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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
AMERICAN LEAGUE OF ANGLERS AND BOATERS
WASHINGTON, D.C.
JUNE 5, 1990

Good morning, and thank you for that kind introduction. It is a great pleasure to be with all of you today to talk about one of America's most popular forms of recreation: boating.

This certainly is not news to those of us in the Bush Administration. President Bush would be the first to tell you that recreational boating provides an excellent illustration of several of the Administration's basic policies, and demonstrates how they can be implemented to better serve the public.

One of those basic policies is to reduce the role of the Federal government and return as much control as possible to the States. The new National Transportation Policy, announced at the White House in March of this year, states that: "An essential principle for sound government is that responsibilities should be focused at the level that has the knowledge and understanding of the problems and issues, and the capability to address them most effectively and efficiently."

I think one of the best examples of this principle in action is its application to recreational boating, with problems that vary so widely in different parts of this

beautiful country. Boaters offshore in California certainly have different concerns than those on the lakes or rivers of Nebraska or the Dakotas. And boaters in Florida, where the weather is warm year-round, don't face the same problems as boaters in Minnesota or Michigan.

While the federal government provides assistance through research and other initiatives to address universal problems, the States are in much better position to determine which boating safety programs most directly benefit their residents, and to design their programs accordingly.

In the 1970s, the federal government endorsed this view, and gave the States the primary role in boating safety education and law enforcement. As many of you know, a coordinated federal/state boating safety program began with passage of the Federal Boat Safety Act of 1971, authorizing grants to the States to encourage boating safety initiatives.

Although the 1971 Act went a long way to improve boating safety, it did not fully resolve the problems: A better source of funding was needed.

In establishing the Aquatic Resources Trust Fund in 1984, to include the excise taxes on motorboat fuels and fishing equipment and the import duties on yachts and

pleasure boats, Congress provided a perfect example of a second principle governing U.S. transportation policy: Those enjoying the benefits of particular federal programs should pay a proportionate share of the cost.

Recreational boaters are doing their part. I know that Interior Secretary Lujan has discussed the sport fish restoration side of the trust fund benefits. I will concentrate on the boating safety aspect.

The Boat Safety Account of the Trust Fund works in two very significant ways. In addition to providing funds to assist the States in administering boat safety programs, funds also are provided to the Coast Guard to offset a portion of its expenditures for recreational boating safety. It is a system that works.

A third major policy of the Bush Administration is volunteerism. Your industry is famous for the number and quality of the groups directly involved in promoting boating safety. First among equals is certainly the Coast Guard Auxiliary, which last year celebrated its 50th anniversary. But many other individuals and groups also provide invaluable services to the boating public, including the U.S. Power Squadrons, also celebrating its 75th anniversary last year, and the Red Cross.

Through boating safety education, courtesy marine examinations, on-water safety patrols, and many other

programs, these volunteers contribute immensely to the enjoyment of boating by millions of Americans. We salute you and thank you for your efforts.

A fourth policy is to encourage government at all levels to work closely with the private sector in addressing boating problems. Your industry has been particularly effective in this regard. I know that Anheuser-Busch, for instance, has funded publications on alcohol and water safety, and Allstate Insurance has worked closely with the Coast Guard in distributing information about safe boat trailering practices.

This kind of cooperation by the private sector is essential to the success of boating safety programs, and will continue to be critical to future success.

I believe that these four policies of the Administration are working well together to improve recreational boating safety. I particularly want to discuss one phase of the boating safety program because of its impact on the Coast Guard.

As a result of prior initiatives, and with the assistance of the grants provided through the Boat Safety Account, the States have assumed a greater role in recreational boating safety. This development has been crucial in the past decade, when severe budget constraints forced the Coast Guard to sharply reduce boating safety

personnel in order to meet demands for other missions, such as drug interdiction and military readiness.

The States have done a tremendous job. They rose to the challenge. Through a close working relationship between the Coast Guard, the States, and the private sector, the boating fatality rate has steadily declined.

Although the number of boats in the nation has more than doubled since enactment of the Federal Boat Safety Act of 1971, the fatality rate has dropped from 20.2 deaths per 100,000 boats to an all-time low of 5.0 deaths per 100,000 boats in 1989. This is a great accomplishment, surpassing the goal set many years ago to reduce the rate to 6.0 deaths per 100,000 boats by this year.

However, recreational boating is still the second highest cause of transportation-related deaths in the United States as the number of recreational boats increases and technological advances enhance their speed and power. So despite the decline in the overall fatality rate, some States are experiencing an alarming increase. We must continue to strengthen cooperation between federal and State agencies to address this problem.

The National Transportation Policy specifically reaffirms the Administration's commitment to boating

safety in several areas that directly effect recreational boaters.

First, it calls for maintenance of a strong and effective Coast Guard to protect life and property in the maritime environment, including search and rescue capability. As the Coast Guard celebrates the beginning of its third century of service this year, the mission to protect life at sea remains a primary focus of its many and varied responsibilities.

Second, while the enforcement of *all* safety laws is important, the NTP stresses the need to implement a program for cooperative enforcement with the States of "boating while intoxicated" standards.

Third, we must protect the quality of the environment. Pollution of the marine environment comes in many forms, not just major oil spills such as the tragedy in Alaska, but in smaller forms such as throwing plastic goods over the side of a vessel.

International maritime pollution treaties, as well as our own laws, must be strictly enforced. The Coast Guard is stepping up its efforts, and we seek the help of the States to ensure that the quality of our waterways, and their enjoyment by the American public, will not be diminished.

In closing, I want to thank all of you for taking the time to participate in this conference. "Chartmaker 2000" is a wonderful theme. Let me assure you that the Coast Guard and the Department of Transportation will work with you every step of the way, both during this conference and in the years ahead, as you chart a course for the year 2000.

Thank you and God bless you.

5:30 p
6-8-90

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
THE PRIVATIZATION COUNCIL'S FOURTH NATIONAL CONFERENCE
WASHINGTON, D.C.
JUNE 11, 1990

Thank you, Steve, for that kind introduction. I am delighted to be here today with so many people who understand the importance of the private sector's role in delivering public services.

This topic is particularly relevant today. Our economic strength and ability to compete in international markets is largely determined by how well our transportation system works.

The transportation infrastructure must keep pace with future needs, and I'm pleased to share with you my thoughts on privatization initiatives that can help us reach this goal.

At the Department of Transportation, our primary goal is to ensure that this nation's transportation system is efficient, cost-effective, and, above all, safe for the American public.

While the federal government continues to play a preeminent role, the primary task now is to find methods to encourage state and local governments and private industry to increase their commitment to

rebuilding highways, bridges, railroads, mass transit, and airports.

The driving force behind privatization is, therefore, stronger because the need for investment in our transportation infrastructure may exceed government resources at all levels. In short, we need the private sector like never before.

As many of you know, the President announced the National Transportation Policy in March of this year. In his announcement, he made it clear that the Administration supports privatization as a way to meet the challenge of expanding and rebuilding our transportation infrastructure.

In this process, it is vital that we use public resources more efficiently, and recognize again that the money, management skills, and creativity of the private sector can make the critical difference in reaching public policy goals.

The fact is, our transportation system is already based to a large extent, on private investment. Of the total U.S. investment of more than five trillion dollars for all civilian vehicles, transportation facilities and basic infrastructure, the public share is roughly \$800 billion or one-sixth. The rest is privately owned.

The National Transportation Policy working group, which I co-chaired, gave very specific policy directions on public/private partnerships in the 1990s. In our year-long research and drafting process, more of us became convinced that the success of federal transportation policies lies in their ability to unleash private resources.

That's why the President's Policy commits us to "continue efforts to increase private sector involvement in . . . high speed passenger rail, mass transit operations, airports, air traffic control towers at low-activity airports, toll roads and bridges and intermodal facilities."

The bottom line is that public/private partnerships and fully private initiatives can improve transportation services at the local level. It brings market forces to bear on the allocation of scarce resources. We are seeing the results in mass transit, privately built and operated toll roads, and the new technologies surrounding Intelligent Vehicle Highway Systems, and high speed rail.

Privatization also encourages management at its best, improving public services by sharpening the sense of local involvement in solving transportation problems. But the real advantage of public/private partnerships is

that they make things happen, and build things that would not be built otherwise.

For example:

- Here in the Washington area, a public service corporation has been formed to construct an extension to the Dulles Airport toll road;

- In Orange County, California, a partnership has been created to build three state-of-the-art toll highways;

- In Orlando, Florida a cooperative agreement was signed recently to begin testing an Intelligent Vehicle Highway System, which is expected to provide safer and more efficient use of existing highway capacity;

- In New York City, over \$100 million in transit improvements were funded by the private sector;

- In Boston, a private developer leased the South Station, then rehabilitated it and added a downtown mall. He now maintains the space and rents it from the transit agency.

- In the Meadowlands in New Jersey, a developer is proposing to continue a project which will tie together several rail lines, thereby improving access to Manhattan and developments in the Meadowlands.

- In Seattle, Washington negotiations have led to nine joint development agreements between Metro and private developers. These projects provide new development for the private sector in Seattle, while saving the City of Seattle and Metro over sixteen million dollars in land acquisition costs.

These and other projects recognize the non-federal role in building transportation infrastructure. Innovative financing, tolls, and other mechanisms should be used to a greater extent, and federal policy should support this kind of creative thinking.

Public/private partnerships are not limited to infrastructure, but also make great contributions to safety, which is -- and always will be -- the Department's highest priority.

The Network of Employers for Traffic Safety (NETS) program is a partnership between the National Highway Traffic Safety Administration and corporate citizens who pursue the good business of highway safety.

I was Deputy Maritime Administrator in 1987 when the Maritime Administration's Computer-Aided Operations Research Center (CAORF) was transferred to Marine Safety International.

CAORF houses one of the world's foremost marine simulators. The computer-aided simulator trains future merchant mariners. It tests and evaluates a number of factors affecting ship operating safety. And it has produced impressive costs savings for ports by determining the proper width of navigation channels prior to undertaking channel deepening projects. Marine Safety International uses its management skills for maritime safety and makes a profit at the same time.

One of the outstanding public/private partnerships in safety exists in the Department's Transportation Test Center (TTC) near Pueblo, Colorado. It was developed and built by the Federal Railroad Administration. A few years ago a sole source contract was awarded to the Association of American Railroads (AAR) for the care, custody, and control of the Test Center.

What has been the result? AAR's qualifications and understanding of railroad problems are unchallenged. Its management has stimulated clients who otherwise might not have used it for research and testing. It has stretched FRA research dollars.

There is no question that we have seen the power of privatization. As many of you remember, a few years ago we put Conrail on the New York Stock Exchange. The railroad had been a drain on the taxpayers for

years. Conrail was the biggest privatization effort in U.S. transportation history. In defiance of many who doubted the chance for success, the entire stock issue was sold before the final bell rang on Conrail's first day on the Exchange.

Privatization of Conrail represents a milestone of the '80s. Let me now talk about a privatization effort that has been the subject of some discussion recently.

Privatization of public airports has been widely advocated as a way of improving the efficiency of existing airport facilities, raising capital to build new capacity, and transferring this important element of the air commerce system to the private sector.

While we endorse airport privatization as a policy concept -- it is clearly stated in our National Transportation Policy -- we are reviewing the factors that must be balanced in deciding what form airport privatization best serves the public.

The present system relies on federal investment to provide needed airport capacity. Current federal law requires preservation of the federal investment in a working airport. This legal requirement poses two fundamental questions. First, is private capital available to substitute for federal investment? Second, what, if any, limits should be placed on transferring the federal

investment to the private sector? There are no easy answers.

On the first issue, you may know that we already have several privately-owned airports, including Burbank, California, and Wilmington, Ohio. These are small general aviation airports, but they demonstrate that there is nothing to prevent private construction and ownership of an airport.

In addition, private investment is growing in hotels and other service-oriented shops at airport facilities. We support this trend. It is good for business and consumers, good for the airport, and good for the economy.

Regarding the second question, several federal statutes and regulations limit the ability to approve any sale of the federal investment in airports. For example, current law requires that revenues generated by the airport must be kept in the airport for airport-related purposes. Simply put, all revenues must remain in the airport. There is little incentive for private investment.

If the current prohibition were lifted, private investors may have greater incentive to purchase existing airports, and hopefully operate them more efficiently.

What happens to the proceeds from the sale of an airport is another important issue that must be explored. We need to study how current airport owners would use these funds, including the possibility of converting them to non-airport uses.

Transferring control of airports also involves the issue of airports as monopolies. The question is: Does an airport have monopoly power, and if so, are there privatization forms that permit power to be transferred from the government to the private sector? We must decide whether regulation of landing fees, access rights, and similar rules governing airport/air carrier relationships are even necessary.

Similarly, to what extent would free market principles of supply and demand constrain a private airport owner's charges to air carriers? We are studying these questions, and seek answers that promote privatization without jeopardizing the public interest.

As you may know, the United Kingdom has privatized its four largest airports. While this permits the British Authority to exploit commercial assets and diversify into non-aviation areas, British aviation is still very heavily regulated. Government formulas determine precisely the amount and yield of landing fees.

In fact, the governments of the United States and the United Kingdom are currently involved in arbitration over the reasonableness of these fees.

Regardless of the hurdles, we at the Department are committed to fostering an environment where competition can flourish. Our goal is an American transportation network which combines the best elements of the public and private sectors in a natural partnership that responds to changing needs and draws strength from the diversity of its participants. These are not unrealistic expectations. They are real possibilities and essential to the economic health of our country in the 1990s and beyond.

I ask you to join us in this journey. There may be occasions when you'll be asked to moderate your enthusiasm temporarily, and to have patience while those of us entrusted with protecting the public interest do our jobs. But if you in the private sector remain resourceful, innovative, and fair, your accomplishments for America will leave their mark on the 1990s.

The fact is, government at all levels should treat the private sector as an ally and a valuable resource for meeting our transportation needs. Restoring a measure of market incentives to transportation can only improve service to the traveling public.

The dramatic crumbling of non-market economies in Eastern Europe proves that the 90s and the next century are meant to be claimed by free market practitioners. The economy we nurture in this effort will yield its most bountiful product: A strong and free United States of America and a safer, more prosperous world.

Thank you and God bless you.



U.S. Department of
Transportation

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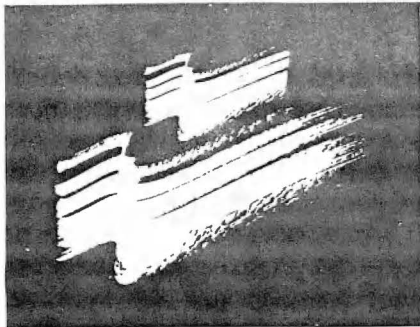
Contact: Becky Sullivan
202/366-4531

M E D I A A D V I S O R Y

Washington, D.C. -- On Friday, June 22, Deputy Secretary of Transportation Elaine L. Chao will address the Commonwealth Club of California in San Francisco. Her address, "Transportation: A Key to Global Competition in the 1990s", will be at noon at the Nikko Hotel. The talk will be broadcast to the National Public Radio satellite.

On Monday, June 25, Deputy Secretary Chao will participate in a ceremony inaugurating the Pathfinder Project in Los Angeles. The ceremony will begin at 10:00 a.m. at the California Department of Transportation's (Caltrans) District Office at 120 South Spring Street. Pathfinder is a cooperative research experiment between the Federal Highway Administration, Caltrans and General Motors to assess the feasibility of automobile in-vehicle navigation systems for improving traffic flow.

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Moving America Into the 21st Century

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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
COMMONWEALTH CLUB
SAN FRANCISCO, CALIFORNIA
JUNE 22, 1990

TRANSPORTATION: A KEY TO GLOBAL COMPETITION

Good afternoon, and thank you, Diane, for that generous introduction. It is just great to be back home in California and especially to address the largest public affairs forum in the United States.

I am honored to join those of you providing leadership to America's most dynamic region. I am so pleased to see so many familiar faces in the audience.

Since its founding 87 years ago, the Commonwealth Club has been known for its dedication to the impartial study of significant issues facing our nation.

One such issue which has been very much in the news of late, especially here in California, is the state of our transportation system. I'm pleased to be here today to talk to you about how the Bush Administration views the federal role in transportation and its relationship to our ability to compete in the global marketplace.

Earlier this year, Secretary Sam Skinner and I were at the White House with President Bush when he released the Administration's Statement of National Transportation Policy. I co-chaired the team which developed the policy, and today I am more convinced than ever that the President was right when he said:

"On the ground, over the waterways, in air and space, our mission for the next decade and the next century is to build on those achievements, to ensure connections among all parts of the United States and with the world. Our competitive success in a global economy depends on it."

Anyone in this room who has ever met a payroll, decided where to locate an office or factory, or worried about return on investment, knows full well that our transportation system is a key to global competitiveness.

Nowhere is this fact more apparent than here in California. This State has enjoyed tremendous growth in the last two decades. Of course, this is in part a tribute to our delightful weather. More important, however, is our entrepreneurial spirit, the resourcefulness of our workforce, and the economic and personal freedoms which have, over the years, been so carefully nurtured and protected by both the leaders and the people of this great state.

It is also, in my view, a testimony to our first-rate system of interstate highways, railroads, airports, and seaports.

California has become the sixth largest economy on earth, measured in terms of gross national product. That never would have happened if California didn't have the vision to plan and build the capacity to move millions of people and billions of tons of freight in an efficient and cost-effective way.

It must be clear to all of us that California is destined to consolidate and enhance its role as a major center for the development of the world economy. I would argue, however, that California can safeguard its economic future only if it shows the same foresight with regard to transportation that made it the world leader it is today.

Old attitudes are changing. Trade doors are opening and restrictions are easing. Asia's emergence as a center of global economic growth has made the entire Pacific rim a hotbed of new and expanding challenges. Europe is uniting to form a formidable economic block, and, having thrown off the yoke of communism, Eastern European markets offer opportunities of which we are only beginning to catch a glimpse.

The potential is great, and we can expect the competition to be fierce. The question is: Are we ready for it?

The Administration's National Transportation Policy recognizes that the foundation of the Nation's Transportation

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system is its infrastructure - our bridges, highways, airports, rail lines. Ports and waterways, pipelines and other fixed facilities.

As in any well run business, we must maintain these existing transportation assets, use them efficiently, and devote the resources necessary for reinvestment and expansion.

In short, by supporting the efficiency, capacity and performance of the nation's transportation system, we will be supporting the growth and strength of our national economy. And the President's National Transportation Policy was designed expressly with this goal in mind.

Because investment in transportation is vital to the health of local, state and regional economies, the federal government must be joined by state and local governments and the private sector in managing our transportation resources. This is a shared responsibility and, I believe, a shared opportunity.

We stand on the threshold of a new era in the history of transportation in America. Over the course of the next 18 months, Congress will be considering reauthorization of the federal aviation system, mass transit, highway and highway safety programs. This is a watershed opportunity to revise and reinvigorate the federal partnership with other levels of government and the private sector which extends to all modes and all aspects of the nation's transportation system.

No place is more aware of the sacrifices that a congested transport system imposes on its people and economy than California. Drivers statewide waste more than 400,000 hours a day because the average urban highway speed has fallen to about 20 miles per hour during commuter hours; Over 22 million cars, trucks and motorcycles are expected to keep 84 percent of the freeways in Los Angeles and San Francisco at capacity by the year 2000.

California is not unique. Nationally, highway travel delays in urban areas now total more than two billion hours a year. The country now has 21 primary airports that each experience more than 20,000 hours in annual flight delays.

The mounting congestion of the nation's highways and airways underscores the vital link between the health of the nation's transportation system, and America's competitiveness and economic standing in the world. We are paying the price for congestion in billions of dollars in lost economic productivity and threatened international competitiveness.

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Indeed, while some might question whether we can afford to solve our transportation problems, I would ask, "Can we afford not to?" And to that I would add that simply spending more tax dollars is not in itself the answer: We must do things right, and we must do the right things.

These dual threads of efficiency and effectiveness are woven throughout the fabric of the National Transportation Policy. Whether fostering better planning and decision-making, increasing flexibility for state and local governments, encouraging new technologies, or protecting the environment, the National Transportation Policy recognizes and responds to the fact that our quality of life and economic vitality depend on an effective and efficient transportation system which serves all Americans.

Again, California leads the way in understanding the problem and is experimenting with exciting and innovative solutions. The recent passage of Proposition 111, the gas tax increase, has been interpreted by some as a message to Washington that the voters are now willing to raise taxes. I disagree.

In my opinion, Proposition 111 does not herald a new era of unlimited taxes and unlimited spending. Rather it signals that voters are willing to step up to the plate when they know that their money is going to maintain and improve transportation. Californians have stepped up to the plate, and voted to apply specific funds to a specific need.

It's important to understand that Proposition 111 was just one part of a complicated legislative package which makes significant reforms in the transportation planning and decision process here in California. In that sense, Proposition 111 means a lot more than simply throwing money at the problem. It recognizes that "business as usual" will not solve the State's transportation problems, and that what's needed are flexible approaches to congestion relief, innovative financing mechanisms, and a sensible balance among transportation, air quality, and economic development objectives.

These approaches include:

- o A flexible congestion relief program;
- o A transportation privatization program;
- o A program to "fast track" delivery of critical state highway projects;
- o An environmental enhancement program;
- o A state-local transportation partnership program;
- o A highway systems operation and protection plan; and
- o A commuter, inter-city and urban rail transit program.

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And these are just some of the exciting initiatives which California has undertaken. Because of the leadership provided by Governor George Deukmejian, California has taken an important step toward guaranteeing its transportation future and its ability to compete in the global marketplace.

This diversity of approaches is exactly what we envisioned in the President's National Transportation Strategy. Better management of assets, better system utilization, more flexibility in investment decisions, active pursuit of technological and system innovation, less regulation and fewer barriers to healthy competition, and protection of the environment and quality of life: these are all cornerstones of the National Policy.

It seems that we are forever rediscovering the old economic truth about competition. Michael Porter, a professor at my alma mater Harvard Business School, did a study of 10 nations to determine the secret of economic success. The result is a book called "The Competitive Advantage of Nations."

Dr. Porter's finding was essentially the same as Adam Smith's: Competition is the difference between economic success and failure.

Competition provides the incentive to reduce costs, increase quality, and introduce new products.

The Administration's transportation strategy is based on the fundamental belief that America's transportation system needs competition, and that our ability to compete in world markets requires a longer-term strategic approach.

Let me comment on just a few of the specific policy initiatives contained in the National Transportation Policy which advance these dual goals of competition and competitiveness.

One is based on the recognition that innovation and technological advances within the transportation field will be vital to ensure that the nation's transportation needs are met in the 21st century.

Surface transportation, for instance, can be made safer and more efficient through intelligent vehicles and highways. The evolving array of advanced communications technology could some day give drivers immediate traffic information over special navigation units in their cars.

High speed trains, monorail, and magnetically levitated railways are also promising technologies we are only now

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beginning to explore. Tilt rotor aircraft may change the way people move between relatively close cities, and help alleviate our need for increased airport capacity. A new generation of aircraft that travels at more than five times the speed of sound may one day command the attention of air traffic controllers.

I would hasten to point out that we don't have to wait for these new technologies to mature: existing technologies can make a significant impact right now.

For example, major arterials next to urban freeways often have significant unused capacity. The Smart corridor project underway on the Santa Monica Freeway in Los Angeles will help us learn how to tap this existing resource.

Something as seemingly unexotic as synchronizing traffic signals can also significantly improve the capacity of major roads, as can coordination of peak hour parking restrictions among various municipalities.

Clearly there is no shortage of innovative ideas that can be applied, but we need to use our imagination and work together to make them happen. The National Transportation Policy envisions a shared effort between government at all levels and the private sector to better spur innovation. All innovation, whether in technology or financing, flourishes in a decentralized environment. That is why we in Washington are calling for more flexibility for our state and local counterparts, and the private transportation industry as well.

Flexibility means first and foremost that Washington must lift the heavy hand of government. It must let the marketplace do its work, and let state and local officials explore their options more efficiently, tailoring local solutions to local needs.

And speaking of flexibility and innovation, I should mention the market-based approach that the San Francisco Bay Area Economic Forum has developed in response to this region's air quality requirements.

The Forum is a public-private partnership between the Bay Area Council and the Association of Bay Area Governments. It believes that greater reliance on transportation user fees will balance supply and demand, and offer a more cost-effective way to relieve traffic congestion and comply with air pollution standards. This is a more reasonable approach. It avoids the burdensome regulations which are being forced on businesses and residents of Southern California.

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More flexibility at the state and local level is essential to keeping America competitive. It will help ensure that consumers get the best service at the lowest possible prices. This has been amply demonstrated by the deregulated transportation market of the past decade.

The first argument for deregulation in a free market is that it works. It works on the bottom line of the balance sheet of truckers, shippers, airline travelers, and every consumer in America. A significant amount of the \$140 billion in savings from transportation deregulation has been passed on to consumers, either directly or in new efficiencies.

Second, the original fear that small and rural communities would be abandoned in a free market turned out to be a false alarm. The United Parcel Service, for example, now serves every address in the United States, the same as the U.S. Postal Service.

Third, there is no foundation to the charge that economic deregulation has affected safety. Safety records in transportation are unsurpassed, and safety will always be the highest priority of the Department of Transportation.

Deregulation and flexibility, however, are only one side of the coin. The other side is responsibility to operate, maintain, and expand what has been built. That means, in many cases, raising revenue in the form of user fees. The National Transportation Policy explicitly recognizes that all levels of government have a role to play in this. Contrary to some press reports, the Department is willing to take the heat by proposing to increase user fees, where appropriate, to meet needs. We are doing it in aviation, maritime, and rail.

In the face of these developments, it is clear that the Federal government's commitment to transportation has not slackened. In fact, our strategy calls for a new federal emphasis on maintaining infrastructure, investing in R&D, and expanding capacity to achieve national objectives.

President Bush is committed to allocating \$390 million, a seventeen percent increase, for an array of important, innovative transportation technologies. Over time, this investment will yield knowledge, products, and processes that will enhance economic growth, spur U.S. competitiveness, and improve the quality of life of all Americans. In the Department's 1991 budget request \$18 billion or two-thirds is for infrastructure. That's an 11 percent increase over last year's budget.

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In short, the Federal investment will still be there, and this Administration fully intends to uphold its end of the transportation partnership. Our commitment is strong, and that fact should not be lost sight of.

Already the strategy has provided the framework for a legislation to reauthorize the Federal Aviation Administration. The proposal calls for a 73 percent increase in capital and research spending over the next five years. Our proposal would repeal the Federal prohibition against local airports levying a passenger facility charge to expand facilities and provide needed new capacity.

The National Transportation Policy also recognizes that good intermodal connections to ports and other facilities of national significance is crucial if American business is to meet the challenges of the global marketplace. When such ground access connections are inadequate or fall into disrepair, shipments can be delayed, inventory costs increased, congestion worsened, and environmental opposition created.

The Department of Transportation is concerned about the adequacy of surface access to airports and seaports. Rails and highways must be able to move the U.S. freight and passenger traffic efficiently and safely.

This concern led to a recent meeting at the Department of Transportation involving top DOT managers, the representatives of 10 ports to discuss land-side access problems. As a result, they've established a working group to identify specific techniques and guidelines for correcting port, rail and highway access deficiencies.

That is an example of what I call practical intermodalism, and it is exactly the kind of dialogue that demonstrates the heart of the national transportation strategy.

Today, I've mentioned the words challenge, opportunity and responsibility more than once, and I can assure you that it is no accident. Like love and marriage in the old song, it seems you can't have one without the other. President Bush has said that the National Transportation Policy must be a vital agent for change. To accomplish that, the policy must embrace the challenges, the opportunities and the responsibilities that lie ahead.

We, the Federal Government, can't do it alone; we need your help, your guidance, your energy, and your inspiration. Working together, as full and equal partners, we can make sure our

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nation's transportation system enhances our ability to compete worldwide. And when that happens, all of us, and our children after us, will reap the benefits.

Thank you and God bless you.

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Moving America Into the 21st Century

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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
MEDIA BRIEFING ON PATHFINDER SYSTEM
LOS ANGELES, CALIFORNIA
JUNE 25, 1990

Thank you very much. I am delighted to be in my home state this morning, to congratulate the State of California for its leadership in implementing the Pathfinder system. With this Intelligent Vehicle Highway System (IVHS), Los Angeles leads the nation in revolutionizing transportation in the 1990s.

Caltrans, General Motors and the Federal Highway Administration deserve special commendations for exploring this new technology, which may become a useful tool for reducing traffic congestion in California and the nation.

I co-chaired the President's National Transportation Strategy working group. One of the points that came up frequently in our policy development process was the need to use technology to the fullest extent possible to relieve traffic congestion and improve highway safety. The President's statement specifically urges us to "work with private industry and state and local governments to develop IVHS."

I am pleased that Pathfinder is the first such "smart car" and "smart highway" system to move from the drawing board onto the highway. As such, it will provide a wealth of data for other systems, save lives, and make our country more competitive.

Actually, the Pathfinder system is of national importance for three reasons.

One, I cannot emphasize too strongly the importance of partnership in solving our transportation problems. Pathfinder is a truly outstanding example of the kind of public/private partnerships needed to prepare our national transportation system for the 1990s and beyond.



This experimental project has \$900,000 in Federal Highway Administration funding, with General Motors providing 25 cars equipped with the special technology, and Caltrans, providing technical and managerial skills to oversee the highway systems. In its broadest sense, Pathfinder is a partnership with the people of the Los Angeles area who are noted for their pioneering outlook.

The second important aspect is that systems like Pathfinder have the potential to improve highway safety. It will have route graphics and voice commands that reduce driver distractions, and provide advance warnings to avoid hazardous conditions.

Finally, Pathfinder and its sister systems to follow will sharpen America's competitive edge. As President Bush has said: "No sector is more important to the American economy than transportation. As world trade grows even larger, as we continue our leadership in an increasingly global society, we will become even more dependent on transportation than we are today."

The bold technology initiated here today may lead the way to highways across this country that are less congested and more productive. The net result will be a more competitive America.

Again, I salute the State of California and General Motors for working together to promote Pathfinder. We at DOT are proud to back your efforts, and wish you every success.

Thank you very much.