



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 ELIZABETH HANFORD DOLE  
TO THE PAN AMERICAN RAILROAD CONGRESS ASSOCIATION  
ARLINGTON, VIRGINIA  
OCTOBER 3, 1984

What a joy it is to be with the representatives of 19 Western Hemisphere nations and welcome the railway professionals of more than 20 other nations to this Pan American Railway Conference. You last met in Washington 31 years ago during President Dwight D. Eisenhower's Administration. Tonight, I am honored to bring this message to you from one of his distinguished successors, President Ronald Reagan.

"It is my pleasure to welcome the participants in the 16th Pan American Railway Congress to the United States. There has never been a more important time for the peoples of our hemisphere to share ideas, concerns and hopes for the future of the rail industry. Our hemisphere has an unlimited potential for economic development and human fulfillment. From your foundation in 1907, through the present, the Pan American Railway Congress has contributed to the betterment of life in our countries. Your theme, "Railroads and the Quality of Life," is appropriate as the Americas emerge as more equal and understanding partners. As our railroads move toward a future every bit as proud as their historic past, I wish you much success in the days ahead."

The world has changed greatly in the three decades from President Eisenhower's to President Reagan's Administration, but there are common themes as well. One is our nation's abiding commitment to its historic partnership with our neighbor countries of this hemisphere. "What happens anywhere in the Americas affects us in this country," President Reagan has said, adding "in that very real sense, we share a common destiny." He affirmed recently to the Organization of American States that the principles it embodies -- "democracy, self-determination, economic development, and collective security -- are at the heart of U.S. foreign policy."

It is not a new relationship that unites the Americas. The bonds we share go back four centuries, affecting our political, economic, social, and cultural lives. Railroads help create, reinforce, and expand those bonds.

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Every nation at this Conference, and most nations of the world, have rail service. Like our political and economic systems, we may differ in how our rail systems are organized. Still, our similarities far outweigh our differences. We share common problems of serving publics, reaching markets, making rail systems safer, and employing technology and human resources to those ends.

One of the most exciting parts of a Congress like this is the opportunity it provides to address our shared interest in improving railway management, and in assessing the role government policies play in rail operations. This Congress is also a forum for technology -- an exposition of the latest in modern rail equipment. And in that, we likewise have a mutual interest.

For we recognize that railroading is still a dynamic industry, ripe for innovation and responsive to changes in technology, receptive to new concepts and dependent on new designs in rolling stock and tractive power for improved productivity. Such changes enable our railroads to compete more effectively for the broad range of traffic they must carry, if they are to be both economically successful and make their contribution to the quality of life of every nation.

By establishing an improved framework for international cooperation on rail transportation issues, we can provide better service and safer railroads. As world railroading completes its move from the era of "fire and smoke" to high-tech computers, never has the need been more compelling for nations to cooperate. We're here, not only because we want the trains to run on time, but to improve on the cooperative relationships of this hemisphere's railroad professionals.

Since its founding, the Pan American Railway Congress Association has built an impressive record of encouraging cooperation among its nation-members. Today, under the distinguished leadership of General Juan Carlos De Marchi, former head of Argentina's railways, it is a recognized force in improving the status of railroads in this hemisphere and the world. The United States is proud to be a member of this Association, to exchange views, and to share our own experience with others.

Let me share with you some examples of important changes affecting the railroad industry in my country. In the United States railroads have benefited immeasurably from a decision several years ago to deregulate the industry -- to reduce government's jurisdiction over the rates railroads charge and what they carry.

From 1960 to 1980, railroads had virtually no part in the growth of the U.S. economy. Our railroads actually lost traffic share, as rail's share of total intercity ton-miles fell from 44 percent to 37 percent of total surface transportation traffic. Even while the U.S. gross national product was growing by more than 100 percent during the 1960's and '70's, rail tonnage increased only four percent.

Until recently, many U.S. railroads were on the verge of economic disaster. High costs, deferred maintenance, low rates of return and dwindling markets deeply eroded their resources. By the mid-70's the U.S. government was forced to create Conrail, a collection of bankrupt Northeastern and Midwestern railroads, as the only way to assure continued service to shippers and consumers in those regions. Finally, Congress passed legislation in 1980 which brought long-needed regulatory reform to our railroads by permitting the relaxation of many government controls over rates and routes. That law, and the greater economic freedoms encouraged by this Administration, were major



forces in the dramatic economic turnaround of our rail industry. U.S. railroads have rediscovered the economic benefits of free enterprise. Individual lines may now contract directly and independently with shippers. More than 18,000 rate and service contracts have been signed, where none existed before.

As a result, U.S. railroads are earning the money they need to buy new equipment and better maintain what they have - in short, to better serve people's needs. Since 1979, the major U.S. railroads have invested more than \$1 billion a year in new track, yards and terminals; and an average of \$5 billion annually maintaining existing facilities. Today, 40 percent of the U.S. freight rail fleet is under 10 years old. Capacity has increased 13 percent over the last decade. Locomotive horsepower has increased 20 percent since 1970, but with more new locomotives on the job fuel efficiency has improved 23 percent.

Last year principal long-haul rail lines had a net railway operating income of \$1.2 billion, up substantially from 1982 levels. Deregulation has been a primary factor in the U.S. rail industry's profitability, even during the recent recession.

Let me point out that freight railroads in the United States are privately operated and, except for Conrail, privately owned. They own and maintain equipment, tracks, facilities and rights-of-way. And they pay taxes. Indeed, they paid \$2.5 billion in taxes to Federal, state, and local governments in 1982. Even a once-troubled line like Conrail is now showing a profit and advertising "on-time freight delivery" with a money-back guarantee. Conrail's remarkable comeback earned it \$313 million in 1983, and that railroad expects a net operating income of \$500 million in 1984. It is not our government's policy to operate ventures which properly belong under private enterprise. So now that Conrail has become so much improved, more modern, cost-efficient and profitable, I am in the process of returning it to the private sector. In fact, we have received fifteen offers which I have narrowed to three. My final decision will be based on the offer that best assures the strongest financial position for the railroad, continued service to states and shippers, and maximum return to the taxpayer.

When the transaction is completed it will represent a watershed in our country's drive to remove unnecessary or inappropriate government controls over our transportation industries.

In breaking free from regulatory shackles, U.S. railroads are finding technical release as well from old machines and equipment. As our railroads enter the final decade of the 20th century, they are building a new future on the roadbed of well-proven technologies. Not many years ago, knowledgeable people called the railroad industry a thing of the past -- a transportation relic in an age of large trucks, jet planes and containerization. But today, in this country as in many of your countries, railroads are reflecting the changes modern technology has brought.

These changes have come swiftly in recent years, affecting every aspect of railroading, from government-industry relations to marketing and management. The technological changes showcased in the display at this Congress would have been little more than the dreams of science fiction writers a few years ago. Today they are the hallmark of a new railway age.

Among important new concepts, there is the high productivity integral train, a new type of train with no locomotive. Tractive power is distributed throughout the entire train, and the rolling stock is much lighter and more efficient than at present.



One cannot consider technological innovation without acknowledging the invention of Levio Dante Porta, an Argentine engineer whose revolutionary new design for a coal-fired locomotive is much more efficient than the historic steam engines so well known to all of us.

In our own country, the Federal Railroad Administration, a part of the Department of Transportation, is using two state-of-the-art track geometry cars to inspect the rails over the entire system used by our passenger trains. Those specially equipped cars, attached to Amtrak trains, can detect discrepancies in track alignment as small as one-tenth of an inch.

Improved technology, I'm sure you will agree, goes hand-in-hand with the demand for greater safety throughout our rail systems.

Earlier this year, I announced new rules requiring that large-capacity rail tank cars -- those carrying flammable gases -- be retrofitted to improve resistance to fire and puncture. We had previously directed the retrofitting of some 20,000 uninsulated tank cars. Our experience with those improvements tells us they have been successful in reducing the danger from the accidental release of hazardous materials following derailment. We can probably never prevent all accidents, but we can take every step possible to reduce the level of risk to train crews and the people of our communities.

We are greatly concerned as well in the United States by the safety risks posed by those in transportation who abuse alcohol and drugs. State and local authorities have been cracking down on drunk and drugged drivers on our highways, and President Reagan recently signed highway legislation encouraging every state to set 21 as the legal minimum drinking age. The danger, however, extends beyond our highways. That's why I have proposed regulations that will prohibit rail crews -- or any employees involved in railroad operations -- from using alcohol or drugs in the railroad work environment. The rule would also discipline employees using such substances while on the job, and encourage them to seek counseling and treatment.

For nearly two centuries, the train has been a mechanical workhorse throughout the Americas. Railroads are central to our history, our economy and our culture. Railroads contribute to every part of our national life and to the very fabric of our society. When President Reagan arrived at a large gathering in Nashville, Tennessee, recently, he was greeted with "The Wabash Cannonball," a familiar American folk song about a train that runs "from the great Atlantic Ocean to the wide Pacific shore."

Every country represented here has, I'm sure, a "Wabash Cannonball" -- a train that has become a symbol of rail progress. No single railroad links the many nations of this Congress together. But we are joined by a mutual appreciation of the railroad's significance in the lives and welfare of our peoples. We are united in recognizing the giant role steel tracks and locomotive power have played in our economies. We are one in relying on the transportation capacity rails and rails alone provide.

This Congress is both a salute to railroad history, and a tribute to an industry still powered by pride and potential. We share with all participants in this Conference a commitment to further progress, greater safety and new opportunities for rail transportation throughout the Americas.

Thank you very much.