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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION BROCK ADAMS TO THE PUBLIC HEARING ON RURAL TRANSPORTATION, WICHITA, KANSAS, APRIL 16, 1977

I am delighted to be here today. President Carter has asked all of his Cabinet Officers to get away from their offices to meet and talk with the people of America. That is what I have been doing at a series of transportation "town meetings" across the country.

The first town meeting was in Boston where I listened to the people who came to discuss the transportation problems of urban America. Next week I will be in San Jose, California to attend a town meeting on suburban transportation. Shortly after taking office, I discovered that my friend, Jim Pearson, had arranged a "town meeting" for me here in Kansas - on rural transportation. I am glad to participate in this town meeting on rural transportation, as it is a good opportunity for me to listen to the people who live where most Americans live - outside the big cities.

I agree with your Senator that we seem to pay a great deal of attention to urban mass transit, urban highways and to whether or not the Concorde should fly in and out of New York City. On the other hand, we seem to devote too little time to rural transportation.

The word "rural" no longer describes a strictly agrarian economy. This meeting today will serve a good purpose if it makes us aware that the traditional image of America as a land of cities surrounded by farms is no longer accurate. The sharp distinction between city and country has become blurred. While more and more farm land is taken up for housing and industrial development, the inner cities have decayed.

Fifty years ago farm families constituted three-fifths of the residents of our non-urban areas. Rural regions today are diverse and encompass not only farms and ranches, but small towns and communities. These are not big cities and transportation systems designed for cities will not work for them. As our urban population has declined - down from 5,000 per square mile 25 years ago to nearer 3,000 today -- many residents of large urban metropolitan areas see themselves as suburbanites living in "small towns."

At the same time, the percentage of Americans living in cities of 250,000 or more is about the same as it was in 1920. The new shape of rural America still differs from the big city and requires different approaches to its transportation needs.

I. ENERGY AND TRANSPORTATION OF PEOPLE

One transportation problem is common to us all, wherever we live - the permanent crisis of energy. For it is the flexibility of the automobile and the personal mobility that it has given us that has allowed the spread of population out into the countryside.

I do not expect that we will easily abandon the freedom of our cars or that we should give up the mobility the automobile has given us. But as we move from energy affluence to gasoline limitations, I do say this: if we don't use our cars wisely, we won't be able to use them at all.

The problem of the eventual exhaustion of traditional fossil fuels is one that all Americans must face and try to solve over the next quarter century. The solutions for rural America may be different, but they are no less urgent. One of my principal tasks as Secretary of Transportation is to see to it that the transportation network which has bound us together continues to work as we go from an era of plentiful energy to a time of energy scarcity.

II. RURAL TRANSPORTATION OF GOODS

The new rural America I have described contains the old as well as the new. Farming, if no longer a major employer, is still a mainstay of our economy and our international trade. The oil-rich nations may be riding high on their bonanza, but they are selling a diminishing asset. America is blessed with assets which renew themselves each year.

While the number of American farms has declined, from seven million 40 years ago to about three million today, farming nevertheless has become a larger industry, producing and shipping more foodstuffs. It has become an industry heavily reliant on transportation. We must see, therefore, that the American farmer is served adequately and efficiently - that he has the means to get his products to market at a price he can afford.

III. RURAL TRANSPORTATION OF PEOPLE

Just as clearly, we must be attuned to the needs of the rural resident, particularly the elderly and the handicapped, lacking in personal transportation. Some 85 million people, 42 percent of our population, live in small towns and rural areas - 45 percent are old, and 52 percent are poor. Since the population in rural areas is growing faster than in cities, the nation's rural transportation needs must be addressed now.

We are now moving to bring rural needs to the forefront. And I have already indicated Administration support for this in recent testimony to the Congress. I am keenly aware of the imbalances that exist in the way we fund and regulate our transportation systems. I believe in the free enterprise system. We must keep our transportation systems in private hands, to the fullest extent possible. Nevertheless, it is clear that the government, as a silent partner, has helped historically in the development of those systems, and should continue to do so. In rural matters, I believe it is time for Uncle Sam and rural America to be better partners.

IV. A COMBINED TRANSPORTATION ACCOUNT

To achieve this objective, rural and other interests must be able to compete on an equal footing for Federal resources. I hope through the adoption of a combined transportation account to end the fragmented way transportation programs are presently funded.

As chairman of the House Budget Committee I learned the value of the new Congressional budget process in setting priorities for spending within realistic revenue estimates. This process enabled us to look at Federal spending in terms of broad functional categories, rather than along narrow and inflexible authorization and appropriation channels. I think we can do a better job in the Executive Branch by taking a similar approach. We must no longer think of the modes as independent and competitive, but as interdependent and complementary. We must put Federal transportation dollars where they can best serve the needs of the people. We must apply the budget process in such a way that resources can be shifted as our national requirements change. Our spending policies and priorities in an era of high energy costs and shortages, for example, cannot be the same as in a period of low prices and plentiful supplies.

But our transportation policy, above all, must be fair. Transportation should permit efficient economic activity in all areas by allowing freedom of movement of people and goods in the most efficient ways possible. It should permit access to natural resources, capital and human talents in all parts of the nation, including our rural areas.

V. REDUCING THE COMPLEX SYSTEM

I am also aware that in the dispensing of Federal funds most of the government's grant procedures have been geared to respond to requests from states or other bodies equipped to deal with complex and often costly Federal requirements, restrictions and regulations. As members of the National Association of County Officials have pointed out, the costs of applying for Federal assistance can, in the case of relatively small local transportation projects, exceed the amount of Federal aid requested.

I think we can and must do something to assure that worthwhile projects are not foreclosed from Federal funds simply because the requests are modest or the applicants inexperienced in regulatory and grant procedures. So, revising the financing process, simplifying and - hopefully - speeding up the handling of small assistance grants will be matters of immediate concern to me.

VI. MEETING RURAL TRANSPORTATION NEEDS

A. PASSENGER TRAVEL

With respect to rural passenger travel, the automobile is for the time being the most convenient and versatile means of personal transportation. We have an obligation to preserve the motor vehicle's utility by using every legislative and technical means possible to improve motor vehicle fuel efficiencies. The private car, and the fuel it uses, are too precious to waste. So the President's energy policies, and the actions I can take as Secretary of Transportation, must require some greater measures of conservation in the ways we build and use our cars.

There is a more basic problem for the rural resident who either does not have a car or cannot use one during a major portion of the day. Millions of Americans fall into this category, and they are worse off than the car-less city dweller. The remedies thus far proposed or tried - van pools, school buses, other forms of rural public transit - all have fundamental drawbacks. Only one percent of the people use them and their per capita costs are too high.

The results of the Federal Highway Administration's rural public transportation demonstration programs have been inconclusive. Bills now before the House Public Works and Transportation Committee would allow non-urbanized areas to use the \$500 million, reserved for such areas by the Urban Mass Transportation Assistance Act, to meet operating expenses as well as capital costs. I support the principle of allowing such areas the same flexibility in this respect that urban areas have under the current formula grant program. I told the Committee that I would concur in this, but pointed out that such action might be premature since we plan to consider the needs of rural and small urban areas as we develop our comprehensive program proposals over the next year. I also reminded the Committee of the need I see for coordinating a wide variety of Federally-assisted transportation services under a number of social service programs.

Public transportation also poses problems for America's small towns. There are approximately 20,000 towns in the United States with populations under 50,000 - with some 300 transit systems serving them. The most seriously disadvantaged by our widespread dependence on the car are the elderly, the handicapped and the poor. In the age 65 and over households, 40 percent are without cars and many, of course, cannot afford a car or are unable to operate one. Our obligation to these groups will grow larger, as our senior citizen population increases and the cost of automobile ownership rises.

There are communities throughout the country providing some measure of rural transportation. The Federal responsibility, in my judgment, is to see that worthy local initiatives are rewarded with appropriate levels of Federal assistance.

B. FREIGHT TRANSPORTATION

Next, I want to share a few observations on the outlook for rural freight transportation.

There is a lot of talk today about "deregulating" transportation. And there's a great deal of misunderstanding about what is entailed or what the effects would be. Let me emphasize that President Carter wants to reduce the burden of government regulation without depriving the consumer of the protection that regulation affords. We believe there is more room in the transportation industry for competition, for reasonable rate flexibilities and for some greater freedom of market entry and exit; but we do not advocate the kind of total freedom that would lead to high rates in monopoly markets or the withdrawal of service from small markets which was the original reason for establishing consumer-oriented regulation.

Trucks, of course, are essential to the rural economy. There are 20 million trucks in use in the United States today, with one out of five engaged in agriculture. Trucks carry 81 percent of all the meat and dairy products shipped commercially; 78 percent of the fruit and vegetables delivered to major markets. Trucks are also being used increasingly by the industrial plants operating in rural areas and small towns.

The greater reliance being put on trucks for the movement of farm, forest and mine products, as well as manufactured items, naturally focuses concern on the quality and conditions of our roads. It has been suggested that the emphasis on the Interstate system in recent years has interfered with rural road progress, and that as much as 50 percent of the rural feeder mileage in use today may be unsuited to continuing heavy truck traffic. I am aware that for some years now state leaders have expressed concern over the rising costs of highway construction and maintenance. While the percentage of paved roads has steadily increased (it is now 77 percent of the total), construction and maintenance costs have outpaced revenue gains. As a result, state outlays for rural roads have fallen 40 percent in the last six years.

In considering future highway budgets and our overall surface transportation needs, we will have to look carefully at the potential consequences of an inadequate rural road system. Usage runs high, especially here in the midwest where 80 percent of the roads fall under the "rural" classification and carry nearly 50 percent of the total traffic.

Now, let me say a word about the nation's railroads.

As you know, I spent a fair amount of time during my last several years in the Congress trying to work out a solution to the railroads' problems. They are really everybody's problems, because this country can't get along without rail freight transportation.

I believe the rights-of-way owned by the railroads constitute a valuable national asset, which will increase as freight tonnages grow larger, energy prices higher and rail fuel-efficiencies more attractive. I think we should move with care in trying to reduce excess rail capacity. Should we find it necessary, for example, to move large quantities of coal and grain simultaneously, the capacity of our present system would be severely strained. This is one reason why I am a firm believer in the wisdom of revitalizing our railroads, improving freight car utilization, and making rail transportation altogether more efficient.

Finally, in the case of air transportation, I testified recently before the Senate Commerce Committee on the regulatory reform bills now pending. Basically, I am confident the Committee will produce a successful bill and that Congress will act on it favorably during this session. As ranking Republican on that Committee, Senator Pearson will have an active role in drafting that bill. I share with him a concern for continuing adequate service to small communities. In fact, I believe the exemption for commuter carriers should be raised to allow them the use of larger planes as a means of encouraging service to small communities. I also have advocated assistance to small communities when a need has been demonstrated.

VII. CONCLUSION

I am grateful for the occasion this event has given me, early in my term as Secretary, to review rural transportation problems and to meet with those dedicated to their solution. I trust that before our next meeting you will see visible evidence of progress at the Federal level in policies and programs designed to improve America's rural transportation.

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