Generated Receipts</u>	
Highway Trust Fund	\$7,418
Airport & Airway Trust Fund	1,078
Interest on Trust Funds	936
Miscellaneous receipts (deposited in General Fund)	253
Waterway User Charges	-0- <sup>a/</sup>
2. <u>General Fund</u>	<u>9,812</u>
GRAND TOTAL	\$19,497

a/ Proposal for 1980.