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I am deeply honored by your invitation to appear before this distinguished forum. I am also delighted to return to the city that, for two weeks this summer, was the Olympic capital of the world. In welcoming athletes and visitors from 140 countries, Los Angeles earned the respect and admiration of millions for a flawless performance as host city to the first Summer Olympics held in America in 52 years. Your hospitality, as one observer said, "helped unite the people" of this cosmopolitan city, stirring a "spirit of pride that will last for many years." The conduct and cordiality of the people of Los Angeles was truly of Olympian quality. And you did it all, to your enduring credit, without a single traffic jam!

Another lesson the Olympics taught, I believe, is the ability of the public and private sectors of a great city to work together to meet a monumental challenge. Some 50,000 volunteers gave of themselves. Thousands of U.S. firms contributed. Your colleges and universities provided facilities. Public servants and citizens alike shared leadership honors. Together they made the Olympics a celebration of the American tradition of civic pride and private enterprise at work in a free society.

We are enjoying a resurgence of such attitudes today -- a renewal of the values that built and nourished our nation. We feel good about ourselves again, and that feeling goes hand-in-hand with the economic recovery we are experiencing.

That recovery can be measured in an inflation rate averaging just four percent over the last 2½ years. It is expressed dramatically in a GNP annual growth rate of nearly seven percent the first three quarters of this year. We see it in more than six million new jobs, in the best auto sales year since 1979, and in personal income that has increased by nearly \$200 billion since last December. The rate of growth in government spending has been cut from 17 percent to 6½ percent. Business productivity has

increased in every quarter for the past two years, and the President's commitment to less government interference has given private enterprise greater freedom, fresh incentives and a new zeal for competition.

Transportation shares in this new economic prosperity and is, in fact, responsible for some of it. We may be inclined to take our transportation systems for granted, but we would be helpless without them. As this freeway metropolis demonstrates better than any other, transportation affords us the personal mobility we treasure and the distribution network our commerce demands. Yet transportation is much more. Winston Churchill, speaking in a wartime setting, once compared victory to a bright flower, of which transportation was the stem -- the base that allowed it to grow. The image is apt, for it suggests the significant force of an 818 billion dollar industry, accounting for 24 percent of a three trillion dollar economy, and one of every eight jobs in the nation's work force. Transportation puts us in motion, carries our commerce, lightens our burden and links us to the world.

I thought of Mr. Churchill during my visit to London last May. And in meeting with the European Council of Ministers of Transport later that same week in Oslo, I thought of how transportation has changed -- and is changing -- this increasingly smaller world in which we live.

Monday we observed Columbus Day. Very nearly five centuries ago, the Age of Discovery marked the beginning of a new relationship between Europe and the world, one that would transform civilization and open a new chapter in the history of mankind. From the harbors of England, Spain, France and Italy, small wooden ships set out for our shores, carrying both commercial goods and new ideas. They traded the products of Europe's industries along our East and West coasts. In recent times, Asia has surpassed Europe as our principal trading partner. Nowhere is the Asian-American exchange more evident than in this great city. As President Reagan said recently: "You cannot help but feel that the great Pacific Basin -- with all its nations and all its potential for growth and development -- that is the future."

Certainly much has changed since the expansion of international trade five centuries ago, but transportation's role in ongoing human discovery has not. Another new age is dawning, drawing the peoples of the Earth closer through the marvels of space technology. In his State of the Union message, President Reagan called for a manned U.S. space station within the next decade. Achieving that feat could give us a space station in operation in 1992, the 500th anniversary of Columbus's discovery of the New World.

Long before then we expect to be making extensive use of commercial space systems. I am honored that President Reagan designated the Department of Transportation to serve as the government's lead agency in commercial space development, a potentially multi-billion dollar business in the coming decade.

But I ask you for a moment today to think of space in another sense. Suppose we were transported several thousand miles above Los Angeles and given a powerful telescope. From that vantage point we would see continents crossed with roads and railroads, airplanes moving like silver birds across the landscape, ships cutting their way through waterways, all carrying the lifeblood of commerce for our nations. Without transportation, we would be mired in place. With it, goods flow, people meet, families travel, and everything from symphony orchestras to iron ore moves, to the betterment

of our collective lives. "Transportation is civilization," Rudyard Kipling reminds us. And actions we have taken recently are aimed at making transportation itself more central to our economy.

The economic catalyst of what we are doing is deregulation -- reducing government controls over rates and routes, and permitting airlines, railroads and trucking companies to compete more freely in an open market. While in London, I met with Prime Minister Margaret Thatcher. Our conversation was especially rewarding. My scheduled 15-minute courtesy call turned into an hour-long exchange of our two countries' experience with what we call economic deregulation and our British friends call "privatization." I found Mrs. Thatcher an astute observer of the American scene, well-versed in the central issues of transportation economics.

I found, during my meetings in Europe, intense interest in our experience with deregulation. It is of interest to leaders abroad because they are rediscovering, as we have, that free enterprise, challenged by risk, spurred by competition and unfettered by regulatory red tape, is still the most creative economic force in the world. In fact, my counterpart in the United Kingdom, Mr. Nicholas Ridley, said recently in the Wall Street Journal that he "could think of no policy better designed to bring the nations of Europe closer together than a policy resulting in cheaper air travel."

Deregulation is bringing more Americans together, because air travelers today have a greater choice of carriers, fares and services. It has worked another kind of miracle as well -- phasing out a long-established government agency. The President has now signed legislation that guarantees, for the first time in our nation's history, that a major Federal regulatory agency will shut down completely. On December 31st this year the sun will set on the Civil Aeronautics Board. With airline fares and routes now made in the marketplace, not in Washington, a separate agency is no longer needed. Of course, certain residual responsibilities will remain, most of which we will assume at the Department of Transportation.

Let me first discuss airline deregulation. New airlines -- more than a hundred, both large and small -- have entered what used to be essentially a closed market. Airline deregulation, in fact, is delivering just what was expected: more competition, improved efficiency and a greater variety of service. The big winner is the air traveler. Carriers have cut costs, passing the savings on to the customer -- an estimated \$10 billion in reduced fares since 1978. Certain fares may not be as low today as they were at the depths of the recession, but fares overall are lower than they would have been under regulation. The industry, which ran nearly \$200 million in the red last year, expects to end this year with earnings in excess of \$1 billion.

Our freight railroads are also a case in point of deregulation's effectiveness. Until recently, many railroads were on the verge of economic disaster. High costs, deferred maintenance, low rate of return and dwindling markets had eroded their resources and clouded their future. In 1980, Congress passed legislation bringing long-needed regulatory reform by allowing the relaxation of many government controls on rates. Since then, American 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 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. Last year principal long-haul rail lines had a net railway operating income of \$1.3 billion, up substantially from 1982 levels.

While the Reagan Administration believes more firmly than ever in the merits of economic deregulation, we are not "deregulating" safety. Quite the contrary, I have always considered safety my highest priority.

Earlier this year we completed a thorough "white glove" inspection of our scheduled airlines, examining the operational and maintenance procedures of 350 air carriers. I also increased our regular air safety inspector force by 25 percent, to assure adequate resources for the FAA's ongoing safety regulation and enforcement program. We are now giving similar attention to general aviation, through a safety audit that will encompass 210,000 aircraft, as well as flying schools, maintenance facilities and training courses: and every kind of flying activity from crop dusters to corporate jets.

Looking further ahead, we're engaged in an \$11.7 billion program to modernize our airways. This long-range program, being paid for by those who use the air traffic control system, will double the capacity of our airspace, virtually weatherproof flight operations, and provide more precise landing systems. We estimate this improved system will actually save the government \$20 billion by the year 2000, through reduced operating and maintenance costs, and save users \$10 billion through lower costs and fewer delays. And it will make an already safe air system even safer. This multi-year program is the most extensive non-military aviation undertaking since the Apollo man-on-the-moon project. Replacement of present air traffic control computers with new state-of-the-art technology is the centerpiece of our program. We're also acquiring new and better radar, equipped with separate weather channels, providing terminal area controllers a display of current weather conditions "live and in color." Another development of great importance is the microwave landing system. It offers us a whole new precision landing capability, a vast improvement over the Instrument Landing System first used 40 years ago. The Microwave Landing System can land a pilot so accurately that on final approach, he is within one tenth of one degree of the centerline. Last week I announced a \$163.3 million contract for 78 new-technology radar beacon systems that will give controllers more accurate position information. This new system -- the Mode S -- will give controllers a "private line" to the pilot, an air-ground communications link to transmit weather and other operational data to properly equipped aircraft on a cockpit display screen or printout device.

One primary focus of our efforts is highway safety. In this I take a three-pronged approach: safer roads, safer cars, safer drivers. We're helping the states rebuild and improve their roads and bridges. The auto industry is giving safety new engineering and marketing emphasis -- while cost-effective new Federal regulations, such as the third, high-mounted rear stop lamp you'll be seeing on new cars this fall are also helping. And widespread public support, on the part of concerned citizens and aroused state legislators, has generated a groundswell of protest against unsafe drivers.

A prime target is the drunk driver. Thanks to grassroots efforts, there's been a real consciousness-raising in this country -- a growing awareness that alcohol is the crucial factor in half our fatal highway accidents. In recent years virtually every state, California among them, has passed or proposed new anti-drunk driving laws. Enforcement agencies are cracking down.

But getting drunk drivers off the road is only one approach to the serious problem of highway safety. The cost of highway accidents -- in lives, injuries and property losses -- demands greater efforts toward occupant protection. One proven life-saver is the safety belt. Studies prove conclusively that safety belts save lives and can cut moderate to serious injuries in half.

The magnitude of the highway safety problem itself -- the 470,000 who died on American highways in the last decade, the 22,000 who die in the front seats of passenger cars each year and the 300,000 who are injured seriously enough each year to require hospital treatment -- are compelling reasons for the positive action I took in my automatic crash protection decision last July.

Our new rule will require the introduction of automatic occupant protection technology into new cars, beginning in the fall of 1986, and extended to all new cars by fall 1989. My decision also specifies that if states with two-thirds of the U.S. population enact seat belt use laws by April 1989, effective no later than September 1989, the requirements for automatic restraints will no longer apply. One state -- New York -- already has passed such a law. Four other states plan to consider a mandatory seat belt use law yet this year. I hope the California legislature will follow suit. Together with the private sector, we are mounting a campaign to inform the public on occupant protection and assist in promoting state safety belt laws.

I note with much interest that 28 foreign countries now have such laws. In Great Britain, where voluntary belt usage was already higher than in the United States, the rate increased to 95 percent after mandatory usage became law. The experience of 29 foreign countries having belt use laws is an average fatality reduction of 25 percent. There is no doubt that safety belts save lives and reduce the severity of injuries.

In meeting with you today, in sharing with you the pride we feel in this city and in our country, I think of how far we have come in this great land -- and of how much the future still holds. Surely we will travel higher, into space. Certainly we will ship goods more efficiently and travel more comfortably. Clearly we will become more involved in world trade, particularly with the countries of the Pacific Basin. And however we travel, we will do so with less risk, because of our dedication to safety.

The challenges before us are great. But not beyond our grasp or conquest. As a pioneering people, Americans have always thrived on the difficult -- proven themselves by doing the impossible.

I think of a woman who knew adversity, one whose spirit and example inspired millions. Her name was Helen Keller -- and she summed up her philosophy in a single sentence. "One can never consent to creep," she wrote, "when one feels an impulse to soar."

We have an impulse in America to soar -- to go as far and rise as high as our national will and competitive skills will take us. Make no mistake about it; that summit still beckons. Like President Reagan, I have no doubt of our will or capacity to hasten the "best days" for our country he sees ahead. The frontier is still open. We are in the morning of America's destiny in this world -- and transportation will contribute much to a long and glorious day.

Thank you.

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