



U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
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WASHINGTON, D.C.
APRIL 2, 1984

It is indeed a pleasure to be here today and to meet with such outstanding representatives of American labor.

The presentation we have just seen dramatically underscores the work we must join together to accomplish. But I've always known this group to relish a challenge, none more crucial than rebuilding our nation's infrastructure. I must point out that our best estimate for Interstate repair costs differs from yours, but the point is the same: it's clear we have our work cut out for us. When I was at the White House as Assistant to the President, I had the pleasure of working with Bob Georgine, with Lane Kirkland and with many other representatives of organized labor. I valued your counsel then and do so now. My intent in every public position I have held is to keep an open door, for an open door signifies to me an open mind. There exist limitless opportunities in every industry, and where there is an open mind, there will always be a frontier.

We Americans have traditionally made the most of our frontier opportunities. There have been times when we encountered obstacles and experienced disappointments. But we have always come back strong and more determined -- with new confidence and greater competence. Today is no exception.

In transportation, we need your expertise to help us complete the Interstate highway system, repair our nation's roads and rebuild our bridges. I'm delighted when I can pick up a copy of the Washington Post and the New York Times -- as I did recently -- and read their "roadway repair guides." They may signal some temporary inconvenience for motorists, but they tell me that our highway construction program is working. And just as importantly, that you are working.

With nearly four million miles of highways, roads and streets crisscrossing the nation, we benefit from one of the safest, most efficient highway systems in the world. Few people would argue that -- or deny the significant contribution they make to our quality of life. Without our highways, and the mobility they afford, America's economy would quite literally grind to a halt.

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If a single priority dominates the DOT agenda, it is to maintain both the capacity and efficiency of our total transportation network. Never has this priority been more successfully translated into direct action than with the passage of the Surface Transportation Assistance Act of 1982.

A few years ago there was near universal anxiety over the deteriorating state of America's highways. It was clear that something had to be done. For just a nickel increase in the Federal gasoline tax -- the first in nearly 25 years -- we were able to increase substantially Federal highway assistance to the states. This policy of financing the growing needs of our transportation infrastructure through user fees -- whether it pertains to our highways, transit, airports, the air traffic control system or ports -- not only provides the necessary resources for the repair of roads and bridges, but it makes good sense. We firmly believe those who benefit from using a particular service should help bear the costs.

We are, of course, especially grateful to the Building and Construction Trades Department for your support of the five cent highway user fee increase. Without your help, this crucial legislation might not have been possible. And the Building and Construction Trades Department deserves much credit for the jobs it is creating.

That 1982 highway legislation has greatly stimulated employment in the highway construction industry. Funds from the Surface Transportation Assistance Act are now being apportioned to the states at the highest levels in the history of our national highway program. The states received \$12.8 billion last year for highway building and improvements projects -- a 50 percent increase over the previous year. We estimated at the beginning of last year that the \$4.6 billion increase in fiscal 1983 obligations for the Federal-aid highway program would add approximately 150,000 jobs in the highway construction and support industries. The higher funding levels in this and subsequent years promise to sustain and further extend those employment opportunities.

These increased Federal dollars combined with higher levels of state highway investment will achieve many things. They insure that we will be able at last to complete the Interstate system. We will renew our roads instead of patching them. We will repair or replace bridges instead of closing them down. We will do the rehabilitation work today that saves costly reconstruction tomorrow.

To give you but one example of our progress, miles of construction for new roads last year was up 37 percent. Road and bridge reconstruction was up 52 percent. Restoration and rehabilitation increased 107 percent and resurfacing 78 percent. This faster tempo of road work is good for our commerce. And it's especially good for employment in the highway construction industry.

But this is only a beginning. The Surface Transportation Assistance Act will continue to provide record increases in highway funding to the states through fiscal 1986. For fiscal 1985, we have proposed a \$14.8 billion budget, or roughly \$800 million over this year's level. Besides repairing deteriorating roads and bridges, this extra money will help to complete some major highway projects across the country --from Louisiana's \$1.3 billion project on I-49, to Seattle's billion dollar I-90 construction program, to I-75 in Florida, a half billion dollar Interstate segment.

But not long ago all our good intentions were nearly sidetracked. Every two years, Congress decides each state's proportional share of the remaining cost to finish

the Interstate system. This is called the Interstate Cost Estimate. Congress then allocates that money accordingly. Unfortunately, while being held up in Congress for months, it caused a delay of about 475 highway construction projects around the country and threatened up to 40,000 jobs. A month ago, when Congress finally passed legislation approving a six-month Interstate Cost Estimate, we were able to distribute nearly \$2.7 billion in funds. We immediately made those funds available to state highway authorities. As a result, some much-needed highway projects were able to proceed during the current construction season.

But the danger hasn't passed. Another \$2.2 billion in funds, already collected through Federal gasoline and other highway use taxes, cannot be released until Congress takes further action on an Interstate Cost Estimate for the remainder of this fiscal year. Lacking prompt action, there are projects and jobs that can't be guaranteed this year. That would worsen road conditions and threaten the employment gains envisioned by the Surface Transportation Assistance Act. Over the next few months, we will be doing whatever is within our power to impress upon Congress that timely passage of this legislation is of utmost importance.

Congress is also considering another piece of legislation which could affect revenues in the Highway Trust Fund. Included in the Surface Transportation Assistance Act was a provision that increased user fees for heavy trucks. The Senate Finance Committee has recently concluded deliberations on these tax provisions and has approved our recommendation which would greatly ease the use tax burden on operators of heavy trucks by converting an imposing once-a-year bill to a convenient pay-as-you-go tax. For the one or two rig operator, it cuts a serious problem down to size without adversely affecting the revenues coming into the Highway Trust Fund. However, several fuel tax exemptions have been considered which could cost the Trust fund nearly one-half billion dollars in revenues, undermining our efforts to repair our roads and bridges. The Department will be keeping a close watch on this process and the House and Senate members involved to do everything we can to prevent losses to the Highway Trust Fund. I might add that the Chairman of the Senate Finance Committee and I have a good working relationship — he always returns my phone calls.

Our commitment to building a strong transportation infrastructure is not just limited to highways. As Secretary of Transportation I am dedicated to providing the safest, most efficient transportation network possible. Today we are in the midst of a 10-year, \$10-billion dollar plan that will double our air travel capacity and make our airspace even safer, while essentially weatherproofing our airways. We continue to be proponents for deregulation, believing that it means less expensive, better transportation for people and products.

Does anyone here want to buy a railroad? If so, let me know, because we are going to take the federal government out of the railroad business by returning Conrail to the private sector. Our Department also has been given primary responsibility for a new mode of transportation. Our assignment is to encourage commercial space operations of expendable launch vehicles — the rockets that boost satellites into space — by streamlining the government clearance process, so that the potential of commercial space transportation is realized.

Above all, safety is my top priority, whether it involves the transportation of hazardous materials, the repair of roads and bridges or truck safety. We all must do more to cut the 25,000 deaths on the roads each year due to drunk driving. We are

making travel safer. Since 1980, traffic fatalities have declined 15 percent. The 1983 highway death toll was the lowest in 20 years. And the fatality rate -- based on miles driven -- is at an all-time low.

I am privileged to be the first woman to serve as Secretary of Transportation, and to be the first woman to head a branch of our armed services -- the Coast Guard. With 102,000 employees in my department and a budget of \$28 billion, we have plenty of work to do.

These challenges command our best efforts. We plan for the future secure today in the knowledge that our economy -- our financial infrastructure if you will -- is again robust with confidence. Economic indices have been up for 16 of the last 17 months. Economic recovery is now firmly and broadly based -- and has come on stronger than almost anyone predicted. Nineteen eighty-three wasn't just a good year for the economy; it was a year many thought couldn't happen at all, or at least not before the 1990s. Last year was the first full year in more than a decade with so favorable a combination of consistent growth, low inflation and falling unemployment.

The good news on inflation continues. The Consumer Price Index rose 3.2 percent in 1983, the lowest annual inflation rate since 1967. And the figures on economic growth speak of prosperity and promise. The Gross National Product in the first quarter grew at a rate of 7.2 percent, compared to 5 percent in the fourth quarter of 1983. Business investment plans for 1984 show continuing confidence in the economic recovery.

In fact, all the leading indicators point to still more growth in the months ahead. A recent Commerce Department survey envisions a strong capital spending upturn. The drop in unemployment has been dramatic, from 10.7 percent to 7.8 percent in just 15 months. Or put into more human terms, the number of people employed has increased by nearly 5 million in a 15-month period. We are encouraged to see unemployment dropping at the fastest rate in more than 30 years. On average, 300,000 jobs have been added to the work force every month for the past 14 months. That's good news, but never good enough. We will not rest -- our job won't be done -- until every American who wants a job has a job.

America's great strength has always been her people -- her richest resource. We're not afraid of free enterprise or free trade unions or freedom of thought. We depend on them, because only when individuals are free to compete, create, and build, only when they're given a personal stake in deciding their destiny and benefiting from their own risks --only then do societies become dynamic, prosperous, progressive, and free. That is the America we have known. With your help -- your concern and your contribution -- it is the America we will always know and love.

Thank you very much.

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