



DEPARTMENT OF
TRANSPORTATION



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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION BROCK ADAMS TO THE CONSUMER FEDERATION'S ASSEMBLY, WASHINGTON, D.C., FEBRUARY 10, 1977.

I'm very pleased to be with you today. In moving from the Hill to my new job at the Department of Transportation, I had decided I would refrain from speech-making, at least until I had settled into the job. But two phone calls, from Carol Foreman and Ann Brown, made me change my mind. And while I am here partly because they are very persuasive, I am also glad for the opportunity this occasion affords me to meet with members of the Consumer Federation. This is my first major speech to a group as Secretary of Transportation, and I deliberately did this because I believe I am talking to one of DOT's most important constituencies. Our transportation system affects all of our lives in ways that we are not always directly aware of -- the safety of our travel, the cost of our food, the purity of the air we breathe, the vitality and growth of the

cities and towns where we live. So that in talking to you, I feel that I am talking to those most concerned with the impact on our daily life of the programs and services which the Department administers and provides.

Someone has said that we might be more eager to accept good advice if it did not continually interfere with our plans. I intend to try as much as I can to make no final decisions on new issues until I have secured as much advice as possible from groups such as the CFA and others.

The Winter's Warming On Transportation

One of the effects of the bitter winter we are enduring is a new and more acute consciousness of our dependence on transportation. We are aware more than ever before that our lives and our jobs are affected by barges locked in Ohio River ice; snowbound trucks that cannot move milk to markets; and trains that cannot deliver food and fuel because the switches are frozen. The consequences range from empty food shelves in Buffalo to plants that are shut down because

coal is locked in the river ice, to shipments of grain sitting at warehouses because the trains can't get through. We all have had a most convincing lesson of our dependence on transportation and how vulnerable our society is to a shutdown of transportation.

The severe winter, of course, quickly became a matter of intense concern to the Department. Alarmed by a succession of oil tanker accidents -- caused in part by extreme weather but also by poor vessel conditions and equipment and careless navigational practices -- I issued new tanker safety regulations and set up, at the same time a Marine Safety Task Force charged with examining and recommending additional safety improvements. The Department is also working all out as part of a special White House winter crisis task force. As the weather continued to worsen, we set up and have maintained direct telephone lines with the Governors of the states and their transportation authorities to seek assistance in speeding up the movement of barges, rail cars, and truck traffic. And, we are prepared -- should the severity of the winter weather continue -- to take further steps under emergency provisions of the Defense Production Act.

I hope our awareness of the importance of the "invisible service" of transportation does not melt with the coming of spring or thaw with the ice. In fact, I would encourage you -- as consumer advocates -- to keep our national interest in transportation alive.

You here have a particular interest. Transportation is a consumer product; the most frequently purchased consumer service. Transportation accounts for 20 cents of every dollar spent in the marketplace. Built into the cost of every product we buy is the cost of its transportation.

I suggest, too, that a broader appreciation of transportation is necessary for a proper understanding of the special problems with which you are concerned -- safety, land use, no fault insurance, fuel efficiency and protection of the environment.

The ties between these individual problems and the larger difficulties of transportation are immediately evident. Railroad safety, for example, is affected by the quality of track and equipment, and where those are bad it has historically been because of insufficient rail earnings. Similarly, the true solution to the aircraft noise problem is the introduction of newer, quieter and more efficient aircraft, which in turn depends on the ability to raise capital.

I hope for this continued interest of yours, finally, because I shall be working to bring about a number of transportation reforms and I shall need your advice and support.

Transportation Imbalances

I took over my new post as Secretary convinced that in the government-industry connection there are a number of serious short circuits. And not a few of these have been caused by government misdirection.

Our various transportation systems are unique in the world in that, for the most part, they are in the private sector -- which is where they should remain. These privately-owned systems, however, often came into being, grew and prospered thanks to government assistance in the forms of grants, loans or subsidies. The government as silent partner has helped throughout our history in the building of the fine transportation system we have today.

Unfortunately, this government assistance has too often been conferred without logic. Historically, we first rushed forward with toll roads, only to abandon them for seemingly more efficient canals, but soon the national and state governments found the new railroads more fashionable. The railroads, in turn, eventually lost ground (and traffic) to government-built highways and later to airlines flying Federal airways and landing at Federal and state supported airports.

The Penn Central, for example, was done in at least as much by the Interstate highway system, the airport and airways network, and the St. Lawrence Seaway as by bad management. The latter only accelerated its collapse.

The current furor over whether or not to double the capacity of Lock and Dam 26 on the Mississippi, and then embark on a multi-billion dollar channel system creates a conflict between railroad and barge transportation of bulk commodities. We must know the economic effects because if the left hand doesn't know (or even worse doesn't care) what the right hand is doing we may end up subsidizing both modes simply to keep them alive.

One cause of this scatter-shot financing lies in the fragmentation of transportation interests within both the Congress and the Executive Branch. Even now, the government's transportation force is but a loose confederacy of some fairly substantial sovereignties. In fact, more than 32 different agencies in the Executive Branch have an important role in transportation, and, of these only eight are in our Department.

Some Proposed Reforms

I suggest one answer to this fragmented approach may be the adoption of a "combined transportation account."

I learned as Chairman of the Budget Committee the worth of the new congressional budget process in setting priorities for spending within realistic estimates of revenues. This process permitted us to look at Federal spending in terms of broad functional categories, rather than in a series of ad hoc decisions on authorizations and appropriations for individual programs. These functional categories are the focus of the budget priorities decisions which the Congress must make in adopting the Budget Resolution.

I believe we in the Executive Branch must begin to think in the same terms -- in terms of a combined transportation account. Such an approach will enable us to decide how to shift the Federal investment in transportation as our national needs change with time, rather than simply adding up the requests of each interest, even if they conflict.

For the past few years, the Congress has of necessity had to focus its attention on the railroads. It is time now for us to take a careful look at the future of the other modes, such as airlines, trucks and water carriers, especially the need for repair and maintenance of the right of ways of the modes and whether the private sector can finance its capital needs.

Within the "combined transportation account," a form of financing for each mode can be found which most suits it and is fairest to the user and taxpayer. For example, mass transit should not be considered a service to commerce but part of urban development -- a public service needed to restore life to our cities. The farebox will clearly never pay the capital or operating costs of mass transit and private enterprise does not want to be involved unless subsidized.

What I am suggesting, a combined account, can help us to escape from looking with tunnel vision at each individual mode, considered by itself, and not in its economic relation to other modes or in the context of the total funds available for transportation purposes.

True Regulatory Reform Is Consumer Protection

I have been repeatedly questioned in the past as to why I have not supported deregulation in the name of consumer protection.

During the last several years, deregulation has been sold to the American people on the theory that it would protect the consumer by allowing market forces to work more effectively. In theory, there would be lower prices and better service for consumers.

I have not accepted this theory because the whole history of American transportation has been one of having to regulate industries with monopolistic tendencies, such as communications, transportation, and other public utilities. This regulation was designed to prevent the powerful economic forces in the nation from controlling transportation, using it to obtain competitive advantages or from dominating a transportation mode in order to force smaller competitors out of business. The whole concept of common carriage as developed in America has been to assure consumers of transportation whether they be individual passengers, those who directly buy transportation services, or those who pay for commodities that require transportation -- which is just about everyone -- that transportation would be available for all those involved at a fair price with regular service.

There is no question that the system, over time, has become too rigid and often becomes dominated by those who are being regulated; but the answer to this is to correct the faults of regulation and not remove protection for the consumers.

So that you will know that I am not talking theory in day-to-day decisions that have to be made at DOT, I have recently authorized the Department to enter the Midway case in Chicago, which is a proceeding before the CAB to allow greater service at lower fares in and out of the mid-town Chicago airport. We will be watching this case carefully to see whether the regulatory system is functioning well.

A number of Senators and Congressmen are of the opinion that the basic mandate to the CAB should be changed to provide for easier granting of new airline franchises, more flexibility in airline rate proceedings, and easier provisions on eliminating or adding service. The Administration will be working with Congress to develop reforms which will make the system of air regulation work better and my primary concern is for protection of the consuming public.

Energy - The Permanent Crisis

There is a special urgency for new transportation efficiencies.

You and I -- and all America -- must accept the fact that we are caught up in a permanent energy crisis. Our energy supplies, as we know them, are finite, and our task at the Department of Transportation is to help Americans to make the transition from an era of easy energy to one of energy conservation, and to make that transition with the least possible disruption of our economy and our standard of living.

I shall be guided -- as we move into this deepening energy shortage -- by a very telling observation made by President Carter in his fireside chat last week. He said: "The amount of energy now being wasted which could be saved is greater than the total energy we are importing from foreign countries." This is a reminder of our wasteful affluence that we must not forget. We are energy spendthrifts. If we are not careful, we will be energy bankrupts.

I shall also be reminding all my audiences of the President's quiet final challenge. As he put it, "There is no way that I, or anyone else in the government, can solve our energy problems, if you are not willing to help."

To seek that help I intend to start the Department moving out into the country with the first transportation Town Meeting that I will chair to be held in Boston on February 23rd. Our agenda will be wide open with a format that calls for a general session in the morning to be followed in the afternoon by a number of working groups -- each chaired by an assistant secretary or another top DOT officer.

I hope to see all the consumer organizations in the New England region represented at the Boston meeting. We want to hear from all of you, but I must note that, solely in the interest of time, we are asking that individual consumer groups that share a common approach unite behind a single representative. Each speaker will be given 15 minutes for his or her presentation while each group represented is invited to submit a brief memorandum of its position.

The Boston meeting will be followed by similar forums in a major city in each of the nine other Federal regions of our country. President Carter has urged that these meetings be given precedence over other, more formal speaking engagements, and I find that an easy recommendation to follow. Certainly, transportation has its "special interests" -- more so, perhaps, than any other field -- but the overriding "special interests," in my opinion, are those of the American consumer. And when we satisfy those, we will have served the nation's greatest needs.

We are moving into an era of substantial change. I hope you will join with us, tell us how these changes should be accomplished, and then work with me as I work with the Congress to build a better transportation system for all America.

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