

SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
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Thank you, **Ellen Sauebrey**, (Pronounced Sour-bray, Delegate, Maryland) for that introduction. Following **Kent Nelson** (Chairman and CEO, UPS) as speaker is a tough job, but I'm delighted to be here to give it my best shot. **Sam Brunelli** (ALEC executive director), National Chairman **Fred Noye** (Pennsylvania), Senator **Doyle Corman** (Indiana, chairman of ALEC transportation committee) and many more of you have provided tremendous leadership for ALEC in Washington, D.C., as well as in the states.

So let me start by saying thank you for the support you have given the Bush Administration's transportation agenda. Many of you have championed economic deregulation of transportation. Others worked long and hard to help us articulate a National Transportation Policy, which gave us the most exciting piece of surface transportation legislation in history.

You've heard from President Bush and several of my colleagues. By now it's probably pretty clear that one of the Administration's highest priorities is to jump start the economy and get people back to work.

I'm proud of the role the Department of Transportation is playing in that effort. Overall, at the end of this fiscal year we will have pumped \$17 billion of federal-aid funds to the states for transportation construction.

Just this week we are making available to the states an additional \$368 million in new funds plus \$168 million in redistributed monies. We are working hard to get that money into the pipeline as quickly as possible.

The reasons are as urgent as they are obvious: to create jobs, to increase productivity and to use our transportation system to strengthen U.S. competitiveness in the global marketplace. This infusion of construction money provides more jobs in the short term and economic growth in the long run.

That's where President Bush's leadership has brought us.

Last December when the President signed the Intermodal Surface Transportation Efficiency Act (ISTEA) he created the most revolutionary change in transportation since President Eisenhower started the Interstate Highway System.

ISTEA forces us to think anew the way we do business in transportation.

The act has many innovative features, including the increased flexibility for state and local decisionmaking that Brian Clymer spoke to you about yesterday. But the feature I want to focus on today is ISTEA's emphasis on intermodalism.

The new revolution now taking place in transportation is intermodalism. Intermodalism involves the transfer of freight and passengers from one mode of transportation to another. The movement of goods and people from one point to another must be quick and cost effective. Intermodalism is the means by which we must create a seamless transportation network that is critical to the long-term economic well-being of the United States.

Our transportation system is only as strong as its weakest link; and unfortunately that weakest link today is all too often at those intermodal points where we need to move passengers or freight efficiently from train to plane, or from ship to truck. As a country, if we succeed in strengthening these key linkage points between modes, we will succeed in maintaining our competitive edge in providing a flexible, responsive and market-oriented transportation system. If we fail adequately to address intermodal concerns, transportation bottlenecks with significant economic ramifications will emerge.

ISTEA provides the mechanism we need to seek flexible, market-driven solutions to our intermodal problems. It does so through the vision it provides on intermodalism. It does so by requiring active state and local participation at every stage in the formulation of policies tailored to local needs, and in the final decisions about funding priorities.

The marketplace is already moving in the intermodal direction. Our most effective, most competitive transportation companies today are integrated intermodal operators. We need to make certain that our institutions, regulations and policies at the state and federal level keep pace and facilitate further movement in overcoming intermodal obstacles. This will keep American markets well-functioning and competitive.

I've visited intermodal facilities throughout this country. In Huntsville, Alabama, for example, airport authorities are developing an international cargo terminal that ties together aviation, rail and highways. In Atlanta, every time you ride MARTA into town from the airport you participate in another kind of intermodalism. In Denver, the new HOV lane down Interstate Highway 36 is an example of intermodalism because it combines highways and mass transit.

Overall, intermodalism is clearly the wave of the future. It's the best solution to congestion problems. It's the best solution to jobs and economic growth. I encourage you to seek ways to help this big idea take root in your state, in your community.

Intermodalism is then, one of the cornerstone principles of our approach to transportation spending. Let me give you just a brief progress report on the FY 1993 budget as it works its way through Congress.

The President's 1993 budget achieves needed federal aid highway spending without breaking the 1990 budget agreement. Our budget proposed total obligations of \$19.2 billion -- a 13 percent increase over the current \$17 billion. Final House action was based on breaking the 1990 budget agreement. If the bill is left in its present form the President's senior advisors would recommend that he veto it.

Senate Committee action, on the other hand, does not break the budget agreement. But Senate funding of special earmarked projects reduces money available for highway spending by nearly \$1 billion below the President's budget.

I'm hopeful that responsible Congressional action will ultimately result.

Finally, I'd like to talk with you about one very important policy area where ALEC could make all the difference: trucking deregulation. We need reforms at the national level -- the Bush Administration is working on that. We need reforms at the state level -- and here ALEC can take the lead.

Remaining economic regulation of the trucking industry is costing our economy between \$3 and \$8 billion a year. This drain on resources can no longer be tolerated. We must remove remaining federal and state economic regulations on the trucking industry.

You may ask: What's in it for the states?

States spend \$71 million a year just for economic regulation of trucks, so deregulation is a budget issue. But that's just a drop in the bucket compared to how much your constituents will save from deregulation at the state level.

For example, if you are from Texas, trucking regulation cost your constituents between \$1.1 and \$1.3 billion a year. In Pennsylvania, your constituents pay as much as \$433 million a year for those unnecessary regulations. And in Illinois, economic regulation of trucking costs an estimated \$729 million a year.

Most of the impact is on consumer goods. For example, \$700 million to \$1.3 billion is added to the cost of food products because of remaining economic regulation of trucking.

That amounts to a hidden sales tax on one of the few areas of consumer expenditures that many states don't even tax. If your state legislature tried to enact such a tax, you'd all be turned out of office in a minute. Yet the drain continues.

State regulation also hampers manufacturers and retailers from being competitive in world markets. For example, the auto industry pays directly \$310 to \$565 million a year in extra costs because of state economic trucking regulation.

Trucking deregulation has taken on added importance with the approaching North American Free Trade Agreement. U.S. trucking companies are well positioned to take advantage of the business boom that is certain to result from this agreement. How can we knock down the economic and trade barriers between nations if we still have regulatory walls at home?

The answer is obvious. If we are going to provide for sustained economic growth -- and we are -- then we must give our industries important assistance for lowering their costs.

Removing the remaining state and federal economic regulations from the trucking industry is exactly the type of assistance we need.

So I ask you to join me in the twin causes of trucking deregulation and intermodalism. Together our partnership can continue to make a significant difference in transportation.

When General Eisenhower was asked how he managed to keep all the diverse elements together in the battle of Europe, he said "Sir, it is one team or we lose." I'm proud to be on the same team with you because together we will surely win.

Thank you very much.

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