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As one who has spent twenty years in public service and eleven years in partnership to at least one member of the Legislative Branch, let us reflect together on a most critical issue of our time, the ability of the public sector to simply perform, and our capacity to govern ourselves.

There is an ice skating area in Central Park, New York City, called Wollman Memorial Rink which has been undergoing a seemingly endless series of repairs for more than six years. Last May, following an unblemished record of non-accomplishment, the city decided to start all over again after two independent studies were unable to identify a single cause for the delays. They did find, however, a litany of problems. The new process the city decided on would take an additional two years, and another winter's skating would be lost. This is where the private sector stepped in. A well-known developer read about the project's problems and offered to take it over. He emphasized performance and a return to basics, saying in essence, "We have this 33,000 square foot rink and by glory, we want it to work!" The result? On November 22, Wollman Rink reopened, a month before the company's December deadline and \$750,000 under budget.

The real lesson of Wollman Rink is not that the private sector can build projects quicker than New York City, or that privatization is an answer to all of government's problems. The real lesson is this: the challenge to government in our era is simply to perform, to find ways to deliver the services and projects that the public demands and deserves, and to do so with the resources available.

Opportunities abound in the next Congress to prove once again to the American people that the branches of our government can indeed govern in the manner which the founders of our democracy envisioned. For the truth of the matter is that in recent years, Washington has become a city gripped by

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institutional gridlock: her natural checks and balances have been used all too often to delay and postpone, rather than to deliberate and decide.

One of the first things members of Congress will face upon their arrival in Washington is a growing national emergency -- one that affects every community in this country. The problem is with the federal highway program, or more precisely, the lack of a federal highway program. There is perhaps no better example of public sector gridlock than Congress' inability last year to pass this critical piece of legislation. As a result, by January 1, some 25 states will run out of federal funds for work on their primary roads, and some 16 states will have exhausted interstate construction funds. Because of short construction seasons, many contracts have been canceled or postponed. The National Governors Association has estimated that 500,000 construction jobs are in immediate jeopardy.

This, in spite of the fact that each day we continue to collect 40 million dollars in federal gasoline taxes -- taxes that cannot be distributed without authorizing legislation. This is the fourth time in the last five years that we have faced just such a crisis. Gridlock in this instance presents us with an opportunity to consider fundamental changes in our highway program so we never again have to say to the American people that their government is incapable of properly managing the funds entrusted to it.

By contrast, a notable legislative achievement of the last Congress was the Tax Reform Act of 1986. That legislation, the most sweeping tax bill in 40 years, was pronounced dead by politician and pundit alike time and again, only to be revived first by the House and then by the Senate. Remember the overwhelming consensus of political wisdom when the President began his effort? Oh, that bill's gonna be scuttled, it's going nowhere, because the special interests will combine to oppose it in Congress... As if it were the special interests who vote, not the congressmen and women. But the bill lived on, not only because of compromise on key provisions, but because of the sheer sense of Congress on the need to act. But this is the exception. We must recognize that America is not governed by special interests, that our very ability to perform is under question.

It is that recognition and that realization which I believe we must all keep first and foremost in our minds as the Congress unfolds. It behooves us to continue to working together, as in tax reform, to improve the sheer performance of our executive and legislative institutions. You are not merely the sum of the special interests who supported your campaign, for it is your judgment the people selected, not that of the special interests. And my colleagues and I in the executive branch must have the courage to stand up to those who'd preserve the status quo for selfish reasons.

But while gridlock has been developing in Washington, an institutional revolution has occurred in the private sector these past few years. There are many lessons to be learned from this revolution, I believe, as we strive once again to govern effectively, to act, to perform.

This revolution has involved a process in which deregulation, decentralization and entrepreneurship have combined to cause absolutely fundamental alterations in our economy and our way of doing business. There has been a renewal of risk taking and innovation, downsizing in large organizations and success in smaller ones. Our cultural heroes have become the entrepreneurs, the job-creating problem solvers who have captured the imagination of the media and the American people.

In meeting our challenge to perform, we in the public sector can learn from those traits that have characterized success in the private sector. The author of that well-read book, In Search Of Excellence, Tom Peters, recently listed the six key characteristics in successful companies he has surveyed. They are simplified organization, customer orientation, an emphasis on value, an orientation toward people, innovation and speed.

It is those characteristics which we must adapt in our own search for excellence in the public sector. Let us simplify our bureaucracies in both Congress and the agencies, and continue to decentralize government by returning rights and responsibilities to cities and states. We must measure our programs not by how much we spend, but what value we create, and sort out those programs that cannot show value. We must ask whether programs benefit the "customer," not the special interests who wish to see the status quo unchanged. We must encourage innovation and speed, and not discourage it by stifling creativity.

In short, we must become entrepreneurs in the public sector. There is no greater opportunity than in dealing with the deficit which will dominate your first Congress. What can we do?"

We can learn to do better with the resources we have. Additional billions to a welfare system that has institutionalized dependency is as irrelevant an answer as ignoring the needy and dependent. We must start anew to develop a system of welfare that works.

We are failing to meet the transportation needs of our urban areas, preferring the status quo at the expense of the transit rider and the taxpayer. There are those who say that we should not expect a rush of enthusiasm that changes at least 20 years of history. But the record of that 20 years is appalling. Taxpayer subsidy to transit has increased by more than 1,600 percent. At the same time, ridership has dropped 29 percent in a 10-year period (1970-1980).

The percentage of trips carried on transit has declined to only 3 percent nationally, and productivity has declined to a point where in 1983 it took 7 percent more labor to produce a vehicle-mile of transit than it did in 1975.

Just because a service is provided by government and funded by the taxpayer does not mean that a certain level of inefficiency and waste should

should be tolerated. Today 50 percent of our transit systems in the United States have 50 percent more buses than they need.

In Loudon County, Virginia, a private partnership recently unveiled a plan to build and operate for profit a 10-mile extension of the Dulles Toll Road into Loudon County. No tax money would be involved. The project would be the only private commuter highway in the country, but it could foreshadow a move toward toll roads operated by entrepreneurs and local governments, filling the gap left by budget restraints at the federal and state level.

And right here is Boston, the developer of the World Trade Center has proposed building a monorail system to connect the center with South Station downtown. The Trade Center already has 800,000 square feet of occupied space and is planning to add another two million square feet over the next few years.

The commonwealth flats area, which includes the Trade Center, fronts on Boston Harbor and is separated from downtown by the Fort Point Channel. Although the area has tortuous traffic congestion and is poorly served by transit, it has tremendous potential which both the state and the city have recognized, if people could just get there. The monorail would give the Trade Center area just the kind of public access -- and commercial rents -- that it would have if it were on the other side of the channel. Knowing that, the developer has offered to finance the system on his own with minimal government help.

I think this kind of private transportation project is such a good idea -- and an important example to the rest of the country, of the resources available in the private sector, that I'm committing \$800,000 of federal money to help get the project going.

The accounting firm of Touche-Ross has estimated that America's public infrastructure replacement needs will soon exceed two trillion dollars. In years past, government was deemed to be the solution to these problems. By no stretch of the imagination can government do it alone in today's world. We desperately need to recognize this fact and the kind of public-private partnerships demonstrated by the Seaport Monorail; we need to encourage development of similar projects across the country.

These examples are local in nature, but they provide a lesson for us to use on the national level. For in today's world economy, global competitiveness is the key to economic survival, and the U.S. must, I repeat, must continue to free business from unnecessary red tape if we are to remain a leading world economic power.

While we have been largely successful in our deregulation efforts, we still have a long way to go. Because of continued regulation in the United States, it is cheaper in some trades to ship goods from overseas than it is to ship the same goods within the United States. For example, a retailer in Dallas reportedly pays less transportation cost per garment to import blue

jeans from Taiwan than from manufacturers in Texas. Any action we can take to reduce transportation costs in domestic markets will have a significant and disproportionate effect on lowering the costs of domestic products vis-a-vis imported goods. And foreign producers in overseas markets. . . Global competitiveness will, indeed, be a major issue on everyone's agenda for 1987.

Our challenge as public officials is to be innovative, to be productive, and to ensure that the old rules and government programs are adapted to a changed nation, with its global perspective. We must privatize functions where we can, and restore quality and service to our government.

I have had the unique opportunity to promote privatization in transportation. After billions of taxpayer dollars spent to restore Conrail and Northeastern freight railroad, the taxpayers will now begin to be paid back. I've sought and received a congressional mandate to return the freight railroad to the private sector on responsible terms. We expect that the government's stock in Conrail will be offered to the public in early 1987, in a transaction that will be the largest initial public offering in U.S. history. The sale should produce an enormous sum to the Treasury, reduce the federal deficit, and more certainly ensure an efficient and productive Northeastern rail system. The sale of Conrail is the flagship of our commitment to privatization, and with it we are paving the way for the future. We are also poised to take the next step in privatization -- a bold leap into the heavens. You've all heard about the proverbial fortune to be made when, "The Sky's the limit." I have been urging for two years that the shuttle off-load routine commercial satellites and give the private sector a chance to grow and thrive. Our companies could not invest tens of millions of dollars just to compete with the shuttle and its 40 percent subsidy! Just a few months ago President Reagan gave the green light: space itself is open for business. Henceforth, NASA will concentrate its energies on payloads other than routine commercial satellites -- on the important cutting edge of research and development, the space station, SDI. Routine commercial satellites will be launched by private sector companies who, by the way, have been launching for the government for more than two decades. A private, unmanned rocket industry will create jobs for thousands of workers. Satellites owners, worldwide, will have a broader choice of launch vehicles; this will stimulate competition, innovation and help cut costs.

An Man and Superman, George Bernard Shaw commented that, "The reasonable man adapts himself to the world. The unreasonable man persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man."

Maybe we have to be a little unreasonable if we are once again to deserve the privilege of governing. We must become the entrepreneurs of the public sector. You, as the newest actors on the national scene have untold opportunity to participate in this drama called democracy, which has worked so well for two centuries. You have unlimited opportunity to help

resolve the gridlock of recent years...to restore excellence, be it trade, the welfare reform, highway construction or reducing the deficit.

Good luck, and I look forward to working with you.

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