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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
ELIZABETH HANFORD DOLE
TO THE GREATER CINCINNATI CHAMBER OF COMMERCE
APRIL 13, 1983

Last Saturday was Cherry Blossom Festival time in Washington. Unfortunately for the tourists, it rained on the parade, but Sunday was sunny and beautiful.

Our economy has seen some rainy days, but the sun is beginning to come out and there are clear signs that better days are just ahead. We are beginning to see the results of an economic recovery program that will restore prosperity to our country without the accompanying burden of high inflation; a program that attacks the deficit through economic growth, not higher taxes. Thanks to a President who has had the courage of his convictions, we are moving forward to an era of economic expansion, of greater productivity and with new incentives for American industry to work more effectively and compete more effectively.

In two short years -- and against substantial odds and considerable skepticism -- President Reagan has made remarkable progress.

- In 1980, inflation was 12½ percent, and making a mockery of wage increases. By the end of last year that rate had been cut by 80 percent. From February 1982 to February 1983, inflation was 3½ percent.
- Interest rates at the end of 1980 had exceeded 21 percent. Today the prime rate at major banks is 10½ percent.
- Two and a half years ago Federal spending was growing at a rate of more than 17 percent. President Reagan has cut that to 11 percent in 1982 and -- this year, 1983 -- spending will increase at a moderate 8 percent.
- Median income families have benefited from the President's income tax reductions, and from the drop in inflation. Families in the \$25,000 range today have \$1,500 more purchasing power in the marketplace than if inflation were still at the 12 percent level. They are also \$300 better off from the tax point of view -- and that's not counting the 3rd increment of the President's tax cut due this year.

- Industrial production is up; housing starts are up; oil prices have declined; economists are calling the Administration's forecasts of 3 percent real growth in 1983 and 4 percent in succeeding years "modest" and probably understated.

In short, all of the economic indicators are pointing in the right direction, except unemployment which is the factor we must focus our attention on now.

Even here, however, the news is encouraging. The civilian unemployment rate dropped a tenth of a percent in March, to 10.3 percent. Similarly, the number of Americans with jobs is rising. We tend to overlook the fact that the underlying strength of our economy is sufficient to provide work for 99.1 million of our people. And the recent jobs bill passed by the Congress and signed by the President will provide an additional 42,000 jobs in transportation areas alone this year. In addition, President Reagan consistently has supported the extension of unemployment benefits and programs to help train and assist workers in new occupational skills, by signing into law the Jobs Training Act. His efforts on behalf of the Export Trading Companies Act last year will assist U.S. businesses in developing exports, creating hundreds of thousands of jobs at virtually no cost to the taxpayer.

Administration forecasts, which -- as I mentioned -- are coming to be viewed as conservative, project an increase of 1.6 million jobs this year, 3 million more in 1984 and a total of 15 million by 1988.

This corresponds to a recent survey by Dun and Bradstreet which shows that U.S. companies plan to increase employment by 2.7 percent this year.

According to another report last week, this one by the Conference Board, consumer confidence in America is now at a 20-year high. The Harris poll shows that a majority of the people are confident that the economy will be expanding at a healthy rate a year from now, and 59 percent believe that unemployment will drop further during the year ahead.

In the task of turning the economy around, and revising the spendthrift policies of past years that caused the problems of high inflation, high interest and high taxes, President Reagan clearly has provided the necessary political leadership. But much of the real impetus for change has come from civic groups, business people, private organizations, state and local officials and industry leaders -- those who through their own initiative and voluntary support have demonstrated their faith in free enterprise and the principles that built our country and our economy in the first place.

That's why I welcome occasions such as this, to meet with your Mayor and with members and friends of this Chamber, who together have done so much for America's Queen City and who never tire of trying to make this a better place to live and work and build for the future.

Much of what you have achieved here can plainly be seen when flying into this city. Your skyline is constantly changing as structures such as the new Proctor and Gamble headquarters and a half dozen other new buildings rise in the downtown area, to join in the development marked by the first National Bank Center, Atrium I, your renovated Union Terminal and other new urban landmarks.

The continued progress of Cincinnati as a center of business and industry is further evident in the phenomenal growth of Greater Cincinnati airport. The increased

air carrier service available there, together with the excellent facilities for corporate and general aviation aircraft at Lunken Field, make the Cincinnati-Covington metropolitan area one of the nation's best and most accessible air transportation centers.

Somewhat less visible but certainly no less significant are the efforts underway in the halls of government, both here and in Columbus and Frankfort, to improve transportation for the people of Hamilton, Butler and neighboring counties and throughout the states of Ohio and Kentucky.

Transportation has been important to Cincinnati since the days of the Ohio and Erie Canal. Today your total transportation facilities -- rail and road as well as air and water -- are vital to the economy of this region. Because I know you are concerned about some current transportation problems and others you see looming on the horizon, let me take a few minutes to talk about what we are doing at the Federal level with respect to transportation policies and programs.

First, when my predecessor Drew Lewis was here last fall he discussed the efforts by the Administration to put through a five-cent increase in the Federal gasoline tax which, of course, is really a highway user fee. The Federal tax had stayed at four cents for 23 years and we had reached the point where we could not keep up with the need to rehabilitate Federal-aid highways and bridges. Here in Ohio, for example, motorists and truckers were ruining their tires in the potholes on I-70, and several hundred bridges throughout the state had to be declared unsafe.

The Surface Transportation Assistance Act, passed in the closing minutes of the 97th Congress last December, provides about \$5 billion more a year to pay for road repairs and for the rehabilitation or replacement of bridges. We're putting this money out to the states as quickly as possible and we estimate that, on average, states will get a more than 50 percent increase in highway construction money.

In addition, as a result of the jobs bill the President signed recently, highway funding levels will go up by approximately \$800 million this year. This means that the states can accelerate construction projects -- catching up on the backlog and putting more people to work sooner. Our best estimate is that this increased funding will generate 26,000 direct and indirect jobs in highway projects and -- of course -- will make highway travel safer and more efficient.

There are two other aspects of the gas tax legislation that have caused some concern on the part of those affected. The first is the higher user fee on heavy trucks.

As you know, some independent operators threatened to quit driving last February in protest of the higher fees. But the extensive cost allocation study completed last year showed that the heaviest trucks have not been paying anywhere near their fair share of highway costs. The new law establishes a higher fee schedule, but it will be phased-in over a five-year period so that truckers and the small independent operator in particular, are not hit with a sudden increase. Even with the new fees, however, they will still pay less than their fair share -- an estimated 69 percent by 1985 and only 73 percent when the tax is fully implemented in 1989. I don't have to tell anyone who drives the Interstates in Ohio and Kentucky that trucks do more damage than cars and therefore, we believe, should pay accordingly.

Even with the fuel increase and other tax changes, truckers stand to enjoy a \$3.2 billion net gain in benefits over costs. We recognize the importance of motor carrier

commerce, the need for increased productivity, and the right of truckers to make a fair living. We also feel that the trucking industry has been at some economic disadvantage because of differences among the states with respect to weight and width limits, registration requirements and other regulations.

A number of states in recent days have objected to the new truck size limits mandated by the Congress in the Surface Transportation Assistance Act. The problem, however, is not really with travel on the Interstate routes but with the designation of certain Primary routes in each state to be made accessible to heavy trucks. There are, I suggest, three points we should keep in mind:

- One; we have not suddenly given carte blanche to the truck manufacturers to build goliaths for road use, or unlimited license to companies to operate them. Eighty-thousand pound trucks were permitted in 47 of the 50 states before the legislation. Double-trailers were authorized by 38 states. Intercity buses measuring the 102 inches in width now allowed for trucks have been traveling the highways since 1976 and most urban buses -- in fact -- are 102 inches wide.
- Two; the Primary system highways designated last week by the states and by our Federal Highway Administration -- totalling 139,000 miles nationwide -- is an interim system, subject to review with the states and to exceptions on a case by case basis.
- Three; that system represents only five percent of the total public road mileage in the United States. That percentage may change somewhat in October when the final rule is issued.

We want to assure that through truck service is available to all major population areas but we will not -- of course -- jeopardize highway safety. What we're experiencing is something of a transition and we want to work cooperatively with the states and with trucking companies in complying with the law. Beyond that, we hope over the months ahead to develop ways to relieve the burden of paperwork associated with today's multiple state registration requirements.

The end result of all these changes, we believe, will be greater productivity in the trucking industry, better service to shippers, and lower costs to consumers -- with no compromise in safety. There is, in my judgment, no responsibility more important than safety -- on our highways, to be sure, but in every aspect of transportation as well.

A second very significant aspect of the Surface Transportation Assistance Act is that, for the first time, it provides a dedicated source of funds to help cities meet their public transit capital needs. This is consistent with Administration policy to increase the Federal commitments to capital needs while phasing out operating subsidies.

I realize that transit officials who have the tough job of trying to make ends meet look to operating subsidies or to any other available source of revenue for relief. But we have found through experience that operating grants are neither fair to the general taxpayer nor helpful -- in the long run -- to the communities that receive them. They create a dependency. They support transit operational functions over which the Federal Government has no control or decision-making authority. They lead states and cities to defer capital needs in order to deal with the nagging and more immediate problems of meeting operating expenses. They distract local authorities from taking the necessary steps to assure stable and reliable sources of local funding.

To this city's credit, you have -- in recent years -- reduced the extent of your dependence on Federal funds for transit operations. The end product of the effort currently being undertaken by the Transit committee of the Government Assembly here in Cincinnati will be a better understanding of the importance of area-wide transit to the people of Hamilton County. We will, I assure you, give prompt and careful consideration to your recent grant applications for transit capital and planning assistance.

Our 1983 budget for transit capital programs together with funds authorized in the jobs bill represent a 46 percent increase over 1982. Our budget proposal for fiscal 1984 contains a 44 percent increase over '82. That means we expect to have \$2 billion more for transit capital investments than would have been available under 1982 capital

spending levels. So I am very optimistic that we will be able to act favorably on your request for \$11 million to help fund a new Eastern operating division facility -- and get out of the car barn you have been using since the turn of the century.

I do not want to do all the talking here today, but before I take your questions let me touch again just briefly on an issue that is among my highest priorities: 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 part, we believe, to the stronger laws states are enacting against drunk drivers and the tougher penalties judges are handing out.

Government tried to "regulate" the highway accident problem: tried and failed. For years, lax laws and lenient judges let irresponsible motorists get away with murder on our highways. Today that is changing -- dramatically -- not because of Federal regulation but because aroused citizens 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. The Presidential Commission on Drunk Driving has helped to highlight those grass-roots efforts and focus national attention on the severity of the problem.

Just last month your own Legislature tightened Ohio's drunk driving laws, increasing the implied consent penalty and mandating a 72-hour jail sentence or 72 hours of treatment for first offense convictions. Typical of the kinds of citizen involvement that have occurred throughout the country was the "call-in" program conducted here last fall. One-fourth of the calls police received from motorists using their CB-radios to report drunk drivers led to arrests.

The anti-drunk driving campaign is having an impact. And we are not going to relax our efforts or allow this momentum to fall by the roadside. President Reagan has extended the term of the special Commission, and we will continue our efforts at the Federal level both to curb drunk driving and to increase the use of safety belts by all motorists and passengers.

We are engaged in a nationwide program, with extensive private sector participation and support, to encourage greater use of safety belts. This is a high pay-off area. Every one percent increase in safety belt usage will save 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 make a persuasive dent in highway death and injury statistics.

Transportation, when we think about it, is inherently unsafe. Yet we have a safety record that in most forms of transportation is exceptionally good. I am convinced, however, that we can do a lot better -- and we're going to continue to work at it. We have a new, technologically-advanced air traffic control system under development that will greatly reduce the risk of human error while permitting the growth in air travel that we expect. We have active hazardous materials information and enforcement programs to, first, reduce the risk of accidents and, second, assure that emergency teams know what to do when accidents do occur. We are funding six demonstration projects to encourage localities to identify the types and frequency of hazardous materials shipments through their areas as a help in developing accident prevention programs, and we have provided emergency response guidebooks to each of more than 700,000 fire, police and emergency vehicles in the nation.

Our rail safety efforts are aimed at better insulated tank cars, to minimize the danger of spillage; at new alcohol-related rules for train crews; and at safer grade crossings. Over the last few years, the number of grade-crossing accidents nationally has been cut almost in half.

Through the Coast Guard we have an ongoing boating safety program. We are currently concentrating on the development of new personal floatation devices -- better known as "life jackets" -- which are more wearable and provide greater safety. We believe boaters should be as conscientious about wearing life jackets as motorists should be about safety belts.

In addition to making transportation safer, our goal is also to make it more efficient and economical; and to make it more responsive to our needs as shippers, travelers and commuters. We will continue to work toward these objectives, but it is not something that Federal money or Federal authority can do 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 just as we share the benefits of our efforts.

I sense from the spirit evident here today that the business and industry leaders of Greater Cincinnati do not need to be convinced. The tradition of this city as a transportation hub is well-established, and much of your economy has been built on the quality of your rail, highway, aviation and port facilities. Unquestionably, transportation will be a vital factor in our nation's economic recovery and in our ability to meet the demands of economic expansion. There is no doubt in my mind that Cincinnati will more than meet those challenges.

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