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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
ELIZABETH HANFORD DOLE
TO THE NATIONAL LEAGUE OF CITIES
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Throughout human history, we have relied upon cities for much of our intellectual energy and still more of our locomotive force. In medieval times, when reason fled and ignorance threatened to put out the lights of learning, men huddled together in European cloisters. Later, they gathered behind walls of universities. Throughout, they found hospitality and inspiration in urban areas, marketing the products of their imagination as well as their labor. Such cities have always provided a battleground of ideas and a breeding ground for progress. From Rome came law and religion alike; from Athens, the democratic principle on which all human dignity rests; from London and Paris the seeds that grew into North America, the product of Old World values transplanted in New World soil.

American cities too have produced their share of creative energy. They too have woven an urban tapestry of soaring buildings and cultural riches, of dark passages and bright beginnings. They have never claimed to be perfect. On the contrary, what earns them our continual respect is their willingness to experiment, to own up to what has failed and try something different, to shed their skin without losing their soul. For nearly sixty years, this League has reflected a similar taste for renewal. This year's conference is no exception. For in choosing to celebrate "Cities in a Changing World,"

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you acknowledge the challenge of change that is all around us, and the dominant theme it plays in the American symphony. Nowhere do such notes sound more forcefully than in the field of transportation, and it is about transportation issues that I want to talk today.

For your cities and our country to continue to grow, we need urban transportation that is safer, more reliable, more efficient. And we must be sensitive, not only to transportation and the urban environment, but to those who inhabit our cities. The overriding presence of the American city, and its dynamism was suggested by Carl Sandburg when he wrote:

"I am the people -- the mob -- the crowd -- the mass."

Cities are often thought of as economic or political units. But it makes little sense to throw up great office buildings if thousands who live in their shadow lack jobs. It is a puzzling vision of urban life that is content to lure tens of thousands of people into the city by day, only to see them flee on the first commuter train after the sun goes down. For however teeming their streets may be, however strong the urge to despair in some of their darker corners, cities remain the best laboratory for change, and the brightest jewel in the crown of popular government. Their many divisions may make them exasperating places to govern; it also makes them exciting places to live in.

These are exciting times, for our nation and our cities. Our economy has left recession behind, and has entered a period of upturn and genuine prosperity. We've seen a year of steady increases in the leading economic indicators, a GNP growth rate for the third quarter of well over 7 percent, and the lowest inflation rate in a generation. Last month alone, personal income grew by 1.2 percent - the largest such gain since August of 1981. Since the end of last year, we've created 2.5 million new jobs, and while unemployment remains unacceptably high, we see it, too, subsiding, even as the number of Americans holding jobs stands at a record level of nearly 102 million.

But economic statistics are only part of the changing world around us. Fiorello LaGuardia once called city life "a great, living, thrilling adventure" instead of a mere succession of days. And the dynamism of city life is reflected in the numerous changes across the modes of transportation affecting our cities. Let me speak especially of these changes in the transportation field. At their heart are the positive effects we are beginning to experience in the concept and practice of deregulation.

There is so much I want to share with you that I can only touch briefly on one of the more visionary changes we are promoting -- diversifying the market for those who build and launch commercial satellites. Currently, anyone not associated with NASA or the Defense Department would find it all but impossible to press a launch button, so encumbered would it be by red tape. We intend to change that, and to encourage the entrepreneurial spirit wherever it can prove useful in this new and potentially lucrative industry. We are already removing similar restraints that have held back the cause of experimentation on our city streets and interstate highways. For example we believe that urban growth can be aided by bus deregulation. In less than a year, deregulation of the interstate bus industry has prompted over 2,000 applications for new or expanded bus service. By contrast, in the four or five years prior to deregulation, fewer than 200 regular route applications were filed annually. This increase will have a direct bearing on communities -- large and small -- all across our nation.

Bus companies today are providing services to communities which yesterday had none. For instance, one carrier recently opened a new route running north/south across Western Kansas. Using mini-buses and vans, this operator is serving 25 communities that previously lacked any bus service at all, owing to the fact that full-size buses were economically unprofitable in such a market. As a result of its initial success, this same carrier plans on expanding to neighboring states and will soon be serving a route system of 4,000 miles. Likewise, in Wisconsin and western New England, routes abandoned by former carriers now enjoy more frequent bus service than before. And we will continue to maintain bus safety. The Bureau of Motor Carrier Safety inspectors were on the scene when Greyhound began resuming its service to ensure that safety was maintained. And there will be no relaxation of our safety mandate or standards.

Deregulated buses share the streets and highways with trucks, themselves part of an industry in transition. Until three years ago, truckers carrying paint in five gallon cans couldn't move the same paint in two gallon cans. A carrier licensed by the Interstate Commerce Commission to haul uncrated machinery couldn't accept shipments of crated machinery. Agricultural commodities were exempt from ICC regulations; not so for processed foods. You could haul apples -- but not apple cider. This was not merely irrational. It was a prescription for the slow strangulation of a major American industry.

Then, in 1980, trucking was partially deregulated. Can anyone doubt the positive effects that followed? Look around, and you'll see more trucking firms in business than ever before -- 33,000 today compared to 18,000 three years ago. Many of those new carriers have introduced price and service innovations, while established carriers have become more cost conscious and efficient. With expanding operating authority now being granted by the ICC, truckers can transport both food and related products. They can mix apples and apple pie, if you will. And goods will reach their markets in Philadelphia or Phoenix, Chattanooga or Cheyenne, at less cost to shipper and consumer alike.

But the biggest success story of deregulation may well be found not on the ground but in the air. Air cargo was first to be cut loose from the Federal straitjacket. Rather than stumbling in a new environment, air express operators quickly soared. In less than seven years the industry has attained multi-million dollar proportions, delivering 700,000 packages overnight every night, and demonstrating in the process what kinds of growth can occur in the positive atmosphere of a free market.

With change comes choice. Today, air passengers can select from the no frills service and low fares of People's Express, the caviar and champagne served by Regent, and everything in between.

With change comes new challenges to be successful. Today, under deregulation, an airline must be both cost-effective and price competitive. It must know its market as never before. Some of the new carriers on the scene have seat-mile costs half those of their competitors. With lower operating costs and fewer frills, they can offer air transportation at bargain fares and still show a profit.

With change comes different and often better kinds of service. In a price competitive environment it doesn't pay for carriers to serve markets that can't support the service. But that doesn't mean the wholesale abandonment of small communities, as some might think. For instance, we are guaranteeing essential service for 10 years to well over 500 communities that had such service or were eligible for it at the time of deregulation. The difference is that much of today's transport is being provided by

local service carriers, operating aircraft better suited to low-density markets. As a result, the taxpayers will spend about half what the same subsidy used to cost to provide essential service -- that's a savings of about \$50 million a year.

We are particularly concerned, however, that this new world of deregulation not lessen the industry's high standards.

With change also comes continued safety. For instance at one point during the past year, when we became concerned with a possible problem that might develop with a particular carrier, we increased our surveillance. In fact, at one location we had an inspector on every other plane that carrier put in the air.

"He that will not apply new remedies," wrote Sir Francis Bacon, "must expect new evils, for time is the greatest innovator, and if time alters things to the worse, and wisdom and counsel shall not alter them to the better, then what shall be the end?" What indeed, we might ask. We intend to alter the basic operating climate affecting several transportation industries for the better; we are anxious to do the innovating previously left to time alone. Since deregulation of the railroads in 1980 that industry has been revitalized in ways few analysts would have predicted. Railroads are now better able to buy new equipment and maintain what they have. Their service is more reliable, more efficient, and much safer. To date, some 10,000 contracts between shippers and railroads specifying rates and terms of service have been signed. Such contracts didn't exist at all before 1980. Now the rail carriers have business they can count on and shippers know what rates they will be paying. Rail "piggyback" transport has grown to record levels, increasing nearly 20 percent over the last four years. And even though rail accidents have decreased by 60 percent since 1979, we are working to improve that record.

Nor is deregulation the only new remedy being applied to the old ailments that have afflicted urban America. The Surface Transportation Assistance Act of 1982 was a milestone on the road to renewal of our nation's crumbling infrastructure -- not only rehabilitating our highways and bridges, but supplying capital funding for public transit as well. For, with a nickel increase in the Federal motor fuel tax, a penny of which goes to mass transit, we have been able to supply a 45 percent increase in highway spending -- from less than \$8 billion in FY 1982 to more than \$12 billion last year. Since January we have been making available for highway and bridge repairs a billion dollars a month.

At the same time, we expect to allocate this fiscal year alone nearly one and a quarter billion dollars from mass transit's share of the motor fuel tax. This capital infusion, of course, is in addition to \$2.4 billion already available for formula grants.

What lies behind the dollar signs? Quite simply, the beginning of a massive rebuilding program which will preserve one of the nation's most valuable resources -- our urban transportation system. It has already meant that capital funding from the Urban Mass Transportation Administration capital funding has put 2,800 new buses on the street, laid many miles of rail track and provided countless facilities, from maintenance shops to bus shelters.

For still more immediate results, you only have to look beyond the walls of this convention center. Here in New Orleans, UMTA furnished \$16.8 million in Federal funds to assist the Regional Transit Authority's public "buy-out" of the New Orleans Public Services, Inc., which in turn paved the way for improved services to local riders.

Thirty one million dollars in Federal funds helped speed construction of two transit lanes on the main span of the new Mississippi River Bridge. An additional \$3.2 million helped build the Algiers parking garage and make ferry improvements. Over \$17 million assisted New Orleans in acquiring 135 new buses.

The Federal Government already has funded three studies of the impact of the World's Fair to help this metropolitan region prepare adequate transportation for that event. We want to encourage the use of public transportation throughout the summer of 1984, when the world quite literally will be riding the train they call the City of New Orleans to the world's fair.

Now I can anticipate some very practical questions from an audience such as this. Questions like, what about cities just beginning their mass transportation systems and will there be funding for those new starts? How long before we get to them? How will recipients of funds be selected? Let me review the ground rules under which we operate.

First, we must meet our obligations to those cities already engaged in rail modernization and bus-related improvement projects. These will be funded in amounts to maintain levels of efficiency and reliability.

Then we must honor our commitments to new projects in cities to which letters of intent have been issued.

Once those responsibilities have been satisfied, remaining funds will be awarded for new construction projects. These decisions will be guided primarily by two factors: cost effectiveness and the degree of local financial commitment. Other factors include the extent of private sector support and participation by disadvantaged businesses. Overall, our view is that funds should be placed where they will reach the farthest and do the most good for the community.

Already, I think, we've made a remarkable beginning. We are moving to stretch every dollar as far as possible, as fast as we can.

But no dollar sign can take the place of a fresh idea and a solid plan. While overall levels of transit funding are important, their ultimate use is of at least equal importance. And so we ask ourselves: does Federal assistance foster as many problems as it resolves? Does it create intrusions by a distant force into the vital decisions of local transit operators? I suspect that you already know my position on this, but I believe it bears repeating: namely that support for transit capital improvement is the Federal government's primary role, but because operating costs are a function of daily management decisions, we continue to believe it best that such decisions be made at the local level. We are not blind to the problems confronting you as you struggle to meet operating costs. Neither are we omniscient. What we are is eager for a working partnership, one that will include the private as well as public sector in sharing responsibility and benefits alike.

In addition to providing more money for highways and transit systems, the STAA provides a more equitable distribution of the costs among the users. Specifically, it increased the tax on users of heavy trucks, and I want to thank you for your support of our position on this issue. Currently, we are nearing the completion of a study of alternatives to the heavy truck tax in its present form. Whether or not we decide to submit legislation will depend upon whether such analysis leads to some alternative that is clearly superior in all respects.

Meanwhile, there are other provisions to be realized. For example, the Act includes legislative imperatives to "Buy America" and to swell the participation of disadvantaged businesses in DOT-assisted programs. One clause directs that 10 percent of the highway and transit contracts funded by the STAA go to such businesses.

This provision is constitutionally sound, it is morally correct, and I am committed to seeing it through to reality. Our goal of one dollar in 10 of highway and transit program funding for disadvantaged businesses is attainable. We are working with the states and local transit systems to help them reach that goal and we have met with most generous and encouraging cooperation from virtually every town, village, hamlet and state in this nation. We truly have a national commitment to support disadvantaged business enterprises.

Obviously the success of our effort will depend on the support of fund recipients across the country. In the final analysis, it is the manager of each transit authority who must make a conscious effort to seek out qualified disadvantaged businesses and award contracts to them. UMTA's regional offices will be working with transit authorities. Our office of Small and Disadvantaged Business Utilization will continue to provide technical assistance to disadvantaged business enterprises themselves. I think this directly and positively aids transit authorities in meeting their obligations.

The picture generally is an encouraging one. Right now, we count almost 300 potential recipients of funds. Only a few have requested approval of a goal of less than 10 percent for FY 1984. In many cases, that 10 percent will be exceeded. This is another change long overdue, yet still subject to administrative oversight for its fullest realization. Personally, it is among my highest priorities.

It is hardly my only one. For the STAA also mandated additional Federal action to help ensure adequate mass transit service for our handicapped and elderly citizens. It requires us to develop new regulations establishing "minimum service criteria" and to monitor transit authorities' compliance with section 504 of the Rehabilitation Act of 1973.

With all this in mind, last September we published a new set of Section 504 regulations. Our notice of proposed rulemaking spells out six minimum service criteria, each designed to give disabled persons the same ability to use mass transit enjoyed by the rest of the community. It also extends to transit authorities the flexibility they need to decide what type of service will best insure accessibility meet those standards in each city and town while including a "cost cap" to prevent undue financial burdens. The standard 60-day comment period was to close Nov. 7. I extended it 30 days to make sure everyone had an opportunity to register an opinion or voice a complaint.

We share your concern for the transportation of hazardous material and pledge to you a vigorous attempt to deal with this problem.

We will also address the problems of the environment -- from noise pollution at the airport to protection and preservation of city parks and historic monuments.

I have outlined some of the complex issues we face, and suggested some of the steps we have taken, with your support to find solutions. None would claim the task before us is easy.

We will in the future, as we are doing today, and have done in the past, deal with these difficult issues -- for out of adversity will come progress. I think of a woman who knew great adversity, yet her spirit and her example inspired millions. Her name was Helen Keller -- and she summed up her philosophy in a single sentence. "One can never consent to creep," she wrote, "when one feels the impulse to soar."

I began with the assertion that throughout human history, we have turned to our cities for the impulses and ideas that enable civilization to advance. Just as a city consists of many neighborhoods, so a nation becomes a mosaic, a collection of diverse cultures and sometimes conflicting viewpoints. We accepted this at our birth; we wrote it into the great charters that protect our freedoms and unleash our energies. Yet for much of this century, federal policies have reflected the attitudes of a single city -- Washington, D.C. No more.

In an age of change, this is the greatest change of all. In deregulating our economy, we are simultaneously demystifying the process of government. We are opening both government and economy to a strong and cleansing west wind of reform. We are listening as well as leading; we are issuing fewer blanket orders, and more appeals for grassroots input.

A city thrives as an extended family, a community of the concerned and the imaginative. It needs a tender conscience and a taste for experimentation. A country is no different. Change propels us both.

We can put change to work. We can enlist time itself as our ally. The ambition is admittedly a lofty one -- but that is the special mission of the city, to articulate dreams and provide the practical means by which they can be achieved. I am eager to join in the work at hand, and to contribute my own share to that dynamic process.

Thank you very much.

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