

TALKING POINTS FOR SECRETARY OF TRANSPORTATION
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- HONORED TO BE YOUR GUEST SPEAKER AT THIS VERY SPECIAL EVENT.
- ECONOMIC AND SOCIAL RENEWAL IS TAKING PLACE THAT THE AMERICAN PEOPLE HAVE BEEN LONGING FOR.
- HAS BEEN BROUGHT ABOUT THROUGH CONSTRUCTIVE PRIVATE ACTION.
- INDIVIDUALS, ENTREPRENEURS, BUSINESS CORPORATIONS LARGE AND SMALL, FAMILIES, CHURCHES, SCHOOLS, CHARITIES -- AND A THOUGHTFUL BODY OF PUBLIC POLICYMAKERS IN GOVERNMENT WHO HAVE LISTENED TO THE PEOPLE AND UNDERSTOOD THAT GOVERNMENT HAD BEEN TRYING TO DO TOO MUCH AND WAS CRAMPING THE ABILITY OF PRIVATE ENTITIES TO DO THEIR FULLEST AND BEST. PRESIDENT REAGAN'S EXPRESSIONS -- "AMERICA IS BACK;" "WE ARE POISED FOR GREATNESS;" "THE NEW PATRIOTISM;" ENCAPSULATE DEEP TRUTHS ABOUT OUR SOCIETY.

- AS TRANSPORTATION SECRETARY I ENJOY AN EXCELLENT PERSPECTIVE FROM WHICH TO OBSERVE THE ECONOMIC AND SOCIAL RENEWAL -- IT IS MANIFEST IN MANY AREAS OF MY OFFICIAL RESPONSIBILITY.
- TRANSPORTATION IS AN \$800 BILLION SECTOR OF OUR ECONOMY -- ALMOST ONE QUARTER OF GNP.
- TRANSPORTATION INDUSTRIES ARE ENJOYING GREAT RENEWAL THANKS TO EXTENSIVE DEREGULATION AND OTHER RESTORATIONS OF ECONOMIC FREEDOM.
- AIR DEREGULATION:
 - PRICE COMPETITION HAS BROUGHT ABOUT DRAMATIC INCREASE IN ABILITY OF MODERATE AND LOWER INCOME AMERICANS TO AFFORD SPEED AND CONVENIENCE OF AIR TRAVEL.
 - CHANGES SO REVOLUTIONARY, HARD TO BELIEVE THAT LESS THAN A

- DECADE AGO IT MADE NO REAL DIFFERENCE WHICH AIRLINE ONE CHOOSE TO FLY TO A GIVEN DESTINATION.
- CAB SUNSET -- IT WAS TRULY DISSOLVED.
 - RAIL DEREGULATION:
 - REVITALIZING INFRASTRUCTURE AND CONSUMER SERVICE THROUGH INCENTIVES OF THE MARKETPLACE.
 - SINCE PASSAGE OF THE STAGGERS DEREGULATION ACT IN 1980, MAJOR U.S. RAILROADS HAVE CONDUCTED MAINTENANCE THEY HAD BEEN DEFERRING. THEY NOW HAVE INVESTED MORE THAN \$1 BILLION IN NEW TRACK, YARDS AND TERMINALS; AN AVERAGE OF \$5 BILLION ANNUALLY IN MAINTAINING EXISTING FACILITIES.
 - TRUCKING DEREGULATION:
 - I AM DETERMINED TO PRESS FOR FURTHER DEREGULATION AND

RESIST REREGULATION IN TRUCKING AND RAIL.

- I WAS PRIVILEGED TO HOLD A SIGNIFICANT REGULATORY OFFICE, AT THE FTC, WHEN THE CURRENT DEREGULATORY PHENOMENON WAS BUDDING; I WAS WORKING FOR DEREGULATION ALREADY A DECADE AGO. IT IS SO GOOD TO BE A PART OF THIS ADMINISTRATION NOW, WITH THE IDEA OF DEREGULATION IN FULL BLOOM.

BUDGET/DEFICIT REDUCTION

- PRESIDENT REAGAN HAS ASKED FOR FUNDAMENTAL REASSESSMENT OF PROPER ROLE OF FEDERAL GOVERNMENT IN TRANSPORTATION AT THIS TIME WHEN WE FACE CRITICAL PROBLEM OF REDUCING DEFICIT.
- MORE THAN EVER, NEED TO FOCUS ON TRULY NATIONAL NEEDS, LEAVE LOCAL MATTERS TO STATE AND LOCAL AUTHORITIES.

- RETURN TO PRIVATE SECTOR FUNCTIONS BEST MANAGED IN FREE MARKET.
- THIS COURSE WILL PRODUCE TRANSPORT SYSTEM MORE RESPONSIVE TO THE PEOPLE.
- DOT'S BUDGET REQUEST FOR FY 1986 -- \$24.7 BILLION -- REPRESENTS \$3.8 BILLION DECREASE FROM FY 1985 LEVEL.
- PROPORTION FINANCED BY USER FEES WILL AGAIN INCREASE. STARTING AT 49 PERCENT IN FY 1982, USER FEE COVERAGE HAS RISEN TO 70 PERCENT IN FY 1985 AND WE PROPOSE IT TO INCREASE TO 85 PERCENT IN FY 1986. CONVERSELY, THE AMOUNT OF BUDGET AUTHORITY NOT FINANCED THROUGH USER FEES WILL HAVE BEEN REDUCED BETWEEN 1982 AND 1986 FROM \$10.5 BILLION TO \$3.8 BILLION. THIS WILL CONTRIBUTE TO DEFICIT REDUCTION.

- USER FEES FUND THE HIGHWAY TRUST FUND AND THE AIRPORT AND AIRWAY TRUST FUND, AMONG OTHER TRANSPORTATION PROGRAMS.
- FOR THE FIRST TIME, I AM SEEKING TO COLLECT USER FEES FROM THOSE WHO BENEFIT FROM CERTAIN COAST GUARD SERVICES.
- ENDING SUBSIDIES ALSO WILL HELP REDUCE THE DEFICIT WHILE HELPING US RETURN TO A SMALLER, MORE PROPER ROLE OF THE FEDERAL GOVERNMENT IN WHAT OUGHT TO BE FREE MARKET ENTERPRISES.
- AFFLUENT AMTRAK RIDERS, FOR INSTANCE, SHOULD NOT BE SUBSIDIZED.
- THE DEREGULATED COMMERCIAL AVIATION INDUSTRY HAS CERTAINLY MATURED ENOUGH SO THAT ITS SO-CALLED "ESSENTIAL AIR SERVICE" SUBSIDIES ALSO CAN BE ENDED.

- WE SHOULD ALL BE MINDFUL THAT FULL, SUSTAINED NATIONAL RECOVERY -- INCLUDING THE TRANSPORTATION INDUSTRIES -- IS THREATENED UNLESS FEDERAL DEFICITS ARE REDUCED.
- TWO OTHER ECONOMIC IDEAS WHICH ARE STILL IN THE BUDDING STAGE IN THE U.S. ARE PRIVATIZATION AND DEFEDERALIZATION -- TRANSFERRING GOVERNMENT-OWNED ENTERPRISES TO PRIVATE SECTOR OR TO STATE OR LOCAL GOVERNMENTS.
- GOAL IS TO GET GOVERNMENT OUT OF SUCH BUSINESSES AS OPERATING COMMERCIAL AIRPORTS AND RUNNING RAILROADS.
- PLAN TO TRANSFER NATIONAL AND DULLES AIRPORTS TO LOCAL AUTHORITY.
- TRANSFERRED ALASKA RAILROAD TO STATE OF ALASKA.

- NOW SEEKING TO SELL LARGEST FEDERAL RAIL ENTERPRISE, CONRAIL -- AND NOTHING IS MORE IMPORTANT ON PRESIDENT REAGAN'S TRANSPORTATION AGENDA THAN THIS PROPOSAL.
- MUCH MORE THAN A TRANSPORTATION ISSUE -- OUR ECONOMY AND GOVERNMENT WILL FEEL REPERCUSSIONS OF DECISION FOR MANY YEARS TO COME.
- FIRST MAJOR LEGISLATIVE TEST OF PRIVATIZATION AT THE FEDERAL LEVEL IN THE UNITED STATES.
- CREATED IN 1976 OUT OF SEVEN FAILED RAILROADS.
- TAXPAYERS HAVE SPENT SEVERAL BILLION DOLLARS KEEPING CONRAIL IN OPERATION. CONGRESS NEVER INTENDED THAT CONRAIL PERMANENTLY REMAIN UNDER GOVERNMENT OWNERSHIP.

- NERSA DIRECTED ADMINISTRATION TO FIND A BUYER.
- I PROCEEDED VERY CAREFULLY -- 15 BIDDERS -- THREE FINALISTS -- CHOSE NORFOLK SOUTHERN, HIGHLY PROFITABLE, HIGHEST OPERATING AND MAINTENANCE STANDARDS.
- NOW IT IS UP TO CONGRESS TO ACT -- NORFOLK SOUTHERN WILL PAY MINIMUM OF \$1.2 BILLION IN CASH.
- ALSO AGREED TO A SET OF TOUGH COVENANTS DESIGNED TO ENSURE THAT THE RAILROAD WILL CONTINUE TO BE STRONG AND HEALTHY. I MIGHT HAVE RECEIVED A HIGHER CASH PRICE FOR THE STOCK IF I HAD BEEN WILLING TO FOREGO THE PROTECTIVE COVENANTS, BUT BELIEVE ESSENTIAL TO PUBLIC INTEREST. COVENANTS WILL PRESERVE QUALITY SERVICE, PROTECT CONRAIL'S SHIPPERS, ENSURE CONTINUED FINANCIAL STRENGTH.

- YOU'RE AWARE THAT SOME, NOTABLY CONRAIL MANAGEMENT, CALL FOR SALE THROUGH PUBLIC OFFERING.
- GOLDMAN SACHS ADVISED THAT CONRAIL MANAGEMENT PROPOSAL IS LESS ADVANTAGEOUS THAN NORFOLK SOUTHERN BID IN A NUMBER OF RESPECTS. AMONG THEM:
- MANAGEMENT PLAN FORCES COMPANY TO ISSUE \$600 MILLION IN PREFERRED STOCK BEARING CUMULATIVE DIVIDEND OBLIGATIONS.
- NO FIRM COMMITMENT BY MORGAN STANLEY AND COMPANY OR ANYONE ELSE TO UNDERWRITE MANAGEMENT PUBLIC OFFERING PLAN. I HAVE ONLY BEEN GIVEN ESTIMATES, OPINIONS, AND PREDICTIONS. IF MARKET IS UNABLE TO ABSORB \$500 MILLION IN COMMON STOCK AND \$600 MILLION IN PREFERRED STOCK IN ONE OFFERING, EITHER GOVERNMENT OR CONRAIL WOULD HAVE TO ABSORB SHORTFALL.

- ONLY ONE INITIAL PUBLIC OFFERING OVER \$400 MILLION BY AN INDUSTRIAL COMPANY IN AMERICAN HISTORY -- FORD MOTOR COMPANY.
- MY PERSPECTIVE: WHAT IS BEST FOR EMPLOYEES, BEST FOR SHIPPERS AND -- OVERALL -- BEST FOR THE PUBLIC. I HAVE A BIRD IN HAND. \$1.2 BILLION, CASH ON THE BARRELHEAD.
- CONRAIL AS TEST OF U.S. PRIVATIZATION IS AN ISSUE OVERSEAS.
- PRIME MINISTER THATCHER INTENSELY INTERESTED, COMPARES WITH BRITISH TELECOM AND OTHER SUCCESSFUL EXAMPLES OF BRITISH PRIVATIZATION.

THE SAFETY ISSUE IN THE CONTEXT OF SOCIAL RENEWAL

- MY RESPONSIBILITIES INCLUDE REGULATION AND OVERSIGHT OF TRANSPORT SAFETY.
- I DON'T VIEW THIS AS I DO ECONOMIC REGULATION; AMERICAN PEOPLE DEEPLY VALUE HUMAN LIFE AND SUPPORT SAFETY REGULATION.
- EVEN SO, THE BEST REGULATION IS SELF-DISCIPLINE.
- IT IS VERY INTERESTING TO BE PRESIDING OVER TRANSPORTATION SAFETY -- ESPECIALLY PRIVATE AUTO SAFETY -- DURING THIS TIME OF SOCIAL RENEWAL.
- EVEN AS ECONOMIC AND SOCIAL FREEDOMS ARE EXPANDING, SENSE OF PERSONAL AND COMMUNITY RESPONSIBILITY IS NOTABLY

INCREASING.

- THE "NEW MODERATION" REGARDING ALCOHOL IS VERY ENCOURAGING.
- I'M FASCINATED AND MOST APPRECIATIVE THAT TELEVISION ENTERTAINMENT INDUSTRY IS SO CONSCIOUS OF THE "NEW MODERATION." CHARACTERS IN TV SITCOMS AND DRAMAS ARE CUTTING BACK ON GRATUITOUS DRINKING AND AT LEAST SUBTLY ARE PRESENTING HEALTHIER ROLE MODELS AS A RESULT.
- THE PUBLIC'S STRONG DEMAND THAT SOMETHING BE DONE TO FIGHT DRUNK DRIVING IS THE REASON WHY CONGRESS AND THE PRESIDENT HAVE SUPPORTED STRONG MEASURES TO REDUCE THE NEEDLESS DEATHS AND INJURIES CAUSED BY DRUNK DRIVERS. IN JUST THE LAST FEW YEARS, THESE STRONG MEASURES INCLUDE:
 - 21 DRINKING AGE.

- NEW INCENTIVE GRANTS.
- NDR.
- AND NEW MODERATION RELATES IN MY VIEW TO INCREASING PUBLIC SUPPORT FOR SAFETY BELT USE LAWS.
- LIKE THE MEDIA, THE LAW CAN BE A GOOD TEACHER.
- NEW YORK SAFETY BELT USE HAS INCREASED FROM 16 PERCENT TO 70 PERCENT SINCE MANDATORY USE LAW.
- DURING FIRST MONTH LAW WAS IN EFFECT, DEATHS DECLINED BY 38 PERCENT IN NEW YORK.
- FIVE OTHER STATES NOW HAVE ENACTED SAFETY BELT USE LAWS.
- LAST MONTH, I MET WITH PRIME MINISTER MARGARET THATCHER

DURING HER VISIT TO WASHINGTON.

- SHE TOLD ME THAT IN GREAT BRITAIN, SAFETY BELT USE INCREASED FROM 40 TO 90 PERCENT AND FATALITIES DECLINED 25 PERCENT AFTER PASSAGE OF A SAFETY BELT LAW.
- MY DETAILED OBSERVATIONS OF OUR ECONOMIC RECOVERY AND SOCIAL RENEWAL MAKE ME SHARE PRESIDENT REAGAN'S OPTIMISM FOR FUTURE AND HIS SENSE OF AMERICA'S SPECIAL MISSION IN THE WORLD, PROMOTING FREEDOM, DEMOCRACY, DEVELOPMENT, PEACE.
- ONE NEED NOT BE A POLITICAL MESSIANIST (AND I'M SURELY NOT ONE) TO RECOGNIZE THE EMPIRICAL, PRAGMATIC BASIS FOR MAKING SUCH A FAVORABLE JUDGMENT ABOUT AMERICA'S POTENTIAL FOR HELPING ITS OWN AND THE WORLD'S PEOPLE.

- WITH SOUND VALUES AND SOARING IMAGINATIONS, AMERICA'S PEOPLE ARE POISED TO LEAD THE WORLD, AS I SO WELL KNOW, IN DEVELOPMENT OF FASTER, SAFER TRANSPORTATION -- COMMUTER, DOMESTIC AND INTERNATIONAL. AND WE ARE LIFTING OUR HORIZONS INTO SPACE. I HAVE BEEN SPECIFICALLY CHARGED BY PRESIDENT REAGAN TO PROMOTE DEVELOPMENT OF PRIVATE SECTOR INITIATIVES FOR COMMERCIAL SPACE TRANSPORTATION SUCH AS SENDING CARGOES INTO SPACE VIA EXPENDABLE LAUNCH VEHICLES.

- IN CONNECTION WITH THE MEANING OF AMERICA, I OFTEN THINK OF A WOMAN WHO NEVER WORKED IN AN OFFICE, NEVER RAISED A FAMILY, NEVER WON A HEADLINE. ONLY POWER SHE WIELDED LAY IN HER POETRY, BUT ARTISTRY AND VISION HAVE INSPIRED MILLIONS.

- "WE DWELL IN POSSIBILITY," EMILY DICKINSON WROTE NEARLY 150 YEARS AGO.

- I BELIEVE OUR SOCIETY'S GREATEST SUCCESSES ARE ACHIEVED BY CHALLENGING THE ODDS, NOT BEING CONTENT WITH STATUS QUO.

- THIS SPIRIT HISTORICALLY HAS ANIMATED AMERICAN GREATNESS, INCLUDING CERTAINLY THE ECONOMIC AND SOCIAL RENEWAL WE ARE NOW ENJOYING. AMERICA GREW GREAT AND HAS DAYS OF GREATNESS AHEAD BECAUSE AMERICAN IMAGINATION DWELLS IN BOUNDLESS POSSIBILITY.

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