REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION
ELAINE L. CHAO
U.S. COAST GUARD FOUNDATION PACIFIC AREA AWARDS DINNER
MAY 3, 1991
SAN FRANCISCO, CALIFORNIA

Thank you, Admiral Kime.

It is an honor and great pleasure for me to be here tonight. I'd like to add my thanks to everyone involved for their efforts, particularly the Coast Guard Foundation. You do a magnificent job of helping us take care of the outstanding men and women in the U.S. Coast Guard.

As we recognize and celebrate the achievements and contributions of those we honor here tonight, I would like to tell you a little about my perception of the United States Coast Guard.

America continues to face many challenges. And, in many areas, the American people look to the Coast Guard with high expectations. As the Coast Guard enters its third century of service to this nation and mariners throughout the world, it gives me a great sense of pride when I look at the vital jobs that they do so well, every day.

I think you'll agree that the simple facts tell an impressive story. On an average day, the U.S. Coast Guard saves 11 lives, assists over 300 people, and saves

approximately $3 million in property. On that same day, our Coast Guard men and women respond to over 23 spills of oil and hazardous chemicals, inspect over 90 commercial vessels, investigate 26 marine accidents, and service 117 Aids to Navigation. During that same 24-hour period, they seize marijuana, cocaine, and other illegal drugs with a street value of over $4 million. It is no wonder that the Coast Guard has a well-earned reputation for being such a cost-effective investment for the American taxpayer.

But, simple statistics only tell a portion of the story. The rest of the saga is found in the chapters written by our people, such as those we honor here tonight.

- The men and women of a remote Coast Guard station who have excelled in their jobs, while at the same time helping themselves and their community.

- A young officer who brought effective law enforcement and maritime safety to a distant U.S. Territory.

- A Petty Officer whose story exemplifies living up to the Coast Guard's reputation as "The Lifesavers."

But the story is also told by many others -- the pilots, the cuttermen, the seamen, the crewmen, the

inspectors, the boarding officers -- and all the rest who protect the mariners and their environment, while serving our country's vital national interests in so many ways. From the Persian Gulf to the Gulf of Alaska, and wherever duty calls, the Coast Guard is there -- Semper Paratus; "Always Ready."

I am extremely proud of our dedicated men and women, and I would like to thank you for this wonderful salute to our United States Coast Guard.

Thank you.

REMARKS OF DEPUTY SECRETARY ELAINE L. CHAO
LANDSTAR ANNUAL MEETING
NASHVILLE, TN
MAY 10, 1991

Good morning. I want to thank Jeff Crowe for inviting me to speak to you today. Tom Donohue also told me that you had a great team and that I had to come to Nashville. And when Tom speaks, I listen. But I always hate following Tom on the program. It's like following Moses after he brought the tablets down from the mountain top.

As Tom discussed earlier, at the Department of Transportation, our main goal right now is reauthorization of the Surface Transportation Assistance Act of 1991. Why? Because America's future standing in the world economy will be seriously jeopardized without a sound transportation infrastructure to support a growing economy. The fact is, no nation can be a world class competitor without a world class transportation system.

Our competitors know this all too well. Japan and Germany spend, respectively, an average of 5.1 percent and 2.5 percent of their Gross Domestic Product on infrastructure. By comparison, the United States spends less than 1 percent of its annual GNP on infrastructure. That figure was down as low as 0.3 percent in 1982. Is it any surprise that Japan and Germany have enjoyed productivity growth rates more than triple the U.S. growth rate?

The stakes for the U.S. economy are high: transportation accounts for 17 percent of GNP and 20 percent of consumer spending. This is why, when President Bush identified his immediate domestic priorities last month, transportation was among the top four items on his list.

To date, America has made an enormous investment in highways and mass transit. On the interstate highway system alone, this nation will have spent $129 billion by the time it is completed. Since the era of constructing this Interstate System is virtually complete, the debate now centers on how to maintain and maximize upon that investment. To do that, we are proposing to spend $105 billion, nearly as much in five years as the cost of the entire Interstate System.

I'd like to touch on a couple of aspects of our bill that are designed to keep the trucking industry competitive and in turn keep America competitive.

Our bill will allow for the movement of people and products faster and more efficiently. Congestion costs interstate commerce over $35 billion a year, seriously hampering America's productivity. But I don't need to tell you that. You live with congestion each and every day. This is why we support a targeted National Highway System of 150,000 miles to connect people and jobs, products and markets.

Attention must be focused on ensuring that highways of national importance are properly maintained, that steps are taken to enhance the carrying capacity of existing roads or, where necessary to provide for additional capacity. The National Highway System will serve major population centers, rural areas, ports, airports, and international border crossings. New capacity on beltways and bypasses in urban areas will have separate lanes for through traffic to help reduce the impact of congestion on Interstate traffic.

You know the American Trucking Association has a motto -- "without trucks, America stops." Continuation and maintenance of the National Highway System will ensure that you keep America moving.

We need only look back at the role the trucking industry played in keeping Operation Desert Storm moving. Many of you were busy hauling munitions and explosives from military installations like Ft. Bragg, Ft. Knox and Ft. Campbell to key ports like Jacksonville, Florida, and Savannah, Georgia.

The sucess of Desert Storm highlighted what we knew all along -- that the trucking industry plays a major part in our defense readiness capabilities. And the National Highway System -- which after all was built by President Eisenhower as a strategic transportation defense network -- makes it all possible.

Recently bills have been introduced in Congress to reauthorize the Surface Transportation Act without a National Highway System. To quote a familiar sales jingle, don't be fooled by imitations. The lack of a National Highway System fails to enhance the Interstate System. You rely on that Interstate System. And as the primary users of that system you continue to pay for it. Truckers pay 40 cents of every dollar into the Highway Trust Fund. You deserve an adequate return on that investment.

The Landstar companies do business all over the continental United States and thus you have to adhere to 48 different sets of state rules, licensing and permit procedures. Our bill will keep the trucking industry strong and competitive. It mandates uniformity of state registration and taxation requirements and goes a long way toward removing the regulatory burden imposed upon on the interstate trucking industry by the states.

Deregulation continues to play an important role in our thinking at DOT. We advocate repeal of all remaining Interstate Commerce Commission regulations on trucking. The 1980 regulatory reforms gave us a leg up on many of our trading partners, which still maintain heavy-handed regulation of trucking. However, I believe that advantage is threatened.

From all reports, truck transportation within the European Economic Community is slow and inefficient, as well as more costly than in the U.S. Most EC nations regulate trucking both internally and internationally, and time-consuming customs inspections are conducted at most border crossings.

However, by the end of 1992, the EC plans to abolish virtually all regulation, as well as border customs inspections. The cost advantages gained by U.S. shippers in 1980 could be lost because of the anticipated gains in EC transport efficiency. As a result, European goods will become less costly in both domestic and foreign markets. With this market consolidation in Europe and already stiff competition from the Pacific Rim countries, our industries must be able to ship their goods in the most efficient way possible.

This Administration is strongly committed to meeting this challenge. That is why our bill goes a long way toward preempting the crazy quilt of state regulations that cost carriers and shippers billions of dollars. This includes promotion of one-stop motor carrier operations for registration and fuel tax reporting, proportional distribution of fees based on mileage, a single license plate with no more of those reams of decals, and standardized state-by-state permit practices for overweight and oversize truck movements. Can you imagine life after decals and bingo cards?

You need to be able to run your equipment in all states to achieve the productivity benefits promised you by the Surface Transportation Assistance Act back in 1982. Anything less is unfair. Anything less denies the nation's shippers and consumers the most economical service with the best on-time delivery record.

That's why I find it absolutely incredible the length to which truckers have to go to comply with various state regulatory and registration requirements, fuel tax payments, operating authority rules, and who knows what else.

Equally incredible is the fact that this issue has been around for at least 15 years. DOT has worked on it as has the ATA. While some states have made great strides toward uniformity, others have remained glued to the same position.

Back in 1983, someone tallied up and discovered that to register a truck to run in all 48 contiguous states, a trucker had to file 87 applications, get 84 stickers and submit about 205 quarterly reports. Multiply that by the group of carriers represented here today and the cost to you grows exponentially.

Indeed, the more things change, the more they stay the same. Today, the American trucking industry pays between $1 and $3 billion dollars a year -- a good portion of which could be eliminated -- to fill out different forms for different states. This is an area where productivity can be improved and the price of a product can be reduced. This is also money that

you could put into new equipment, providing benefits both for the consumer and commercial traffic. Instead, it's wasted productivity and wasted profits.

Why does state trucking regulation continue in the face of mountains of evidence that deregulation has worked well?

A Brookings Institute study estimates annual savings of more than $15 billion per year, from trucking deregulation alone. This estimate includes only savings from lower truck rates and private trucking costs. Carriers are able to operate more

efficiently, with greatly reduced empty backhauls, and reduced service times. And $15 billion per year doesn't count savings from inventory reductions enabled by service reliability.

As you know, many businesses have instituted "just-in-time" systems because trucking service is so reliable they don't need large inventories to buffer them against shortages of product and raw materials they used to experience. It was deregulation that lowered total U.S. logistics costs -- costs of managing inventory from the raw materials stage to the point of final consumption: from 14.2% of GNP in 1980 to 11.1% in 1989.

Why should we retain state regulation? Some say it is supposed to protect the motoring public from unsafe trucks. I don't believe that. Fatal accidents were at an historic high in 1979, the year before the tight ICC regulatory era came to a close, and have been lower every year since 1980. In fact, the fatal accident rate per heavy truck mile traveled has fallen 37%. Finally, at the federal level we wised up, gave up trying to improve truck safety using economic regulation, and got serious with safety regulation.

The situation reminds me of a story about a meeting of California voters which was called to consider an increase in school teachers' salaries. This increase would also entail a rise in taxes. A reporter singled out a person who seemed very much interested in schools and asked him to assess the general sentiment.

"Well," he said, "as best I can see it, almost everybody's in sympathy with it, but hardly anybody is in favor of it." I suppose that sums up where we stand on uniformity of state regulations. Lots of sympathy, but little action. Our bill proposes to move this issue off the dime.

I hope we are becoming a proactive Department helping you to compete better, not making competition more difficult. For instance, a year ago this month, we finally resolved your reasonable access problem, ending what had been years of unreasonable restrictions on where you could take the larger equipment that had been authorized by Congress way back in 1982.

State and local impediments prevented you from realizing the increased productivity from operating longer and wider vehicles to travel on off-network roads. we think our reasonable access regulations balanced sound safety criteria with public and industry concerns.

If the United States is to remain competitive in international markets, we can accept no less than uniformity for our trucking industry, and it must come sooner rather than later. I plan to work with Jeff Crowe and Tom Donohue to make that happen.

Let me finish by talking about the Department's top priority -- safety. Our proposal calls for improving the safety of the country's highway systems. This is something I know you are committed to as well.

There was a sentence in Mr. Crowe's very nice invitation to me asking that I speak to you today that struck a responsive chord. He wrote to me, and I quote: "Our annual meeting brings together our agents and owner-operators whom we regard as our business partners." The reason that caught my attention is because it is precisely the way we feel at DOT -- and I would hope you feel -- about the excellent cooperative government-industry relationship we are developing. A partnership, if you will, that has as its number one goal safety.

For example, our bill calls for a focus on combating drunk and drugged driving. It does this by providing new safety bonuses for states that succeed in reducing fatalities, or that have high levels of safety belt use, good emergency medical service programs, or other proven life-saving programs.

I know you understand that drugs and alcohol are a serious safety problem in transportation -- a problem which must be dealt with. We knew it before the NTSB study which found one-third of drivers in 182 fatal-to-the-driver truck crashes tested positive for drugs or alcohol.

I know the majority, the great majority of truckers are drug and alcohol free. You are professional drivers, owners and operators who value safety on and off the road.

We appreciate the cooperation you have given us in implementing the new regulations requiring drug testing in all transportation industries. We've talked to many trucking company representatives at seminars we sponsored around the country to assist private industry in implementing this tough new rule. I know this rule hasn't been easy for you and I assure you of this: we will continue to work with you in every way we can. We both share the same objectives to get drugged drivers and alcohol abusers off our highways.

We also have several relatively new motor carrier safety programs at DOT that impact on Landstar and its partners. First, there is the commercial driver's license program, with its single-license requirement and knowledge and skills testing for driver competence.

We feel this is the program that will do the most to improve commercial vehicle safety. We -- or the states, I should say -- have just issued CDL number 1 million. Stop and think about that for a moment. This program started on July 1, 1987, when the single-license law went into effect. Every state in turn then had to enact its own enabling legislation. They've all done so, and 37 states are issuing CDL's. The rest aren't far behind. Most of them simply waiting to hook into the national computer

driver information network -- another government-industry innovation. We feel confident that every driver -- every qualified driver -- will have a CDL by the deadline of next April 1.

I would like to pause right here though, and solicit your help. Some states are worried because they've issued a lot fewer CDL's than they anticipated. There seem to be three underlying factors for this. One is the passing of misinformation that the deadline is going to be extended. That is not true. The second problem seems to be that some drivers, whose current operating licenses show an expiration date beyond next April 1, feel they don't have to get their CDL until that date. This is also wrong. And finally, another group of drivers seem to be practicing a common trait of human nature -- procrastination. They're simply putting the whole process off; after all, April 1992 is a long way off.

To counter this, last week we began a publicity blitz, contacting the print media, transportation associations like the ATA, truck stops, and radio stations. The message to drivers is a simple one: The 1992 deadline is firm, and after that date you will not be able to drive without a CDL. Mr. Crowe, if you and your 6,000 independent owner-operators would all do what you could to get this word out to other drivers, it would be a big plus for everyone.

Another relatively new program at DOT is the Motor Carrier Safety Assistance Program which provides the states with nearly $50 million a year to conduct roadside vehicle and driver safety checks.

You know, more of the Department's employees are devoted to safety than to any other function. The Office of Motor Carriers' staff of 600, for instance, added 150 field system specialists in the past year.

I know that safety is a top priority for your industry and for Landstar. For the last three years, Landstar's record has been better than the industry's average. And I saw where Jeff Crowe said you're not satisfied with that. That your goal is to set a

new standard of safety for the industry. Jeff knows that safety is not only a human issue but a bottom line issue. I applaud all of you for your focus on safety.

We all know it's not easy out there on the open road. Not when you have close to 200 million vehicles and 165 million drivers of all types and with varying levels of skill, many of them without the same commitment to safety you have. This is where the partnership between DOT and the trucking industry comes in. Together, we are making measurable progress. The rate of trucking involvement in fatal accidents has been steadily declining for a decade and even more improvement can be expected.

This is because truckers have a can-do spirit. I think about my home state of California when the earthquake hit Interstate Highway 880 near Oakland last year. A number of truck drivers in the office of a nearby trucking company were looking out the door at the freeway. They were probably thinking about the loads to be delivered that night. Instead, they saw the top lanes of the highway collapse.

For an hour and a half, the truckers worked alone, pulling people from the wreckage. They even used a crane and stacked containerized trailers on top of each other so they could climb up to reach the victims. They rescued about 40 injured or trapped motorists. When firemen and ~~rescue and~~ rescue crews arrived, the truckers led them to those they'd been unable to free.

America can be proud of the trucking industry. You have helped to build the strongest economy and most powerful nation on the face of this earth.

In closing, let me thank you for your support of our reauthorization proposal. While we may disagree on some of the details, I think you will agree it is a good bill -- one that is balanced, comprehensive, and tailored to the unique needs of a growing America. It is a comprehensive proposal to restore and improve our infrastructure so that the trucking industry can stay competitive in the global economy of the 21st century.

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION
ELAINE L. CHAO
DEPARTMENT OF TRANSPORTATION PROCUREMENT CONFERENCE
"MAKING IT BETTER THROUGH COMMUNICATION"
WASHINGTON, D.C.
MAY 21, 1991

It is a pleasure to be here this morning to kick-off the DOT Procurement Conference. The theme of the Conference is "Making It Better Through Communication" and you have an outstanding opportunity over the next two and a half days to live that theme -- sharing ideas, strategies, lessons learned, and success stories to improve how we acquire our goods and services.

It has been four years since we last gathered you all together and much has happened at DOT since that time. During our first year, Secretary Skinner and I concentrated on developing a long range strategic focus for the Department -- a definition of our common purpose, our common goals, and our common vision. That effort culminated in the issuance of our National Transportation Policy, our blueprint for the future.

But, it is not enough to develop a strategic vision -- we must give life to this vision through how we implement it. Knowing that, we launched Phase 2 of the NTP to examine our internal needs as an organization, to learn what we are doing right and how to continue that, and to understand where we needed to make

improvements. The purpose was to build an organization with the energy, resources, and commitment necessary to make the NTP a living, vital reality.

To do this, we brought DOT leadership together from around the country and from all our organization units. We wanted to enhance the camaraderie and cohesiveness among our managers, and encourage them to help us create an organizational culture that thinks strategically and is equipped to act strategically. To accomplish this we must reach across the artificial barriers we often put in our own path. We want to reach across these barriers to embrace the diversity of our country's human resources and to take advantage of the variety of experience and capabilities that exist within our own organization.

Only by taking advantage of all our opportunities can we develop the strength as an organization to meet our challenges, whether they be operational, policy-making, or administrative. Building a transportation infrastructure for the future is what NTP is all about, and building our organizational infrastructure to meet that challenge is the purpose of NTP 2.

So why this lengthy preface? What does it have to do with procurement? Simply this: For you to do your jobs

effectively, it is important for you to understand the goals and the vision of our organization and what part you play in achieving them. The administrative staff is the heart of the organization, steadily pumping out the lifeblood that keeps the rest of the organization alive. It provides the financial resources, the capabilities of a diverse work force, the latest technology and equipment, and in the case of all of you here, the supplies and services to keep the Department running. As you attend the various sessions this week and discuss issues with your colleagues, take some time to think about what you can contribute to DOT as a whole, how you can help us reach the vision set forth in the National Transportation Policy.

"Making It Better Through Communication" -- you can bring that theme alive this week. We have brought together not only your colleagues from all parts of DOT, but also representatives from industry, other agencies, and Congress as well. Through the talks and the break-out sessions you have the opportunity to share ideas and learn from your peers.

Over the last two years we have made several significant changes in the acquisition system at DOT. We have taken steps to improve our internal planning process, we have revamped our structure for carrying out major acquisitions, and we have established a new

set of procedures for carrying out competitive source selections. All these measures have been implemented with the idea of creating a more efficient and effective acquisition process at DOT. But they are just guidelines -- it takes experience, your experience, to make them work. And that is why it is so critical that you share your experiences these next few days. Only through communication can we create a DOT procurement system that will support the goals we've set for our selves in the National Transportation Policy.

Recently, I delegated a significant amount of my source selection authority to the heads of the operating administrations. Clearly, this is an expression of my confidence in your ability to effectively carry out the source selection process. But, I did it with the expectation that you will take the opportunity to benefit from the experience of others in DOT, be it the OST staff or your colleagues in the other operating administrations. Building on each other's knowledge, melding the DOT procurement community into a team, is the only way we can create the vital, dynamic DOT procurement system we need to support NTP.

Sometimes, though, words are not enough -- there needs to be a tangible sign of the benefits of communication. That's why we decided to take the opportunity at this conference to present the first DOT

Award for Procurement Excellence. We had several fine nominees who were judged by a panel of your peers from the Operating Administrations. The award is meant to recognize an innovative approach to solving a procurement problem or improving the procurement system -- one that stresses teamwork, enhanced competition, and creativity.

So, without further ado, I am pleased to present the first DOT Award for Procurement Excellence to the Naval Engineering Division of the Coast Guard Maintenance and Logistics Command Pacific. The award is for their innovative and highly successful implementation of the Acquisition Team (A-Team) approach to ship repair contracting. The A-Team approach involves maintenance specialists, technicians, engineers, program analysts, contract specialists, and administrative support staff. The approach stressed early planning, frequent communication, and the benefits that can be realized from learning from experience. This award is a superb symbol of the theme of this conference. Let us all offer our congratulations to the people in the Naval Engineering Division of MLC-PAC.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
PROPELLER CLUB OF LOS ANGELES AND LONG BEACH
MAY 22, 1991
LOS ANGELES, CALIFORNIA

I am very pleased to be with you today. And I welcome this opportunity to discuss the Department of Transportation's initiatives to foster the growth and improve the productivity of intermodal transportation.

Before doing so, I would like to express this Administration's gratitude for the splendid, Herculean jobs performed by our maritime industry and other transportation sectors in supplying our forces in Operations Desert Shield and Desert Storm.

Of all the cargo needed to support Allied forces in the Persian Gulf, well over 90 percent went by sea. Significantly, 80 percent of this was carried by U.S.-flag vessels. In total, more than four million short tons of dry cargo and six million tons of petroleum products were delivered under the U.S. flag.

From the beginning of Operation Desert Shield, through the whirlwind of Operation Desert Storm which quickly liberated Kuwait, there was close cooperation between all government components involved in providing logistic support of our deployed forces.

These include the Maritime Administration and the U.S. Coast Guard, both of which are a part of the Department of Transportation, the U.S. Transportation Command, the Military Sealift Command, and the Military Traffic Management Command.

Working with its ship managers and agents, and seafaring labor organizations, our Maritime Administration activated 78 of its 96 Ready Reserve Force vessels. These ships were turned over to the U.S. Navy's Military Sealift Command to carry unit equipment and supplies to our forces in the Persian Gulf.

This was not an easy task. The great preponderance of these ships had not been operated for many years. Indeed, some had been idle for 13 years. As a consequence, many of these ships were found to have serious mechanical deficiencies during the activation process. They required major repairs or replacement of equipment before they could pass sea trials.

As a result of that experience, we are working with the Navy to see how we can ensure improved readiness of the RRF for years to come. Any initiatives will be considered in context with an ongoing Department of Defense Mobility Requirements Study. Periodic test activations of RRF ships to ensure the reliability of their

machinery is one alternative. The outporting of all high priority RRF vessels is another option.

Desert Shield and Desert Storm also exposed the inadequate supply of seafarers to meet emergency military sealift requirements.

Some 3,000 officers and unlicensed mariners were needed to crew the 78 RRF vessels that were activated. The seafaring labor organizations did an exceptional job in crewing so many ships on short notice.

Despite their best efforts they were not able to fill the jobs from among their active memberships. This is because the inventory of active seafarers declined by 40 percent during the past decade.

Many of their former seafarers who were contacted by unions said they were willing to return to sea. But, because they lacked the reemployment rights accorded to military reservists, they could not afford to risk the loss of their shoreside employment.

The Administration has included in its "Uniformed Services Employment Rights Act" a proposal to provide reemployment rights to seafarers who crew merchant ships in a national emergency. We trust the Congress will act favorably on this proposal.

On the plus side, when the unions put out word to their retirees that officers and members with unlicensed ratings were desperately needed to move military supplies to the Gulf, the response was prompt and very gratifying. Among those who answered the call were "ancient mariners." Joe Garagiola of the Today Show had an on-camera interview aboard an RRF ship in Norfolk in which the Captain, Chief Mate, Chief Engineer, and Radio Operator were in their late sixties or seventies.

A *Fortune* magazine article on the RRF activations had a photo of a Second Mate on a MSC fast sealift ship who was 82 years young. Particularly valuable were the senior citizen engineering officers who were familiar with the obsolescent boilers and steam turbine propulsion plants which power a large percentage of the RRF ships.

This epic use of elderly mariners to crew the RRF got the job done for the Persian Gulf sealift operations. But it underscores our very shallow inventory of seafaring personnel.

We and the Department of Defense know that by the year 2000, we will have an insufficient number of ships, officers, and seamen in our deep sea fleet to crew the RRF in an emergency.

Expanding the base of jobs in the active fleet would, of course, be the preferred solution. But even a reinvigorated private merchant fleet is unlikely to result in more shipboard jobs, given the larger ships operated by smaller crews that have become the norm.

How can the filling of the jobs created on RRF ships be guaranteed in light of a shrinking private sector maritime labor force? We are assessing, together with the Department of Defense, the concept of establishing a civilian Merchant Marine Personnel Reserve. This approach has been receiving increased attention as a result of the Persian Gulf experience.

Another major part of the Persian Gulf supply operations involved the loading of equipment onto U.S.-flag, government-owned or -chartered ships at 12 U.S. commercial ports. An emergency port operation system, developed by the interagency National Port Readiness Network over a six-year period, enabled these ports to handle this effort successfully, albeit with some intrusion on commercial operations.

The success of this system stemmed from establishing procedures tested in repeated training exercises. Earlier this month, representatives of these ports met with the Military Traffic Management Command and MARAD to

begin reviewing procedures needed to upgrade the emergency strategies in light of current conditions.

Now let me turn to my department's efforts to improve the efficiency of intermodal transportation. In particular, I want to discuss the pressing need to improve landside access to U.S. ports and the Administration's proposed surface transportation bill.

One of the important goals of the President's National Transportation Policy, is the enhancement of intermodal connections at U.S. Ports.

No matter how good the individual components of the transportation system may be, the key to timely movement of people or goods from origin to destination is the intermodal connection.

Many of our ports are experiencing problems of transportation bottlenecks on accesses to marine terminals. Bottlenecks produce traffic congestion, delay shipments, increase inventory costs, and adversely affect the productivity of the collective intermodal transportation system. Traffic snarls affecting private vehicles on congested port access roads and at rail crossings, also have produced public and environmental opposition.

For the past 15 months, DOT has taken the lead in addressing port transportation access issues. One of our prime objectives is to encourage cooperation among the various modal administrations within the Department. The port access initiative shows improved coordination, since five of the Department's agencies have been involved. They include the Maritime Administration, the Federal Highway Administration, the Federal Railroad Administration, the Research and Special Programs Administration, and the Urban Mass Transportation Administration.

They comprise an interagency coalition which is working with the American Association of Port Authorities (AAPA) and the American Association of State Highway and Transportation Officials (AASHTO).

Last year, the working group visited 10 urban ports and met with state and local authorities and industry officials to identify access impediments and possible remedies. Here on the West Coast, visits were made to Los Angeles, Long Beach, Tacoma, and Seattle.

As a result of these meetings, AAPA sent a questionnaire to its membership. The questions were designed to identify the extent of the problem as well as specific access corridors and major bottlenecks. Over 50

percent of the ports responded. Detailed information from these sources is expected to be released shortly.

Maps showing highway and rail access routes and bottlenecks were provided by most of the ports. These maps will be used in the determination of highways of national significance. These highways will be included in the 150,000-mile National Highway System, which is a part of the Administration's Surface Transportation Assistance Act proposal. The National Highway System will be the focal point of federal highway efforts in the post-Interstate era.

A national roundtable, attended by leaders in the intermodal industry, was convened last month in Miami to discuss both passenger and cargo access issues. The proceedings from this forum will be available sometime early this summer.

Our study group asked the National Academy of Sciences to prepare an independent assessment on this issue. It's entitled, "Landside Transportation Access to U.S. Ports." This study will identify existing and potential constraints to rail and road transportation links. It is scheduled for completion early next year. The study will utilize information provided by our Department and AAPA. The study concentrates on four

areas of concern -- land use, regulations, physical conditions, and institutional issues.

Competing land use is a concern at both the largest and smallest ports in the country. Ports are often limited in the waterfront areas that can be used for expansion and access improvements. Due to competition from alternative commercial uses and environmental concerns, ports are experiencing problems with landside access and the needs of commerce.

Alternative land use is certainly a concern in the Los Angeles Basin. Commercial, non-cargo interests exist on the main shipping channels to both ports, which have successfully concentrated commercial development. However, possible high tax revenue- producing theme parks, such as the Disney project under consideration, could interfere with efficient cargo movement.

While there are a number of regulatory and deregulation issues, the most often cited concern mentioned in the port visits dealt with the wetlands policy. The new criterion of "no net loss" of wetlands complicates the development of improved access routes, as well as terminal development at several ports. There must be a balance in the wetlands issue without one side or another going overboard.

The port industry seems willing to accept the challenges of mitigating wetlands damages. The ports of Los Angeles and Long Beach have provided mitigation in the port area for endangered species, and several miles away in lagoon preservation. But we must recognize that the number of agencies involved and the time required to plan and negotiate acceptable permits cause significant delays and increased costs.

Most of the physical access problems result from the historic consequences of the inner city locations of most ports. Ports, state governments, and railroads have cooperated to provide improved clearance for double-stack container trains. The partnership approach is the key to improving physical access problems.

Several innovative solutions are being proposed to address infrastructural problems. Boston's proposed freight corridor in Charlestown, the New Orleans Corridor, and the LA/Long Beach Alameda Corridor projects are intended to improve access to vital marine terminals. However, without a partnership with industry and the communities, these projects will not be realized.

The New Orleans project may be blocked because of its proximity to a zoo, and the new aquarium in Boston

may bring tourist traffic into the proposed freight corridor.

The proposed Alameda Corridor project is one of the most innovative and well-planned approaches. It is an outstanding effort to provide a high-capacity truck and train corridor that will serve the projected port access needs of the basin for well into the next century.

What bodes well for the successful pursuit of this project is its sound organizational structure. All of the concerned parties are members of the Alameda Corridor Transportation Authority. Several hearings have already been held, and the community is aware of the project's purpose and benefits.

Such partnerships are necessary for improving physical problems. Partnerships and better coordination are also necessary for resolutions of institutional problems.

Most ports are semi-autonomous bodies, created under state statutes. Historically, most ports have involved themselves with their terminal facilities and the channels leading to them. This situation must change, and is changing. As our studies are showing, ports must now be concerned with the landside approaches to their port properties.

This opens up involvement by a whole new plethora of planning, zoning, air quality, and similar regulatory agencies. In this climate, local cooperation is essential to obtain better access to ports, eliminate congestion, and reduce associated costs.

Increased local and regional awareness of the economic benefits of ports to the community is essential. It improves a port's chances of funding needed projects to expedite the flow of cargo to and from the port gates.

This spirit of intermodalism is incorporated in the Administration's proposed Surface Transportation Assistance Act. Our bill consolidates over 40 surface transportation programs into basically four: 1) The completion and maintenance of the Interstate Highway System. 2) A new National Highway System. 3) The Urban/Rural Program. And, 4) The Bridge Program. The bill is no longer called a highway bill because all modes of transportation are represented.

Notably, in the preamble to Section 102 of the proposed National Highway System, the bill sets the goal of improved connections between ports, airports, and international border crossings.

Projects funded by the Urban/Rural program will not require federal approval, and state governments will be

able to decide where the funds will be used, be it a new port access road or an improved rail corridor.

The Urban/Rural Program will also allow funding for non-highway transportation projects.

The Administration's Surface Transportation Assistance Act gives needed latitude to states to fund port access projects by not imposing restrictions through categorical funding criteria. It will also provide increased funding for Metropolitan Planning Organizations to study a full range of transportation problems. Restrictions are also removed from a state's use of its allocated construction fund to carry out necessary planning programs.

Enactment of this legislation will place on our port organizations a new imperative: the opening and maintaining of a dialogue between metropolitan planning organizations and state departments of transportation.

Our bill provides the mechanisms, but it will be up to local and state organizations to make the determination of which projects to fund.

Improved connections to U.S. ports are essential to the evolving global economy. For American exports to compete in the increasingly competitive international

market, cargo must move through our ports as efficiently as possible.

As we strive for a flexible and efficient transportation system that delivers according to just-in-time inventory management requirements, the access to ports by land modes must be raised to the attention of all levels of government. This is why we at the federal level have undertaken this initiative.

But the job will not be done until the importance of ports and landside access has also reached a higher level of awareness in state and local governments.

Again, I thank you for having me here today. It's been a pleasure, and I look forward to working with you for a stronger transportation industry to carry a more competitive and productive U.S. economy into the 21st century.

Thank you very much.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
LOS ANGELES AREA CHAMBER OF COMMERCE
MAY 23, 1991
LOS ANGELES, CALIFORNIA

It is a pleasure to be with you today. And it is a particular pleasure to be back home in California.

Perhaps no state is more accustomed to change than California. Whether it's social, political, technological, or economic change, it seems that California is always out in front. And no wonder. In terms of size and economy, California is a virtual nation state. It is larger than either Japan or Italy, or 117 other countries. And by itself, it has the world's sixth largest economy.

What does all that mean for the future? It means we're poised to take full advantage of a world undergoing profound change. In recent months, nothing has better underscored that change than the enormous size and unprecedented international effort that constituted Operations Desert Storm and Desert Shield. It may well prove to be the springboard of what President Bush often refers to as a "new world order."

In many ways, this emerging world order is a reaffirmation of some very traditional values -- such as respect for the principles of international law, an earnest desire for openness in international commerce, recognition of the rights of people to self

determination, and, that very American value, love of freedom.

Whatever the future brings, America -- and California -- are sure to be at the heart of it. Something else that's certain is that transportation will be key to our success. The extent to which we'll be able to capitalize on the tremendous opportunities ahead will depend on the efficiency of our transportation system.

I would like to lay out for you today what the Bush Administration is doing in transportation to prepare for that future. In particular, I would like to focus on aviation and the Administration's comprehensive surface transportation bill now before Congress.

There's no question that international aviation is one of the most exciting areas in transportation today. It has always been on the cutting edge of the most advanced science and engineering, and its economic potential in the global economy is unlimited. While international aviation is held back by protectionist barriers in much of the world, these economic walls are as incompatible in the new world order as the old Berlin Wall.

By and large, up to now, the mission of government aviation negotiators can be stated simply: Make sure that the national airline isn't challenged by too much

real competition. The United States is forever trying to persuade its trading partners to change the outdated rules governing the international skies. While these rules have generally worked to our advantage because we have the biggest and most desirable market, we have missed a lot of opportunities.

Our airlines have often been unable to serve markets of their choice, or offer attractive schedules, or stimulate traffic with competitive fares. Their many expansionary ideas are often thwarted by foreign resistance. But the good news is that this is beginning to change.

Under the leadership of the Bush Administration, this country has turned an important corner in its approach to international aviation policy. The country has begun to acknowledge the larger meaning of international aviation to the U.S. economy. We have come to understand that efficient, competitive commercial air service, both domestic and international, is critical to our nation's prosperity.

Our new approach has taken shape in the many initiatives we have launched since the beginning of the Bush Administration:

First, we created a new "Underserved Cities Program." For countries that have liberalized their

aviation regimes, we offer the opportunity to serve the U.S. traveling public in markets not served by U.S. carriers. Our program has opened up greater benefits and a wider array of options for the American consumer. The five U.S. cities now enjoying new services under this program have been reaping enormous economic benefits as a result.

Second, we have proposed major new open skies initiatives to some of our largest European partners -- the United Kingdom, France, and Germany. This has set an important new standard in demonstrating our willingness to entertain initiatives of that kind.

Third, to maintain U.S. leadership in the push to open up world markets, we have taken steps to allow U.S. airlines to attract additional foreign investment. We live in a world of global capital, and our airlines must have greater access to this capital. If the new world order is to bring a genuine globalization of airline companies, much as we have seen in so many other industries, it will mean more than merely landing in as many countries as possible. It will mean establishing a genuine, fully competitive presence in all of the world's most important aviation markets.

Fourth, we opened new aviation negotiations with Canada last month in the hope of creating a far more

congenial framework for air services between our two countries than currently exists.

Fifth, we have engaged in frequent informal discussions with the European Commission in an effort to stimulate the beginning of negotiations on the future of aviation across the Atlantic. We may soon be seeing real results along these lines, particularly in the cargo area.

These steps, and others, are designed to keep the United States in the forefront of aviation policy, to set an example for the rest of the world, and to expand to the greatest possible extent the benefits that flow to our economy from international air services.

On the domestic front, it is clear that the deregulation of the airline industry in the late 1970s launched a new era in aviation. Airline travel today is much less expensive across the board. Real airline fares have declined by an average of 28 percent since 1981. Because air travel is now accessible to millions of low- and middle-income Americans, the number of people who travel on scheduled airlines in the United States has increased 65 percent since deregulation. About 90 percent of new travelers fly on discount fares. And three times as many passengers now travel in truly

competitive markets -- those served by three or more airlines -- than did before deregulation.

As the industry struggles through its current period of consolidation, U.S. carriers will emerge even stronger -- better prepared to compete in the coming new world order. Even today, foreign carriers are terrified of their U.S. competitors. Our carriers, for example, have the most sophisticated yield management systems in the world. By calculating, on an almost hourly basis, the most profitable fare categories based on demand, our industry is able to achieve optimal revenue on every flight. We also have the best computer reservation services, the most advanced frequent flyer programs, and the most creative marketing and advertising techniques in the world.

There's no question, however, that the U.S. airline industry is now flying through heavy economic weather. But visibility will improve. And when it does, I think we'll witness nothing less than a fundamental transformation of both domestic and international aviation.

In preparing and positioning themselves for the future, it is clear that our airlines are thinking strategically. Our larger carriers have understood the essential link between their domestic structure and their

international presence. We have insisted on strategic thinking at the Department of Transportation, as well.

Our strategy -- the National Transportation Policy -- guided the crafting last year of the most far-reaching aviation legislation since deregulation. It promotes competition, provides for increasing the nation's airport capacity, and seriously addresses the problem of aircraft noise that threatens future growth.

First, it established the federal program for airport expansion over the next five years, with impressive increases in funding at the federal level. Second, it formed the basis for a much needed national aviation noise policy. Third, it facilitated the collection of passenger facility charges by local airports for the first time in 18 years. This new source of funds will support the expansion of our airport infrastructure that is essential to the nation's future prosperity.

Last year's aviation bill was controversial and difficult to get through the Congress. In fact, it might have failed had we not established a strategic vision first in our National Transportation Policy.

In international aviation as well, strategic planning has been the order of the day at the Department of Transportation. The specific initiatives that I described for you all flow from that process and all share a

common theme. It is not too much to say that we have established a new vision for international aviation -- a global vision -- that will serve as an invaluable benchmark as we address future challenges and opportunities.

While aviation represents, in many ways, the wave of the future, it is equally clear that America's surface infrastructure is essential to U.S. competitiveness. In fact, economists David Aschauer and Richard Mudge warn that "America's infrastructure has not been keeping pace with the growth of the U.S. economy" and that this trend "may well be the most significant single force behind the relative decline in U.S. productivity."

They concluded that investing an additional $25 billion a year in America's highways would lead to an annual "$250 increase in productivity for each American worker within the first five years." Overall national labor productivity would be 7.7 percent higher than without a 20-year infrastructure investment.

In related studies, Dale Jorgenson of Harvard and Robert Solow of MIT have shown that the rate of technological progress itself is dependent on the rate of capital investment.

Our competitors know this all too well. Japan and Germany spend, respectively, an average of 5.1 percent

and 2.5 percent of their Gross Domestic Product on infrastructure. By comparison, the United States spends less than one percent. In 1982, we spent as little as 0.3 percent on infrastructure. Is it any surprise that Japan and Germany have enjoyed productivity growth rates more than triple that of the United States?

Our sluggish growth in productivity should spur us to action as never before. A highly competitive new world order is fast becoming reality. With the fall of the Iron Curtain, the markets of eastern Europe are opening up for the first time in decades. We'll see a unified European economy next year.

Germany is already unified. Although it's experiencing severe growing pains at the moment, we need only recall Germany's astounding post-War success to realize what a formidable competitor the new Germany will be in a few years. Closer to home, our competitors along the Pacific Rim are as strong as ever. The bottom line is clearly this: We cannot afford to allow a deteriorating U.S. infrastructure to threaten our international competitiveness at this time.

That is why, at the Department of Transportation, we have taken great care in crafting this year's Surface Transportation Assistance Act, which establishes

priorities for the nation's highway, mass transit, and highway safety programs for the next five years.

It marks the beginning of a new era in surface transportation. The era of constructing the country's $129 billion Interstate Highway System is virtually complete. The debate now centers on how to maintain that system and maximize upon our investment.

To do that, we are proposing to spend $105 billion in five years, nearly as much as the cost of the Interstate System itself. Highway programs would increase 39 percent from this year to 1996. Transit capital investment goes up 25 percent over the life of the bill, and funding for highway safety activities rises by 34 percent.

Simply put, our bill is designed to do what Californians do best. We propose a *new way* of doing business -- one that emphasizes the priorities of the day. We want to unleash the energy of the private sector as never before. We put a new emphasis on "intermodal" connections -- tying the different segments of our transportation system closer together. And we provide state and local areas with more flexibility to create tailor made solutions to their particular transportation needs.

For California, the Administration's proposal means a five year federal investment of $7 billion in highway

programs -- more than any other state in the union. In the Los Angeles metropolitan area, funding for mass transit will be at least $575 million over the life of the bill. Additional federal commitment for Metrorail construction -- for Wilshire Corridor -- could push the contribution for mass transit over a billion dollars.

California has already pioneered many aspects of our new approach, and we hope other states will follow California's example. Last fall, for example, the state approved four private toll road projects that will cost about $2.5 billion. This sets the stage for the first major test of infrastructure privatization in the United States. We embrace you in the private sector as a broker, as a full partner of the public sector, and as a "for profit" player.

Private toll roads are but one means by which we can tackle a serious problem that threatens America's competitiveness -- congestion. Overall, congestion costs interstate commerce over $35 billion a year, seriously hampering U.S. productivity.

I don't have to tell Californians about the sacrifices that a congested transportation system imposes on its people and economy. Drivers statewide waste more than 400,000 hours a day because the average urban

highway speed has fallen to 20 miles per hour during commuter hours.

However, Los Angeles does not have the most congested highways in the country. That dubious distinction goes to New York City. But everyone knows that our highways are much too congested.

The Administration's bill would allow urban areas to experiment with congestion pricing the way we are doing here in California. For example, a while back, Warner Center in the San Fernando Valley increased its ridesharing participation rate after parking fees were imposed. And the Bay Area Economic Forum has called for use of congestion pricing as a major tool in achieving San Francisco's air quality and congestion management objectives.

Coupled with our efforts to attack congestion at the local level, we are proposing to designate a 150,000 mile National Highway System for the post-Interstate era. We believe such a national system is the most efficient way to connect people and jobs, products and markets.

Attention must be focused on ensuring that highways of national importance are properly maintained, that steps are taken to enhance the carrying capacity of existing roads and, where necessary, provide for additional capacity. The National Highway System will

serve major population centers, rural areas, ports, airports, and international border crossings. New capacity on beltways and bypasses in urban areas will have separate lanes for through traffic to help reduce the impact of congestion on interstate traffic. In short, a National Highway System will ensure that we keep America on the move.

The Administration also recognizes that technological advances are vital to meeting the nation's transportation needs. Surface transportation, for instance, can be made safer and congestion eased by intelligent vehicles and highways. This evolving array of advanced communications technology could some day give drivers immediate traffic information over special navigation units in their cars.

The smart corridor project under way on the Santa Monica Freeway right here in Los Angeles is an early pioneer of the IVHS concept. It will help us learn how to develop this emerging resource. Often, urban freeways have major streets that are good, and yet have significant unused capacity. Smart cars and smart highways will be able to signal a driver to take one of these alternatives in case of congestion.

Something as simple as synchronizing traffic signals can also increase the capacity of major roads. So can

coordination of peak hour parking restrictions among various municipalities. High speed trains, monorail, and magnetically levitated railways are also promising technologies we are only now beginning to explore.

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 enormous investment required to solve the problem is too great for any one sector. It requires a partnership of federal, state, and local governments, and the private sector.

Such a partnership is especially important in addressing the Department's top priority -- safety. This includes combating drunk and drug impaired driving by providing new safety bonuses for states that succeed in reducing fatalities, or that have high levels of safety belt use, good emergency medical service programs, or other proven life saving programs.

All in all, our bill is a balanced, comprehensive bill, tailored to the unique needs of a growing America. It is a comprehensive proposal to restore and improve our infrastructure so that America can stay competitive. In the new world order, no nation can be a world class competitor without a world class transportation system.

That holds true for states, as well. And for this reason, I believe California is certain to enhance its role as a

major player in the global economy. This state's unique entrepreneurial environment and strategic location make it better equipped than all the others to seize the initiative in today's ever-changing world. I believe it will do just that.

Thank you very much.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
HARRIMAN AWARDS CEREMONY
MAY 24, 1991
WASHINGTON, D.C.

It is a pleasure to participate in what has become the most important annual event for the leadership of the nation's railroads. It speaks highly of this industry's commitment to safety that its pre-eminent annual gathering is to recognize those who have made the most significant contributions to transportation safety. The Harriman Awards Ceremony symbolizes the railroad industry's collective accomplishments and its determination to build upon its effectiveness in the future.

Since the turbulent 1970s, the industry has made dramatic improvements in rail safety in virtually every category. The number of train accidents per million train miles today is one-third the volume in 1978. Particularly impressive gains have been made in reducing accidents caused by track or equipment defects. In terms of accident rates and raw numbers, serious injuries of employees have declined. Railroad fatalities associated with train accidents or incidents in 1990 were substantially lower than in prior years. Hazmat releases as a consequence of train accidents are at one-third of their volumes of a decade ago.

These encouraging trends reflect several developments. The economic deregulation provided by the Staggers Act bolstered the financial vitality of an industry whose rates of return in the 1970s had deterred investment and portended only continued erosion of systems, of service, and of safety. Deregulation permitted capital investment in new and safer operating structures and equipment.

Meanwhile, improved technology affecting track, equipment, signaling and communications gave this capital investment an added dimension. America's railroads were able to do more than rehabilitate their systems in conventional ways. The timing of their resurgence coincided with the opportunities provided by technology that contributed to safer operations.

The safety training, monitoring, and enforcement efforts carried out by the federal government and the industry also have become more sophisticated and effective. Action by government and the carriers to eliminate drug abuse in the railroad environment represents an important initiative. Liability exposure, ballooning insurance premiums, and risk management programs have also sharpened the safety focus.

As the nation's railroads confront their marketplace role in a new century, the challenges of safety

management and safety regulation will continue to demand our attention and action.

Several themes are apparent in this regard.

Greater progress has been made in eliminating hardware defects than in doing away with safety lapses caused by human factors. In train accident statistics for 1990, human factors accounted for the single largest cause of accidents -- 38 percent. Research, development, and innovation in this area must be a priority for both the industry and the federal government.

There are favorable signs, however. One is an apparent willingness of labor to join with management in research sponsored by the Federal Railroad Administration. Another is our progress toward eliminating substance abuse. Post-accident testing results for 1990 showed that the incidence of alcohol or drug abuse dropped by half in three years. A third sign is the accountability that now rests with individuals for safety violations. The FRA has new authority to levy civil penalties against individuals -- management and labor. This will compel individuals to take seriously the safety aspects of their day-to-day job responsibilities.

A second broad area of safety emphasis is new technology. Obviously, we must be assured that

proposed innovations will perform safely. At the same time, the government must ensure that its research, development, and regulatory processes do not hinder the introduction of equipment that can increase corporate productivity and make a positive contribution to safety.

I urge the leadership of the nation's railroads to identify in a very timely way those key issues of new technology that are affected by federal safety standards. We must maintain a cooperative attitude in setting priorities, in meeting our responsibilities to the public and to railroad workers, and in promoting the adoption of technologies that will contribute to more efficient railroad operations.

This is particularly important in light of FRA's extensive duties associated with evaluating and setting safety standards for advanced technology passenger systems. I'm thinking of systems such as the high-speed technology under consideration in Texas or the maglev project in Florida. Standards for new freight railroad technology are equally important to the Department of Transportation and FRA.

Although a significant decline in fatalities at highway-railroad grade crossings occurred between 1989 and 1990, these and trespasser fatalities represent an

ongoing concern and a highly visible issue at the community level. Trespasser fatalities, in particular, are troublesome to deal with, in light of the enormous size of the nation's rail system, and the likelihood that a disturbing number of trespasser fatalities are the result of suicide or substance abuse.

Another broad theme of safety in the coming years involves the manner in which safety regulation and enforcement are managed. Just as railroad managements have had to adjust their practices to deal with changed circumstances, government agencies must be willing to adapt to new situations or to undertake fresh thinking about existing problems.

The Department of Transportation and FRA are committed to improve the efficiency of our safety program management. We want to be consistent. We want to administer safety programs in a way that most effectively achieves our objectives. Where violations are written, we want to close them out in a more timely fashion. That will help you hold your own line managers and employees more accountable.

FRA is reducing its backlog of violations and will be testing new ways to streamline the enforcement process. We also realize that a safety program built entirely on the concept of writing violations and

collecting fines won't be fully effective. Safety evaluations and training efforts may be effective supplements, along with research and development.

As the nation's railroads continue their resurgence -- going after new business, building global transportation partnerships, bringing on line new equipment and novel service concepts -- they are poised to take on an even stronger role in the United States and world economies. But for this resurgence to continue, America's railroads must be safe. They must be perceived as safe. If this is not the case, opportunities will be lost.

Our presence here today suggests that these opportunities will, in fact, be realized. The group gathered in this room reflects the high degree of interest and ongoing determination to improve the safety record of America's railroads. The statistics I have cited about the railroad safety record for 1990 and its improvement over prior years represent even stronger testimony.

The Harriman name is a legend in American railroading. And the Harriman Award is the most sought-after symbol of achievement in this legendary industry. On behalf of President Bush and Secretary

Skinner, I extend congratulations not just to the award recipients, but to each and every one of you.

Ultimately, safety begins with individual leadership, individual caring, and individual accountability. Its benefits accrue when individuals team up for effective action. It takes a strong team effort even to be a contender for the Harriman Award.

Thank you very much.

OPENING STATEMENT OF THE HONORABLE ELAINE CHAO
DEPUTY SECRETARY OF TRANSPORTATION
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION
Washington, D.C.
May 30, 1991

Mr. Chairman and members of the Committee, it is an honor to appear before the Committee to address the FY 1992 budget request for the Office of the Secretary. We appreciate the Committee's interest in the range of our activities and look forward to your continuing support as we proceed through the appropriations process.

I would like to highlight the factors that are reflected in our budget request. First, as a follow-on to the National Transportation Policy, the Department, is reviewing internal organization issues to ensure that the Department operates in the most effective and efficient way. For OST, we identified additional training requirements, automation needs and other management initiatives necessary to ensure an effective organization.

Second, the dynamic transportation environment has stimulated the creation of two new offices, the Office of Drug Enforcement and Program Compliance to oversee the Department's implementation of the drug abuse rules for our regulated industries, and the Office of Intelligence and Security, which this Committee supported in FY 1991. Through this Office, the safety and security of the travelling public receives the high priority within the Department.

Third, our operational responsibilities in the areas of Commercial Space and Essential Air Service face growing workloads and mandatory statutory requirements.

I would like to mention our significant accomplishments.

- Worked with Congress to enact key legislation: the Aviation Safety and Capacity Expansion Act of 1990, the Aviation Security Improvement Act and the Oil Pollution Act.

- Published the final rule for Passenger Facility Charges.

- Coordinated the multi-modal development of the Surface Transportation Assistance Act of 1991, consistent with the themes of the NTP.

- Established the Office of Intelligence and Security along with other major efforts to implement the recommendations of the President's Commission on Aviation Security.

- Developed an appropriate Federal response regarding the economic state of the airline industry.

- Instituted significant changes to improve DOT's acquisition process and OST oversight.

We are requesting appropriations and obligation limitations totaling $198.1 million for all OST accounts and $165.6 million in obligation authority for the Working Capital Fund. This request is slightly below the FY 1991 enacted level and supports a total employment level of 1,125 FTE.

SALARIES AND EXPENSES

The Salaries and Expenses appropriation of $81.5 million will support systems development, training programs and office automation, and fully fund personnel costs, including the Drug Office and additional staff to meet our increased workload requirements.

The request of $11.7 million for systems development will complete the departmental accounting system and begin the development of payroll and procurement systems. We are also requesting $4 million to support automation, training and program integrity requirements identified by our NTP 2 process.

We are again requesting a single appropriation for OST Salaries and Expenses. Although we appreciate the five percent transfer authority, we need the additional management flexibility of a single account.

OFFICE OF COMMERCIAL SPACE TRANSPORTATION

For the Office of Commercial Space Transportation, we request $4.8 million to strengthen regulatory licensing and safety research activity in response to the continued growth in commercial space transportation and launch site activity. Twelve successful launches have occurred since 1989 when licensed U.S. commercial launches began. We now expect 35 launches over the next few years. The budget also assumes that $300 thousand in user fee collections will support the licensing program. The Notice of Proposed Rulemaking on our user fee proposal was published in February.

The FY 1991 DOT Appropriations Act reduced funding for OCST by 20 percent below the FY 1990 enacted level. As a result, it has been extremely difficult for OCST to carry out its growing workload and new responsibilities. The President has approved a new commercial space policy that further emphasizes commercial activities. OCST deals with 12 launch vehicle type weight launch sites; acts as lead agency in monitoring the US-China launch services agreement; and assists the USTR in negotiations of free and fair trade. Yet, the FY 1991 enacted funding is about the same as FY 1989 when there was virtually no commercial space activity.

PAYMENTS TO AIR CARRIERS

For Payments to Air Carriers, an obligation limitation of $38.6 million is requested. Roughly $12 million is included for upgrading the quality of air service (e.g., larger, pressurized aircraft) at selected communities, in line with the statute. Our

request -- equal to the contract authority authorized for FY 1992 -- is critical. Authority to implement Passenger Facility Charges (PFCs) hinges on obligating $38.6 million for Payments to Air Carriers. In our view, this commitment is a small investment to achieve the much needed infusion of revenue for airport capacity which PFCs can generate.

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

Our request of $4.2 million for TPR&D finances intermodal studies in support of policy development and represents the only source of funds at the Secretary's immediate disposal to undertake analysis of issues as they arise. Nearly one third of our proposal would fund studies and analyses to understand the economic implications of transportation policy issues.

HEADQUARTERS FACILITIES

A new account, Headquarters Facilities, includes $69 million to cover certain costs associated with construction of a new DOT headquarters building such as communications, that are not covered by the basic GSA construction standard. The President's Budget includes $473 million in the GSA budget for the building and site.

WORKING CAPITAL FUND

We are requesting obligation authority of $165.6 million for the Working Capital Fund to fund common administrative services in the interest of economy and efficiency. Increases in the WCF ceiling are requested primarily to finance automation improvements and to enable the Transportation Computer Center to accommodate increased workload.

CLOSING REMARKS

As we look ahead to FY 1992, there are a number of goals and challenges facing OST. We are committed to advancing the President's Surface Transportation Assistance Act, and achieving a signable bill by the end of this fiscal year. The Secretary has called for us to update our strategic vision, and has charged the Assistant Secretary for Budget and Programs to accomplish this. We will continue our policies to try to move toward more open skies. New developments in the area of commercial space vehicles and launch technologies will challenge us to prepare in advance to meet the emerging licensing and support requirements. Ratification of the Montreal Protocols will continue to be a major priority. In the aftermath of Desert Shield and Desert Storm, we need to incorporate the lessons learned into the evaluation of our maritime policies. We will be developing a proposal for the next reauthorization of FAA's programs. We are determined to enhance the quality and diversity of our workforce. Further, we will be implementing the requirements of the CFO legislation and advancing the automation of our financial systems. Our goals are many. We hope we can count on your support to help us meet them.

This concludes my prepared remarks. I would be pleased to answer the Committee's questions.

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION
ELAINE L. CHAO
SCHOOL SAFETY PATROL LIFESAVING AWARD
MAY 29, 1991
WASHINGTON, D.C.

It is a pleasure to be with you today. I am especially delighted to join you in honoring these brave young people of the School Safety Patrol. They have shown a level of commitment and depth of character that makes them stand out among their peers. In fact, they share that rare distinction and honor of having saved the life of a fellow human being.

We often devise phrases to characterize human virtues. They are shorthand descriptions which compress a great deal of meaning into just a few words. If someone is "as wise as an owl," or has "the patience of Job," we immediately understand.

A phrase that sums up the special quality shared by Shelly Dance, Jeremy Jewett, and Sarit Bar Am whom we honor today is "quietly courageous." In light of their specific acts of courage, that may even be an understatement.

In reflecting upon their courage, two things come to mind. First, the fact that these students reacted with such unerring determination when only a flicker of time was available to make the correct decision. Second, they acted without any ambition for recognition. Even

today, long after their deeds of heroism, I am sure they come to this awards ceremony with genuine humility, without any sense of receiving an honor that is due them.

We, of course, say it is due them -- as it most certainly is -- because we know from thorough scrutiny exactly what it is that they have done. Few people in life, not to speak of people as young as these three, ever attain the distinction -- privilege, really -- of having saved a life.

I understand that to date, 301 young people have been honored with the Lifesaving Award. This suggests that the School Safety Patrol program goes well beyond the typical expectations of a service group. The youngsters involved in this program are charged with the protection of other children, and they take this responsibility with utmost seriousness.

All those who saved a life demonstrated their commitment in unique fashion. Often, they acted at the risk of their own life. As Shakespeare said, "Courage mounteth with occasion." We have seen that time and again in the School Safety Patrol.

In 70 years of existence, the School Safety Patrol program has enrolled millions of members. The graduates now live in every part of our country. Although they cannot be with us at this occasion, I'm

certain they are with us in spirit, applauding these three young heroes, as well as the School Safety Patrol itself.

I suspect that when the School Safety Patrol began, the organizers could not have foreseen the dedication which these young people would bring to their assignments. They probably would not have expected what we now know, that the pedestrian fatality rate for young children has declined by more than 70 percent since 1935. And America's School Safety Patrols have been a key factor in that reduction.

The ones we honor today become part of this select group of award winners whose actions testify to at least three truths. The first is obvious: the School Safety Patrol program has proven its merit many times over.

I alluded to the second truth earlier. None of these youngsters set out to win an award. They simply did what was necessary to the best of their ability and, in so doing, achieved something that marks them as truly exceptional.

The third truth is the symbolic value of their heroism. Their performance sets a standard for all of us to strive for. It establishes a benchmark of excellence -- not just for other School Safety Patrol members, but for people everywhere, young and old alike.

As I look at our three award winners -- Shelly Dance, Jeremy Jewett, and Sarit Bar Am -- and consider what they've done, I'm reminded of Alfred Lord Tennyson's words in his poem, *Merlin and Vivien*: "Brave hearts and clean! and yet -- God guide them -- young."

That's our wish for each of you today. God's best to you always. Godspeed to your brave young hearts.