



U.S. Department of
Transportation

News:

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Washington, D.C. 20590

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CLEVELAND, OHIO
JULY 31, 1986

Anywhere you look these days, certainly you see a great deal of change and that's what I'd like to discuss today as we look at transportation issues. Nowhere is change more apparent than here on the shores of Lake Erie. The energy of your harbor development project, which has the Coast Guard Cutter Mackinaw as its centerpiece, the dynamism of your Tower City restoration activities and your final upgrade of the Public Square, and the prestigious title of All American City for three years -- a distinction claimed by no other city in the country -- signal this lovely old industrial city is stronger than ever -- and here to stay, as a cultural and industrial center of Ohio.

I had the pleasure recently of presenting your city its unprecedented third All American City Award for reversing the economic and population decline of one of the country's most distressed areas, Cleveland's east side. It was a joyous occasion in Washington, sponsored by USA Today and the Citizen's Forum, and your city certainly impressed the country with your continuing civic excellence. Indeed, Cleveland has been an active participant in a national change and renewal as welcome as the cardinals and scarlet carnations to an Ohio landscape.

And speaking of change, massive deficits are forcing us to reassess what the federal role should be in transportation policy. Unfortunately we are not going to be able to do everything we've done in the past.

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Obviously, defense and the facilitation of interstate commerce are essential federal roles, but in some other areas, like mass transit, the focus is more a local and regional one.

Amtrak should be on the list as far as deficit reduction because it serves less than two percent of interstate travel. It started out as a two-year, for profit experiment. It's now \$12 billion later, and it's going to take \$6-\$8 billion to keep Amtrak running for the next decade. The average subsidy: \$33 per person every time someone rides Amtrak. So, it is our belief that the stakeholders who want to continue Amtrak service should help foot the bill.

In mass transit, we are at a critical junction and there will need to be some basic changes. The question is not how much transit we want but how much we can afford. For mass transit to succeed and I feel strongly that in general, it will, it must be prepared to respond positively to two trends. One, less of a federal role. The Administration has supported getting the federal government out of providing operating assistance and construction of new deficit-producing rail systems. Even if we continue to provide the same amount of funding we have in the past, we certainly will not provide more, and that means you're still going to need a larger state and local funding source. The second trend I see evolving is that transit will be less public and more private sector operated. We are proposing creative solutions to help in the transition. For instance, we are encouraging local communities to contract out to private enterprise through competitive bid those services that can be done by the private sector more efficiently at a lower price.

Let me just give you a few examples of what's happening in other cities. When growth began putting more demands on transportation systems in Dallas, they voted for a one cent a gallon gasoline tax to finance their regional transportation network and they have garnered tremendous local support from industry in Dallas. And DART, the Dallas Area Rapid Transit Authority also contracts out services that can be provided less expensively by private companies. Phoenix, Arizona, estimates it has saved \$700,000 a year or five percent of its total annual transit cost by substituting private contractors for its Sunday service. Pittsburgh, Pennsylvania will be accepting private operator's bids to run an experimental mini-bus shuttle which could increase ridership from 2,700 to 5,000 a day -- and run a \$96,000 profit instead of a \$206,000 deficit. These are just a few examples of what can be done when local citizens like you are involved.

And from what I've seen in Cleveland you have the same kind of local support and enthusiasm as these cities, the kind of civic zeal that can produce real efficiencies in your mass transit system. Now, the Greater Cleveland Regional Transit Authority (GCRTA) has had its problems with procurement procedures. Some of you in this room were the most vocal in pointing out the problems and demanding reform. I applaud your spirit and I want you to know your effort is paying off. We were recently able to announce our intention to release of \$22.6 million in federal funds for the Tower City project because Mayor Voinovich has agreed to chair a procurement

review group to oversee all procurement activities involving federal funding for the project. Without the mayor's support and cooperation the revitalization of this important downtown facility would not occur. I know Tower City means a great deal to your community and I am happy that we can work together to move it toward completion. Our Urban Mass Transportation Administration will be contacting the GCRTA in the near future to work out details on the grant.

Mayor Voinovich has also offered us his enthusiastic cooperation in carrying out a demonstration grant of \$100,000, which I announced this morning to increase contracting opportunities for women business enterprises. The City of Cleveland will conduct an outreach effort to identify opportunities for women business enterprises performing professional services such as engineering, architectural design, accounting, advertising and data processing. These are a few ways we are working with cities to meet the challenges in transportation.

I am delighted that the Greater Cleveland area is looking into ways to reduce transportation costs. In fact, I'm using this Forum to announce today the award of \$1,005,000 to the Northeastern Ohio Areawide Coordinating Agency (NOACA) for planning activities. This includes funds for two studies of the cost of providing public transportation services and the opportunities for savings through private sector involvement. First, a \$185,000 audit of transit services in Maple Heights and North Olmsted will analyze the costs of providing public transportation via public or private carriers. I am eager to help communities determine the best way to use scarce tax dollars in meeting their transportation needs. And I'm happy that Maple Heights and North Olmsted are considering the private sector as a possible alternative provider of services.

Second, \$250,000 will fund a regional five county study of private sector opportunities. I will be watching the results of these studies which I hope will lead to increased services at a lower cost to the public through involvement of the private sector.

Transportation offers many challenges. It is an \$800 billion industry, which accounts for 20 percent of our gross national product. My department alone has a \$28 billion budget. We have 100,000 employees, and our responsibilities, quite literally, cover everything that moves. We even have a bicycle policy.

And, interestingly enough, 70 percent of my department's budget is supported by user fees, where those who actually use the services pay for them whether it's on our highways or in our airways or on our waterways.

Most of you are probably familiar with one of the department's functions which brings me particular pride. The Ninth Coast Guard District, serving the entire Great Lakes, is headquartered here in Cleveland, and is one of the most active Coast Guard districts in the country. In addition to

saving lives, the Ninth Coast Guard District prevented property losses of nearly \$100 million last year.

Let me discuss a few of the changes occurring in transportation; deregulation, for example. I have been very much in favor of deregulation across all modes of transportation. With partial trucking deregulation, we find overall that rates are down and that small communities are being well served if not better served. It is time now to complete deregulation of the trucking industry. The industry has one foot in and one foot out right now which is not a very comfortable position. Tens of millions of dollars are being spent filing papers at the Interstate Commerce Commission and these papers don't mean very much. So why not stop all this paperchase that's going on and release the industry to operate in a free market.

And it's thanks to rail deregulation that the railroads came through the last recession without a single bankruptcy. When Congress debated the railroad deregulation act six years ago, nearly one-quarter of the nation's railroad track was in bankruptcy. Deferred maintenance, derailments and unreliable service were commonplace. The Federal Railroad Administration came up with a new safety category: Standing derailment, where railroad cars, perfectly still, simply fell off a track, because the road bed was in such deplorable condition. That, believe it or not, occurred twice in a single year. The contrast between the '70's and current conditions makes the case for rail deregulation. The railroads can now contract with shippers to obtain the particular services they need. Thirty thousand contracts exist today whereas contracting was not possible under regulation.

As we move forward with deregulation, let me assure you that safety will in no way be diminished. In fact, 1985 was the safest year in the history of railroads and we are working to make 1986 even safer. For 12 years there was an effort to write a rule to address the significant problem of drinking and drugs on our railroads. And I am very proud that three months ago that rule was put into effect.

Now, I'm being sued but I'm sure we are going to win the case because it was the right thing to do. It breaks the silence. In other words, if an employee who has a drinking or drug problem reports himself or a co-worker with a problem, he can get rehabilitation. He's not automatically fired. He has one "bite at the apple," one chance to be rehabilitated.

And within the area of safety, our biggest challenge is certainly on our nation's highways, where 93 percent of transportation fatalities occur. Last year we had the lowest fatality rate of any year and traffic fatalities involving people who were legally intoxicated has dropped 25 percent over five years. This shows we are making progress. Still 44,000 deaths on our highways last year is too many and we have our work cut out for us.

We are working to enhance safety in three ways -- from three perspectives on our highways. First of all, we are repairing our roads and

bridges. Since 1982, we have literally doubled on average the amount of money going to the states for repair of our roads and bridges which was tremendously needed and long overdue. I now have before the Senate a highway reauthorization bill which we hope to get through this year and that will provide about the same level of funding for repair of infrastructure. We will continue our commitment to repair the infrastructure.

The second part of that three-pronged approach is the design of the vehicle itself. Those of you who have gotten new cars this year have a high-mounted stop light which we required at the base of the rear window on all new cars. Over five years of study of police fleets and taxi fleets showed us that approximately 900,000 accidents a year can be prevented once all cars are equipped with that one little light. It's a very cost effective device. It costs very little and yet it's going to have quite an impact. It will also eliminate almost \$500 million in property damage every year.

The third element: the behavior of the driver. I mentioned our progress but I promise you this, ladies and gentlemen: we're going to keep working until we get every last drunk driver off the roads and highways of this country; and while there's no easy answer to the drug problem we must do all we can to stop this invasion on our society. U.S. News and World Report said recently that Americans consume 60 percent of the world's production of illegal drugs; sales of \$100 billion annually, more than the net sales of General Motors, more than the American farmer takes in from all crops. So it is a very serious problem and we are stepping up our efforts to ensure that travelers get the drug-free transportation system they expect and deserve.

Of course the best defense against the drunk or drugged driver is the safety belt. The safety belt rule we put into effect two years ago (Rule 208) has spawned 26 state safety belt laws, one of them here in Ohio. Your law went into effect in May and I hope you feel that it is effective. There is no question that it is saving lives.

Air safety is on everyone's mind today. First and foremost, let me emphasize that when we speak of "airline deregulation," we are talking about the elimination of economic regulation. Safety has most assuredly not been deregulated. And the benefits of economic deregulation both to the traveler and the American economy as a whole cannot be exaggerated. They are real, substantial and ongoing, and they are measured in billions of dollars in reduced travel costs.

Now there has been a lot of concern recently because commercial aviation worldwide in 1985 experienced its highest number of fatalities in a single year -- 1,622 people lost their lives. While even one fatality is too many, it is crucial, however, that this bare statistic be put in to perspective. About 70 percent of these fatalities occurred in accidents on foreign airlines and over 50 percent occurred in the crashes of Japan Air Lines with 520 deaths and Air India with 329 deaths which was sabotage. We

have found no common thread in the causes of last year's tragic accidents -- either here or abroad -- and we have no evidence that the presence or absence of government economic regulation contributed to those crashes. In fact J.A.L. and Air India operate under heavy government economic regulation.

In the area of aviation security, as conditions have changed and would-be hijackers and other terrorists have tried new approaches, our security programs have been tailored to meet these new challenges. The FAA continually conducts security assessments of more than 50 of the world's largest foreign airports. And if we find an airport does not maintain effective security and will not immediately correct problems, I can ultimately suspend aviation operations between the U.S. and any foreign airport. We have expanded our research and development efforts, and have submitted legislation to Congress which would require criminal background checks for employees having access to secured areas in airports.

Now, another top priority at DOT; Privatization. Conrail, the government-owned freight railroad, is the flagship of privatization in this country. Let me just say that my goal is and always has been in selling this freight railroad to be sure that it is financially viable. Taxpayers have invested \$7 billion in Conrail and I don't want it coming back to the federal government in five years and I certainly don't want to see the service patterns disrupted in Ohio or anywhere else. I want this railroad to be financially strong and healthy.

I don't think the federal government is meant to be in the business of running freight railroads any more than it's meant to be running airports. We have legislation before Congress to transfer Washington National and Dulles International, the two Washington airports, to an independent authority; thereby, putting them on par with all other major airports in the United States. Approximately \$550-\$700 million will be needed for expanding and refurbishing these airports. And there's no way to go forward to get the kind of improvements they need unless they are put on a different funding basis so they can have revenue bonds. The independent authority can use revenue bonds like all other airport authorities and participate in the Airport Trust Fund.

In a new transportation area where the private sector can plan an increased role, recent events have focused attention on the need to diversify our fleet of space launch vehicles. President Reagan recognized the potential of unmanned rockets in 1984, when he endorsed privatizing the unmanned rocket industry and designated the Department of Transportation as the lead agency for facilitating its development. Crippled by the loss of the Challenger, it is now clearer than ever that we will need to call upon all the resources at our disposal -- both government and private sector -- if we are to continue to expand our scientific leadership and economic horizons in space.

Government resources will be focused on getting the Shuttle fleet back into operation, building and operating the space station, and providing the groundwork for new applications of space science and technology. And we can depend on a variety of privately built rockets to support launches of routine commercial satellites -- the satellites that enable us to communicate around the globe, track weather patterns, and assist navigation and search and rescue efforts. Today, private sector launch firms are ready and waiting in the wings to start up production of the vehicles that have already successfully launched hundreds of communications satellites, scientific payloads, and military missions into orbit.

We are committed to giving that industry the chance to develop and grow. With a strong industrial sector to complement government activities, America will continue to be a world leader in developing the scientific and economic frontiers.

In addition to selling Conrail, transferring the airports out of the federal government and taking the lead in developing a privatized unmanned rocket industry, we anticipate by the end of the year to see passage of legislation to provide compulsory insurance up to \$200 million against major oil spills. Many of you have seen the ravages of an oil spill. Your sister city of Lima, Ohio had a nasty spill just this month when a holding pond at Standard Oil Company overflowed following heavy rains, spilling about 200,000 gallons of waste oil into the Ottawa River. The Coast Guard worked hard to contain the spill but strong currents spread the oil over 55 miles of river and shoreline. Thankfully, Standard Oil hired several contractors who removed about 140,000 gallons. The system I endorse would cover not only clean up costs for major oil spills, but compensation for third party claims and natural resource damage as well.

Right now we have no major system in the United States or internationally to compensate those damaged by a major oil spill. If we can get the Senate to vote favorably this year on my legislation --and I believe we can --we will put into place before the year is out a system which would provide insurance up to \$200 million against any major oil spill. This would mean the cleanup costs would be paid for and also compensation to those who have been damaged by the spill. Two hundred million dollars would more than cover any major spill we've had worldwide.

In conclusion, let me just say that whether we're talking deregulation, safety, air security, selling a railroad, transferring airports -- we're striving to provide the answers to complex questions that literally stretch you to the very limit of your being at times. I guess that's the challenge and the enjoyment of it, too.

During the limited time I have to serve in this position I want to make a difference, a positive difference, for people and that's the basis on which I set my agenda. There are times when it seems overwhelming. It is then that I think of something that President Reagan said to me. He recalled how he first learned to deal with stress as the newly elected

governor of California. And, he said, "each morning began with someone standing before my desk describing yet another newly discovered disaster. The feeling of stress became unbearable. I had the urge to look over my shoulder for someone I could pass the problem to. Suddenly, one day it came to me that I was looking in the wrong direction. I looked up instead of back, and I'm still looking up. I couldn't face another day in this office if I didn't know I could ask God's help and it would be given."

And, ladies and gentlemen, I wholeheartedly agree with that statement.

Your state motto says it very well: "With God All Things Are Possible."

Ours is neither the time nor is the place for men or women with faint hearts, feeble courage, weak commitment or selfish motives. With your help and your support we will reach our goal of a better life for all our people. America deserves it; history demands it; and, our children will reward it.

Thank you very, very much.