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Contact: Thomas Blank  
Dick Schoenfeld  
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY SECRETARY ELIZABETH HANFORD DOLE  
NATIONAL TRANSPORTATION WEEK  
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It's always nice to find myself here in Boston, especially at the start of National Transportation Week. For Boston is a pioneer among cities, a community with a proud past and a promising future. Those who staged your Tea Party were no more enamoured of taxes than we in the Reagan Administration. Those who fought the Battle of Bunker Hill were no less determined to prevail against foreign tyranny. Bostonians served as midwives to America's revolution. Here, the first great public schools sprang up in the lengthy shadow of the first great private universities. Here the Industrial Revolution took root and America cut her industrial teeth.

Boston also boasts a cluster of renowned hospitals, research centers and libraries and one of the most celebrated symphony orchestras in the world. Boston is as long on culture as it is on charm. Which is why I chose to make it my home for seven years after graduation from college. And let me assure you, I left a part of my heart here when I moved down to Washington.

And here today, in what former residents labeled the Hub of the Universe, a new and potent economy is being carved out of services and the communications/information explosion. Here high tech rules in place of shoe leather and fishing trawlers. Here culture and commerce rub shoulders comfortably. And even if Boston is merely a spoke and not the hub of the global wheel, her importance as a transportation center has never been greater.

This city has been described as a state of mind, completely surrounded by water. The harbor where the famous British tea was dumped has since received and dispatched billions of tons of cargo. The wharves that once launched graceful clipper ships on the China trade remain the heart of a leading Atlantic port. The Boston metropolitan area is served by excellent road, rail and transit systems. In other words, I could come to no better place to begin National Transportation Week.



In that same spirit, I would surely endorse what Secretary Salvucci said earlier concerning careers in transportation. I am delighted to see so many high school guidance counselors here this evening, participating in your career scholarship program. Transportation is a growth industry, and there are tremendous opportunities for young people to share in and contribute to that growth. In fact, our Transportation Systems Center in Cambridge has a number of very good career programs for young people, including entry-level technical and administrative intern programs. I recommend them highly. And I'm sure Dr. Costantino and members of his staff will be happy to tell you more about those programs.

The Systems Center, let me add, is an essential technical and research arm of the Department. At any one time it can claim perhaps 150 or more projects being carried on in a variety of fields. The staff at TSC, for example, did much of the expert analysis on what we could expect from deregulation of the railroad and trucking industries. That's why we think of TSC as the "technical bridge" between basic research and the practical application of transportation related technologies. So we are very proud of TSC and its people, and the contributions they make to our transportation goals.

Change, we are told, is the only constant. Tonight I want to consider with you some changes that are taking place in transportation, not just the technical changes but institutional ones as well. And I'd like to try to suggest what these can mean for the future.

Much of our transportation in America we take pretty much for granted. At least, we do until something puts a crimp in our travel plans and habits. Unless weather or mechanical failure causes a breakdown, we expect transportation services to be there. And it is a tribute to those who work in the transportation business that we seldom suffer for long from any lack of mobility. It is equally true that Americans have a genius for translating adversities into benefits.

For example, there was the so-called energy crisis. It generated gas lines for awhile, but it also produced a whole new generation of more efficient cars.

The illegal strike by air traffic controllers 21 months ago threatened for a moment the integrity of our air transportation system. But air commerce was not interrupted, travelers experienced only minor inconvenience and -- most important -- air safety was not affected. Today we have virtually recovered from the strike. We are now handling 100 percent of the pre-strike traffic volume. Restrictions that were in effect have been lifted at a number of major airports, including Boston's, and they will be ended at all airports by the end of this year. Of even greater significance, we are in the beginning stages of a modernization program that will double the nation's airspace capacity, greatly reduce operational costs and improve the overall safety of air travel.

The truth is that in just the past 10 years, something of a revolution has occurred in transportation -- not just in the auto industry or in air traffic developments -- but across the whole spectrum of transportation in America.

Let's take the railroads, for example.

One of the first rail lines in America connected Boston with a granite quarry in nearby Quincy. It was considered the height of technological progress to transport granite for the Bunker Hill monument by rail. Today we require a new definition of progress. We need a new attitude about railroads in general. For instance, in the early 70's, we faced the very real possibility that much of the rail freight system in this



country might have to be nationalized, with all of the added burdens that would put on the American taxpayer.

Since then, a series of executive and legislative actions have served to rescue essential rail service, assist in rail recovery, encourage profitability and stimulate competition. While some Federal aid, and even temporary Federal ownership have been necessary, the intent of this Administration has been to put the railroads back on track and end the Federal government's role in the financing of the nation's freight operations.

Perhaps the single most remarkable achievement has been the turnaround in Conrail. When President Reagan came to office, Conrail had consumed nearly \$6 billion in Federal funds. To be sure, the investment had made it a better railroad. But its costs continued to outrun its revenues. Thus, the Administration began with the premise that Conrail should be returned to the private sector -- that the government should no longer run, nor the American taxpayers finance, a rail system that could and should be self-sustaining.

The President proposed and the Congress passed the Northeast Rail Service Act of 1981. That Act did three things: first, it transferred passenger commuter responsibilities to local transit agencies; second, it led to management/labor agreements on wage deferrals and a reduction in the Conrail workforce; and third, it set the terms and timetable for the return of Conrail to the private sector.

Today, under the very capable leadership of Stan Crane, and with the marketing and management innovations that have come about as a result of deregulation, Conrail is a railroad transformed. The company that lost \$244 million in 1980 earned \$39 million in '81 and \$174 million in '82. The railroad that a few years ago was almost wholly dependent on the public treasury now generates not only sufficient revenue to meet its expenses and provide for its maintenance, but once again has borrowing power in the private capital markets.

Best of all, Conrail is providing better service to its customers. Rail cars, for example, are now processed through freight yards in half the time it took only a few years ago, and track has been improved to the point that speeds are restricted on less than two percent of the high traffic mainline system. "Piggyback" operations were up six percent last year, due in part to the modernized facilities here in Boston, in Springfield and elsewhere throughout the system.

On June 1st the United States Railway Association will make its first report to the Congress, as required by the 1981 legislation, on Conrail's future profitability. A second report is due in December. Since we fully expect those reports to be favorable, we are, and have been, seeking a buyer. I have personally met with representatives of Goldman, Sachs and Company, the investment banking firm we have retained to assist with the sale, and I know they have been talking with several prospective purchasers. We also expect to receive an offer sometime in June from Conrail's employees. We have not yet set a price or discussed specific terms, but the law explicitly requires that we seek to maximize the government's return on its investment.

It is a vastly improved railroad that represents a good value, and we remain hopeful of selling it as a single entity. I'm not here today to advertise, but if you know of anyone who wants to buy a railroad, please let me know.



Conrail, of course, is not the only railroad success story. The Boston and Maine, Maine Central, Providence and Worcester, and the Delaware and Hudson, are also part of the resurgence of the New England rail system. The B and M and P and W both have taken over substantial trackage from Conrail in Southern New England. Our Department supported and the Interstate Commerce Commission approved the acquisition of the B and M and the D and H by Timothy Mellon's Guilford Industries. We are pleased to see this investment by the private sector in rail properties which have long played an important role in the economy of this region. I am sure you share with me a special appreciation for the survival of the Boston and Maine.

On the passenger side of our rail transportation developments, Amtrak in the last few years has shown real improvements in productivity and service quality -- at a declining cost to the taxpayer. This, too, is something of a turnaround. Back in 1980, Federal subsidies for Amtrak seemed to be heading like a runaway switch engine towards the billion-dollar-a-year mark. While we haven't made Amtrak self-sufficient - - and no one I know of thinks that is financially possible -- we have reversed the highballing trend toward bigger and bigger subsidies. Federal funding for Amtrak went down from \$896 million in 1981, to \$735 million in 1982 and \$700 million in the current fiscal year. At the same time, new equipment has come on line, on-time performance has improved, costs have been trimmed, and the subsidy per passenger has dropped from \$42 just two years ago to \$33 today.

Still another rail development of interest to the people of this region, the Northeast Corridor Improvement Project, is proceeding on schedule. Virtually all of the construction contracts have been awarded and the program will be 75 percent complete by the end of this year. To date more than 500 miles of continuously welded track have been laid, and 634 track miles resurfaced for high-speed operations. Equipment service facilities are under construction in a number of Corridor cities including Boston. Work has begun or will begin soon on the rehabilitation of rail stations here and in Philadelphia, Providence, New Haven and Stanford. You will be especially proud of the restoration work to be done on South Station, the Northern anchor of the Corridor. We are ready to approve the agreement that will make South Station one of the most beautiful and functional in the nation. Then, too, as I announced recently, we are putting \$70 million into the redevelopment of Union Station in Washington, so that completion of that project means we will have refurbished passenger stations at each end of the Northeast Corridor.

It should be obvious, even from this cursory review, that we have come a long way from a railroad industry that not so long ago seemed poised on the brink either of nationalization or sweeping reorganization. And much of that change has been due to the wave of deregulation overtaking the transportation industries, transforming not only railroads but also airlines, intercity bus operators and trucking companies.

Recent regulatory reforms have enabled the railroads to compete more effectively, operate more efficiently -- and generate the best profits the industry has seen in years. In trucking as well, rate reductions today are widely available along with a variety of new types of price and service options. Indeed, economic studies indicate that there is little justification for continuing many of the remaining transportation regulatory functions carried out by the Interstate Commerce Commission. We are therefore preparing legislation which would eliminate ICC regulatory authority over trucking, domestic water carriers and freight forwarders. Our research shows that these industries would operate more to the benefit of shippers and consumers alike if they were not regulated. As a result, we will be proposing complete deregulation in entry, pricing and anti-trust immunity. The Motor Carrier Ratemaking Study



Commission recommended elimination of all anti-trust immunity for ratemaking and rate bureaus; our proposal would accomplish that. We have been putting that legislation together and are now working out the final details, with the expectation of sending it to Congress very soon.

Deregulation may not sound very exciting. It's difficult to glamorize or sloganize, and yet it spells the difference between monopoly pricing and competitive pricing; between controlled market entry and free entry; between routes that carriers must follow, even if it adds miles to the trip, and routes they can choose to provide more efficient service.

There is still another significant change affecting the face of transportation in America. We are in the beginning phases of a nationwide program to rebuild and preserve our highways, bridges and public transit systems. No superficial facelift or patchwork project, this rescue operation will assure that the high quality surface transportation system we enjoy today will endure for future generations. The resources for this program come primarily from the nickel a gallon increase in the Federal gasoline tax, revenues that are already being put to work. Although the additional tax only went into effect April 1st, we awarded \$2.9 billion to the states in the first quarter of this year and will fund more than \$12 billion for bridges and highways over the full year -- the highest levels in the history of our highway program.

The Surface Transportation Assistance Act also raised heavy truck taxes while authorizing the use of tandem trailers on the Interstate system, and on qualifying primary roads.

The higher use taxes still do not bring the heavy trucks up to their fair share of highway costs. After the full increase is phased-in -- and the full tax does not take effect until 1989 -- truckers still stand to enjoy a \$3.2 billion net gain in benefits over costs. We recognize the importance of greater productivity in the trucking industry, but not at the expense of safety. For that reason, we have "de-designated" some of the primary routes temporarily included in the interim system of non-Interstate roads accessible to tandem trailers. We will continue to work with the states to reach agreement on a route structure that is mutually acceptable and provides adequate access to all major freight centers.

In addition to increased highway investments that the new truck and motorist user fees provide, we will have about 44 percent more for transit capital assistance in 1984. The additional revenues -- about \$1.1 billion this year -- come from the one penny of the nickel gas tax designated for public transit. With these funds we will be able to assist more rail modernization and bus-related projects, and still have some assets left over for cost-effective new rail starts.

Needless to say, there is stiff competition for available funds, both for highway and transit purposes, and projects like the third Boston harbor tunnel still warrant further consideration. We are committed to certain safety work on the central artery (I-93), but putting it underground would be very costly and will require careful study. It has been suggested that rather than lowering the central artery it might be cheaper to raise the city. I don't know the respective costs but I'm sure our friends at TSC could run an analysis for us.

I have dealt with the subject of change -- because change is the dominant mood in the transportation field for as far as the eye can see. Let me conclude by talking about the most important change of all -- and that's the significant beginning we have made in an all-out, all-modes effort to improve transportation safety.



One of the most gratifying transportation developments of recent times has been the decline in highway fatalities. Deaths were down by more than 10 percent last year -- due in large part, we believe, to the stronger laws and the tougher penalties being devised by legislators as well as magistrates.

For too many years we seemed to regard death on the highways as a tragic truism. For years, lax laws and lenient judges let irresponsible motorists get away with murder on our highways. Today that is changing -- dramatically -- because aroused citizens have generated a protest against drunk drivers that has led to an increasing number of new state laws and a growing safety consciousness all across America. Massachusetts has been a leader in the crusade for greater driver responsibility and for stronger anti-drunk driving measures. The Massachusetts Supreme Judicial Court has gone so far as to rule that a business establishment can be liable for serving too many intoxicants to a customer. The public attitude toward drunk driving is changing as well because President Reagan has taken the initiative at the Federal level, through the very active and effective work of the Presidential Commission on Drunk Driving headed by former Massachusetts Governor John Volpe. Congress has followed up by voting incentive grants for states that take a tougher stand against drunk driving.

We are also presently engaged in a nationwide program, with extensive private sector participation and support, to encourage greater use of safety belts for, indeed, the safety belt is the best insurance against the drunk driver. This is a high pay-off area. Every one percent increase in safety belt usage will save about 200 lives and prevent 3,000 injuries nationwide. The belts are in our cars and trucks; all we have to do is buckle up -- or "get it together" as our campaign slogan puts it -- and we can reduce highway deaths and injuries.

Our Systems Center has been hard at work for some time analyzing various alcohol countermeasures and safety belt incentives. One of their conclusions is that the best way to influence safety belt use is through employer safety programs. We recently put that to the test at the Department of Transportation, through an employee education and incentive program. We began with 23 percent compliance. Within a month we raised that rate to 50 percent and now, after several months of safety belt emphasis and education, we are at 62 percent.

We not only want to set a good example, we want to start a safety epidemic. You can do it, as employers, by showing you're really concerned about those you work with. You can do it as private organizations and as individual citizens by casting your votes for safety and lending your voices to the support of highway and other safety initiatives.

To talk a little further about safety, the new technologically-advanced air traffic control system now under development will greatly reduce the risk of human error while permitting the growth in air travel that we expect.

This project has been described as the biggest national undertaking since the Apollo man-on-the-moon program. When completed, it will greatly increase capacity, substantially reduce operational costs and improve the overall safety of travel. It will give system users and airport operators a virtually "weather-proof" system. And while it will cost an estimated \$9 billion, it will save \$25 billion.

In addition to greater safety, we want transportation of the future to be more efficient, more economical and more responsive to our needs as shippers, travelers and commuters. Such objectives cannot be achieved through Federal money or Federal



authority alone. Our success depends on a working partnership with the states and communities, and a common commitment on the part of the public and private sector to share responsibility along with the benefits that flow from our efforts.

"The typical American city," John Gardner has written, "is in fragments -- a variety of worlds wholly out of touch with each other."

The political community exists to give unity to those disparate worlds. But office holders alone cannot accomplish the feat. A unified economy, based in turn on a reliable transportation network, is the real bonding element in this age of fragmented cities and leather-lunged special interests. No city knows that better than Boston, whose original growth and subsequent renaissance owes much to the quality of her rail, highway, aviation and port facilities. And if we are to realize the potential glimpsed in robotics and instant communication -- a potential already bearing fruit in the high tech belt in and around Boston -- then we will need nothing so much as a transportation system equal to the challenge of a mobile society.

I have no doubt that Boston will meet the challenges posed by change. For three and a half centuries, her history has been a record of precisely that -- a city that can shed its skin without losing its soul -- a town that finds utility in her past and abundant promise in her future. As Secretary of Transportation, I am equally committed to excellence in our common field -- and I hope that a decade from now, when much of what I have prophesied is taken for granted, that we will be able to point proudly to a system that serves both commerce and consumer, safely, conveniently, with reliability and with maximum value.

Boston may or may not be the Hub of the modern Universe. Tonight, at least, she is the Grand Central Station of modern urban transport. Much as I appreciate your hospitality, I appreciate your ingenuity even more. And I look forward to sampling both in the months to come.

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