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REMARKS PREPARED FOR DELIVERY BY
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DETROIT ECONOMIC CLUB
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I am delighted to be in Detroit, the city that pioneered technology in America. My job links me to all the technologies of transportation -- everything that moves. Our Department, with a \$28 billion budget and 100,000 people, includes the National Highway Traffic Safety Administration -- familiar, I'm sure, to many in this audience. But I also oversee the Federal highway program, the Federal Aviation Administration, national railroad and public transit programs, the Saint Lawrence Seaway, and the Maritime Administration. I am also very proud that the United States Coast Guard is in the Department of Transportation, which affords me my little footnote in history as the first woman to head a branch of the armed services.

Historically, this city has long been on the frontiers of transportation in America. Detroit didn't invent the wheel, but from its birth has been at the hub of transportation progress. Whether it was celebrating the new Erie Canal in the 1820's or its rail link with Chicago thirty years later; the Model T's that remade the American landscape or the renewal of Chrysler that recast all our old attitudes about American ingenuity -- Detroit has done more than any other city in the land to make us a mobile people. Today America is on the move again and Detroit is at the heart of its mobility.

The auto industry obviously has suffered through some lean years recently. The working men and women of this community, who contribute so much to our economy, faced frustration every time they visited the grocery store or drove up to the nearest gas pump. Street corners not far from this hall were without hope, and factories went begging for orders.

Just as you can't stop a car on a dime, you can't reverse the course of a three trillion dollar economy without some dislocations along the way. Those now are behind us. We've come through the hard times to enjoy the better times. Recovery is yielding to renewal -- at a faster rate of growth than even the most optimistic economists predicted. You can measure the success of economic recovery in a 4.2 percent inflation

rate -- in a GNP up 3.6 percent in the third quarter of this year -- in six million new jobs and in auto sales enjoying their best year since 1979. You can feel it in the factory and the showroom. Like Detroit's Renaissance Center, built to refute those who peddle pessimism about urban America, the auto industry is powerful evidence that the economic health of this nation is strong. The auto industry is at the heart of our economy, and there can be no recovery that leaves it behind -- no policy for a better America that ignores its needs.

Henry Ford, no mean innovator himself, used to compare American business to a chicken, which is never so healthy as when it's forced to do a little scratching for itself. Henry couldn't have foreseen the effect government would have in trying to manipulate the economy. If he had, he would no doubt have concluded that for most of the last half century, the poor chicken had been plucked by the taxers, the spenders, and the regulators.

President Reagan has changed that. He has put \$300 billion in your pockets instead of government vaults. Six million more Americans are working today than when President Reagan took office, and in your industry unemployment has fallen from a sky-high 24 percent during the depths of the recession to 5½ percent today. The rate of growth in government spending has been cut from 17 percent to 6½ percent. And the President's commitment to less government interference has given private enterprise greater freedom, fresh incentives and a new zeal for competition.

Yes, America is back. Productivity has been the key to the American industrial comeback these last few years -- productivity spurred on by initiative and inventiveness of the kind that has always characterized Detroit.

Business productivity has increased in every quarter for the past two years, the longest string of consecutive increases in a decade. Such strides would not have been possible without labor's active participation and support. Many of these gains have come in our transportation industries, where products and services are being generated with greater efficiency and at lower costs, because workers and bosses, union and management, are committed to a new vision of America's economic future.

We in the Administration share that commitment. It is reflected today in our partnership with America's transportation industries to achieve better product safety, improved consumer service, and further market deregulation.

Safety has long been a foremost concern in this automotive state. Michigan was the first state with a driver education law, one of the first to pass a child safety seat law, and one of the few today with a motorcycle helmet law. Michigan is also one of four states (along with Illinois, New Jersey and Pennsylvania) planning to consider a mandatory seat belt use law yet this year.

The importance of safety belt protection cannot be over-emphasized. Just 10 days ago singer Barbara Mandrell was injured when her car collided with another vehicle at a closing speed estimated at 100 miles per hour or more. The impact of the crash shortened the wheelbase of her car by two feet. Experts say neither she nor her two children would have survived such a crash -- if they had not been wearing their safety belts. Miss Mandrell, as you know, suffered a fractured leg and other minor injuries. One of her children required no hospital care; the other was released in a few days. The driver of the other car, who was not wearing his seat belt, was killed.

Because Barbara Mandrell is well known, the accident made the evening news. Hundreds of other drivers have similar stories to tell every year. Saved by seat belts, they don't make the headlines. Neither, thankfully, do their names appear in the obituaries. The need, I believe, is clear. More must hear, and heed, the message: belts save lives.

The magnitude of the highway safety problem itself, the 470,000 who have 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 to require hospital treatment, provided me with compelling reasons for taking the positive and comprehensive action I took in my automatic crash protection decision last July. In that decision I addressed both the immediate and long-range occupant protection needs of the motoring public -- seeking to save lives immediately by encouraging all Americans to wear their existing lap and shoulder belts; and save lives in the future through improved technologies, including the air bag.

Unlike the former occupant protection standard, my decision provides manufacturers with an incentive to equip cars with other effective unobtrusive occupant protection systems, some of which may still be on the drawing boards or undergoing testing.

My decision also specifies that when states with two-thirds of the U.S. population have passed and are enforcing seat belt use laws, the requirements for automatic restraints will no longer apply. I took that position because the prospects for saving lives through immediate seat belt use are too compelling to await the time, at least 10 years hence, when an entire fleet would be equipped with automatic restraints.

The case for safety belt laws is persuasive. In 29 foreign countries where seat belt use is mandatory, highway deaths have declined by an average 25 percent. Achieving that in our country could save 10,000 American lives every year.

I am here today to say that we do not view that goal, or any goal that saves American lives, as beyond our reach. Together with concerned segments of the private sector we are pledging \$40 million a year to inform the public on occupant protection and assist in promoting state safety belt laws. The auto industry, I'm pleased to report, is providing a substantial portion of the private sector's contribution.

These resources will go to work where it counts -- in Hometown America and in state houses throughout the nation. Auto accidents cost American taxpayers almost \$2 billion a year in Federal public assistance programs alone; \$5 billion in revenue losses. Surely we can invest \$40 million to stem the tide -- to make safety belts a way of life for all Americans.

This will be a grassroots campaign, grounded in the growing realization that 43,000 deaths a year -- plus thousands disfigured or disabled -- constitute a national tragedy. The statistics cry out for action, and we are answering that call. We recruit in this cause everyone who cares -- and that includes auto makers, insurers, the medical community, safety organizations and civic groups. We seek to build a coalition of forces committed to positive public action to save lives.

In carrying this program forward, we want to generate the same groundswell of citizen support that toughened state and local drunk driving laws -- the same kind of citizen action that made child safety seats the law in 49 of our 50 states.

The program will include education on manual seat belts as well as passive restraints. The American public should know the choices before them. They should know the kinds of crashes in which air bags afford protection and those where they do not. They need to know that lap belt use is still necessary in air bag-equipped cars and why automatic safety belts should not be detached. Factual information about passive restraints will be a part of our program. It should be emphasized, however, that since almost 100 percent of the nation's existing vehicle fleet is equipped with manual lap/shoulder belt systems, our primary program focus will be on getting people to use the effective safety belts already in their vehicles. Our role is to inform the consumer about the types of occupant protection available and encourage the regular and proper use of occupant restraints.

At the top, this program will have the full weight of Administration support. But the greatest impetus, we know, comes from the people themselves, acting through their elected state representatives. To assist that process I am announcing today the formation of a National Network of State Officeholders for Safety (SOS), a bi-partisan action force in every state capital. The members of this Committee will keep me up-to-date on strategies for achieving legislative goals. They will inform me of progress and exchange information with each other. They will be spokespersons in their state houses for safety belt protection and other safety initiatives. Next month I will announce the full membership of a core group of legislators, charter members in an expanding fraternity of state law-makers devoted to greater safety for America's motorists. Within a few weeks we will bring together representatives of the auto industry, the insurance industry, the health/medical community and safety organizations dedicated to occupant protection. This consortium of safety experts will comprise an "alliance for life," armed with greater resources and with a greater potential for saving lives than any safety organization in our nation's history. Later I will select a program manager from the private sector to coordinate the program.

Support for seat belt laws is already growing. There is bi-partisan support from a cross-section of legislators across the country. In a recent survey, here in Michigan, 67 percent of those polled favor a seat belt law. I will talk to Governor Blanchard, and the Governors of other states planning to take up seat belt laws before the end of this year to personally offer our assistance in strengthening the public awareness of safety belt benefits. We will assist any state interested in a safety belt legislative program, in every way possible.

I am pleased to announce today, for example, an initial \$20,000 contract with the Michigan Coalition for Safety Belt Use. This contract, which can be increased later, supplements current resources, enabling this broad-based coalition to expand its educational efforts. We are also finalizing contracts with the State of New York, which already has a safety belt usage law, to provide public education, law enforcement training and evaluation of the effectiveness of that law. The kinds of resources we commit to other states will vary, based on individual requests and needs.

The private sector is already aggressively involved in this national awareness program. I'm grateful to General Motors, for example, for offering a seat belt life insurance policy to the buyers of its cars. I'm proud of the entire auto industry for the spirited way its members and dealers are promoting safety.

Another prime target of our highway safety program is the drunk driver.

Since the groundswell of protest against drunk drivers reached from grassroots America to our state houses to the White House itself, laws throughout the country have been strengthened. Michigan, and you can be proud of this, was the state that led in the movement back to a minimum legal drinking age of 21. The 31 percent decline in Michigan teenage drunk driving deaths since the age level was raised from 18 to 21 has served as a clear testimony to the wisdom of the higher age law.

President Reagan recently signed into law a bill providing Federal incentives for states dealing sternly with those convicted of drunk driving -- and encouraging all states to follow your example by setting 21 as the legal minimum drinking age for all alcoholic beverages. A uniform drinking age, as the President said, will do away with today's "crazy quilt" of different state drinking laws that has resulted in what have been called "blood borders" -- where teenagers cross state lines to take advantage of lower drinking age laws. We strongly support states' rights and normally defer to state governments on traffic law issues, but this was one instance where we believed Federal leadership was justified. Many of our young people are responsible behind the wheel, but statistics show that drivers between the ages of 18 and 20 are more than twice as likely as older drivers to become involved in alcohol-related accidents. In states where the drinking age has been raised, teenage driving deaths have declined. Along with Michigan, 22 other states have an age-21 law on the books. We hope the other 27 will soon show the same concern for their young people and those who -- all too often -- are their victims. We must raise the drinking age nationwide to protect all our people.

Our three-pronged approach to greater safety includes not only driver behavior, but vehicle design and the condition of our roads as well. We know we cannot demand strict enforcement of traffic laws while at the same time tolerating lenient courts. We cannot expect our superb highways, engineered to a high degree of safety, to protect us if we fail to properly maintain them. And we don't need further marketing surveys to confirm that today's consumer rates auto safety as a factor in selecting a new car.

Recent safety rules have been well-conceived and promise to be cost-effective. For example, the rule requiring high-mounted stop lamps, beginning with the 1986 model year, involves no costly or complex technical work, but will do a great deal for safety. Based on five years' study of police cars and taxi fleets, we know that when all cars are equipped, the higher visibility lamp will prevent an estimated 900,000 accidents and 40,000 injuries, and save \$434 million in property damages annually. Here is a prime example of reasonable, practical regulatory policy, one which will produce immense benefits at a very modest cost.

To better meet our highway responsibilities, this Administration's Surface Transportation Assistance Act of 1982 added a nickel a gallon to the Federal gas tax, the first increase in 25 years. The increased revenues took us a giant step forward in meeting our highway construction and rehabilitation needs. States last year received a record \$12.8 billion in Federal highway funds, 56 percent more than in 1982. Nationwide, work began on nearly 1,000 miles of new roads. Resurfacing projects accounted for 11,000 miles of improvements on the Federal-aid system. Bridge replacement and rehabilitation projects increased 56 percent. Here in Michigan, Federal highway funding totalled \$291 million last year, a 49½ percent increase over 1982.

Collectively our efforts are producing results. The 1983 highway death toll of 42,600 -- although much too high -- was the lowest ever recorded. Still, 90 percent of

all transportation fatalities occur on our highways. By comparison, 3,091 people were killed in general aviation accidents last year; 1,241 in boating -- the two segments of transportation with the next highest fatality rates.

It's fair to say, I believe, that our efforts -- on behalf of safer cars, safer drivers and safer roads -- represent a high priority today and a firm commitment for the future. Let me assure you my concern for safety extends across all modes. As part of my commitment to make our airline system even safer than it is today, we recently increased our inspector force by 25 percent and completed a comprehensive "white glove" national air transportation inspection program covering 350 air carriers. We're now reviewing general aviation to determine what can be done to improve safety there.

Our dedication to safety is total and unshakeable. We are equally committed to another principle of transportation policy -- and that's economic deregulation.

I don't have to persuade a Detroit audience that the urge to compete is the most creative economic force in the world. Yet, before economic deregulation of the transportation industries, the rates charged by the trucks and trains carrying raw materials and individual parts to your plants, and hauling finished products away, had very little to do with competition. Regulators in Washington looked periodically at the inflation rate or consumer price index, tacked an additional percentage figure on top of that, and thus determined the new rates carriers would charge and shippers would pay. In such a system there was very little incentive for service innovations or efficiencies.

Deregulation changed all of that. It got government out of business, while inviting government itself to be more businesslike. Our solid experience with economic deregulation allows us to say unreservedly that travelers, shippers and carriers themselves are far better served by competition than they ever were by regulation. The rails point up my case. Railroads last year carried more than four million loaded trailers and containers, 20 percent more than in 1982 -- 33 percent more than 1980. Equally significant to this audience, I believe, railroads hauled 867,000 carloads of motor vehicles, parts and equipment last year -- a 21.6 percent increase over 1982. Deregulation has given the rail industry new incentives to compete, and shippers new opportunities to shop for the best rates and services, affording auto-makers -- among others -- volume rates and greater efficiencies. More than 8,200 contracts were negotiated in 1983, where none existed before. Conrail alone, for example, has signed 60 contracts with the auto industry, helping control costs and assuring parts deliveries under the "just-in-time" inventory concept.

The industry benefits in still another way. Not only are railroads and truckers free to compete, they are free to coordinate shipments. Railroads and their subsidiaries can now obtain truck operating authority more easily, and rail acquisitions of motor carriers are no longer presumed to be contrary to the public interest.

Even a once-troubled line like Conrail earned \$313 million in 1983, and expects a net income of \$500 million in 1984. Since the government has no business running a railroad, I am in the process of returning Conrail to private ownership. The 15 prospective offers I received last June have now been 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.

In Washington, it's easier to change an attitude than abolish an agency. But when it comes to deregulating the airline industry, we've managed both. On December 31st of this year the sun will set on the Civil Aeronautics Board. With airline fares and routes now made in the market place not in Washington, a separate agency is no longer needed. Of course, certain residual responsibilities will remain, many of which we will assume at the Department of Transportation. We have been planning for a smooth transition for over a year now, and are prepared to carry out our responsibilities beginning January 1st.

Of all the transportation industries to be deregulated in recent years, the impact of the new airline freedoms has been the most visible. A few carriers have struggled. Yet for the carrier or two that has faltered under the impetus of competition, many more have prospered. 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 consumer -- an estimated \$10 billion worth 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, may end this year with earnings of more than \$1 billion.

Meanwhile, air travelers are enjoying a greater choice of airlines, services and fares. In most cities and at most airports, where there is market demand or service protection, there are also more flights. Here in Detroit, the number of regularly scheduled weekly flights has increased by more than 40% since 1978. Air service to Flint has improved 142 percent; 88 percent at Kalamazoo; and Pontiac, which had no scheduled air service, now has 15 flights a week. Overall, deregulated air service in the state of Michigan has increased by 44.1 percent.

All this has not come about without problems - as those of us who spend time in the air realize. The demand for air transportation this summer caused record numbers of delays at the country's six busiest hub airports. Those of you who flew to New York, Atlanta, Chicago or Denver in recent weeks know what I mean. The problem was largely one of over scheduling during peak hours. At Atlanta's Hartsfield Airport, for example, 95 operations were scheduled in the half hour between 8 and 8:30 a.m., but only 10 operations in the next 30 minutes. So when the airlines sought antitrust immunity to confer on schedules we actively supported their request. In eight days of marathon negotiations earlier this month, the carriers reached agreement on schedules that will reduce delays by lowering the number of planes competing for the same gates and runways at the same time. Those schedules go into effect about November 1st. We are already seeing some relief as the effects of summer weather diminish and vacation travel declines. Still, we must be doing the long-range planning needed to prevent future problems.

In fact, we are already in the midst of an \$11.7 billion airways modernization program. The National Airspace System (NAS) Plan, when completed, will double the capacity of our airways, "weatherproof" air operations and improve the precision of airport landing systems. It will make the safest air transportation system in the world even safer.

The growth we're experiencing today, in our auto industry and throughout the country, is the result of private enterprise renewed; competition rekindled. We have

gone back to what we do best. Even deregulation, when we think about it, was one of the first principles of our founding fathers. They believed supply and demand, competition and creativity, were the most efficient "regulators" of our society and the surest providers of both social justice and individual dignity. In fact, for as long as we have called ourselves Americans, we have taken pride in our native ingenuity. We have displayed a willingness to take daring economic risks for great economic gains. We have placed our faith in a free market disciplined by competition.

I think of a woman who knew great 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 achieve new heights of safety, to loosen the shackles of economic regulation, 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 America he sees ahead. The frontier is still open. We are in the morning of our destiny -- and transportation will contribute much to a long and glorious day.

Thank you.

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