

SECRETARY OF TRANSPORTATION ANDREW H. CARD
MOTOR VEHICLE MANUFACTURERS ASSOCIATION
JUNE 19, 1992
DETROIT, MICHIGAN

It's a great pleasure to join you for your annual meeting. This is the latest stop in what has been a very busy two days here in Detroit. I must say, the time has been very well spent, and I've enjoyed every minute of it.

Review of Meetings with the Big Three

Thursday morning, I got a firsthand look at some of the reasons why "Quality is Job One" at Ford.

- Crash test was dramatic demonstration of air bags.
- Test drive showed potential of alternative fuels.

From Ford, we went to Chrysler to talk to Bob Eaton and several of his executives. I got to drive a Dodge Viper over to Chrysler's impressive new Technology Center. Now I really know what they're talking about when they say, "Advantage: Chrysler."

- Technology Center, computer design system are symbolic of U.S. auto industry's future.

This morning, Bob Stempel and his people gave us an excellent briefing and tour of G.M.'s Hamtramck plant.

- Saw Cadillacs and Buicks being produced.

- Took electric car for a spin around test track. It's not an Oldsmobile, but it's one more example of G.M.'s "Power of Intelligent Engineering."

Technology to Address U.S. Transportation Needs

Actually, everything I've seen so far strengthens my conviction that American industry across the board is poised to usher in a new era of intelligent engineering. America has long led the world in technological innovation and expertise, and our motor vehicle industry has been an important pillar in that leadership tradition. Technological innovation in your companies is important to a broad spectrum of U.S. industry, such as Cray and IBM, to name a few.

As a former structural design engineer, I have a definite bias when it comes to keeping America on the cutting edge of technology. There's just no question about it, technological advances are essential to America's success in today's competitive global economy. New technology is critical to achieving important transportation goals -- reducing congestion, enhancing safety, improving energy efficiency, and cleaning up the environment. Last year's historic surface transportation act is helping to advance each of these goals through its support of technological research and commercialization.

A case in point is our Intelligent Vehicle Highway Systems initiative. This public/private venture can help us go a long way toward easing urban congestion and making our roads safer. That's why we'll be providing more than \$600 million in federal funds over the next six years for IVHS research. We're very encouraged by what we're seeing so far.

In March, I was down in Orlando, Florida to help launch the deployment phase of TravTek, the largest IVHS project in the country. We've got excellent private sector partners in General Motors and Triple A, and great public sector partners in the state of Florida and the city of Orlando. We know we can't dictate technological solutions from Washington that will successfully resolve problems faced in the real world. That has to be done by local officials and the private sector. And TravTek is a good example. It's also a good example of how the Administration wants to work with industry in moving U.S. technology forward.

Another example is our Federal Transit Administration's program to advance such transportation technologies as alternative-fueled vehicles.

The motor vehicle industry has been hard at work in developing alternative-fueled vehicles for tomorrow's markets. I salute you for your efforts. Once these technologies become economically viable, they will go a long way toward addressing many of our energy security and environmental challenges. I can assure you that we'll be working expeditiously with you to develop safety standards for these vehicles. We want you to know as much as possible, and as far in advance as possible, just what safety standards we'll be requiring.

The industry's commitment to safety is unprecedented. Of course, the public's interest in safety is also at an all-time high. But your actions show that you're ahead of the curve. You're pushing forward on safety technology as fast as consumers are demanding, and definitely faster than required by government. You're offering air bags on a faster schedule than the law requires, and you are making anti-lock braking systems increasingly available on a wider selection of models. I commend you highly for your efforts, and I'm sure the public does, as well.

Rulemaking that Makes Sense

While the Administration's commitment to safety will remain as strong as ever, we're committed at the same time to rulemaking that makes sense. Too often in the past, the federal government has added to industry's regulatory burden for the sake of making a political point or to appease some special interest. Those days are over -- benefits must justify costs. That means that reasonable solutions with reasonable costs must be found for real problems. We simply cannot allow unnecessary federal regulations to hold industry back.

Of course, that is why President Bush in January ordered a freeze on new federal regulations and a paring down of existing rules. That effort will save American consumers and workers between \$15 to \$20 billion on a yearly basis. That's up to \$300 a year for the average American family. And that's why the President extended his original moratorium for another four months. He's bound and determined to slash the red tape that is choking economic growth through excessive and unnecessary regulation.

I can honestly say that the Department of Transportation is at the forefront of the Administration's efforts in this area. In the National Highway Traffic Safety Administration, and every one of DOT's operating administrations, we've looked at every single regulation with a keen eye as to its usefulness. We're scrapping those that are outdated and no longer necessary. Others, we have either revamped or are in the process of revamping. And for the future -- and there are many rulemakings in the pipeline -- all will be subject to this fundamental test: Is this a rulemaking that makes sense?

CAFE

I know that CAFE is an area of government regulation that this industry is very concerned about. The report by the National Academy of Sciences independently confirms what Detroit and the Administration have been saying for years: The CAFE program is seriously flawed. The study backs up our belief that achievement of energy conservation in the transportation sector cannot rely on fuel economy standards. And it also confirms our findings -- and the simple laws of physics -- that large cars are safer than small ones.

The N.A.S. report exposes the problems of applying a single fuel economy standard to all manufacturers.

We all know there are efficient big cars as well as efficient small cars. And the consumer has a right to choose the size of car that meets his or her needs -- for more space, more performance, more comfort, and enhanced safety. I can assure you that the President will veto any CAFE legislation that threatens to cripple this industry or cost Americans jobs.

The Administration is still looking at long term policy options in light of our experience and the N.A.S. study. Because of the comprehensive nature of that study, we believe we have the information we need to move ahead and formulate policy. I have therefore decided not to proceed with the Phase 2 study of CAFE.

Trucking Deregulation

Trucking is another area where government regulation holds major consequences for your industry. In March, the Administration introduced legislation to eliminate the last vestiges of trucking regulation at both the federal and state levels. The trucking deregulation begun in 1980 has been a huge success, but the remaining regulatory requirements cost U.S. industry and consumers up to \$8 billion a year.

The President is committed to eliminating all state economic regulation of interstate trucking. You should be, too. You have a big stake in lowering your transportation costs. Michigan's economic regulation of trucking costs its own motor vehicles and parts industry up to \$107 million a year. Take all 42 states that continue to regulate trucking, and the U.S. motor vehicles and parts industry pays up to an extra \$565 million a year -- all for nothing! With all the talk about getting an edge on our foreign competition, let me recommend this as a good place to start. I am deeply concerned about the shipping undercharge problem and believe it should be resolved promptly by the Congress as an element of trucking deregulation.

Whether it's the President's moratorium and review or trucking deregulation initiative -- all have one overriding objective: To make the U.S. economy more productive and efficient, and to speed up the recovery. The good news is that the economy is on the upswing. There is now a consensus that we have entered a genuine, sustained recovery. As the New York Times put it yesterday: "Statistical and anecdotal evidence is mounting almost daily that the recovery is gathering momentum."

The Impending Rail Strike

I must, however, speak to a topic of serious concern. It's hard to imagine anything worse that could happen to the economy right now than the possible rail strike next week. And no industry would be hit harder, and faster, than the motor vehicle industry. We know that industries relying on just-in-time inventories would have to begin to cut production almost immediately if hit with a rail strike.

Over the last two days, I've had the opportunity to talk with a number of you specifically about how your companies would be affected. And I know there is no need to drive home just how serious this threatened work stoppage is. It does affect vital industries and jobs across the country. I want to stress the important role you in this room would have to play in a potential crisis. For our part in Washington, we're watching the progress of the negotiations very closely. I have put together a team at the Department of Transportation that is meeting several times daily to assess the situation.

We are hoping that the parties can find an equitable resolution of the rail/labor dispute. John Dingell, who helped work out a swift resolution last year, is also following the labor/management discussions closely.

I met with Congressman Dingell and other congressional leaders on Wednesday about this before coming to Detroit. With the economy on the rebound, it will be extremely unfortunate if this strike occurs. If a work stoppage should occur, it is essential that it be resolved quickly -- we are now a "just-in-time" economy.

Conclusion

I don't want to end on a negative note, however. That would not accurately reflect the current upswing in this industry and its increasing competitiveness.

As I mentioned a moment ago, a prime reason why your industry has become more competitive is its aggressive marketing of safety technology. From our perspective at the Department of Transportation, this makes for a rare case where we can have our cake and eat it, too. Safety and competitiveness -- far from working at cross purposes -- are now actually complementing one another. Of course, advances in safety do not come without cost. And we are fully aware that government regulation at serious odds with market realities will hurt the global competitiveness of U.S. industry.

We must continue working together to develop safety solutions that won't hamper the health of the industry. In the 1970s, relations between industry and our National Highway Traffic Safety Administration too often were hostile and unproductive. Today, I think the mistrust of those days has been replaced with a mutual understanding that is enabling us to move forward more effectively. For example, we're disclosing our long term plans ahead of time. We want to give you adequate time to make changes, hold compliance costs down, and to let us know when you think we're headed in the wrong direction.

In a word, I believe industry and government should work as partners. You can help open our eyes to new approaches to old problems, and we can help pave the way for the commercialization of new technologies, such as electric vehicles and IVHS. In either case, we intend to be fully open with you, and I invite you to be fully open with us. I look forward to such a relationship with you.

Thank you.

###