

**DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
BLACK HISTORY MONTH OPENING REMARKS
ROOM 2230 - NASSIF BUILDING
WASHINGTON, D.C.
FEBRUARY 1, 1994**

I want to thank you, Tony Cailfa, for that generous introduction and for the outstanding Black History Month program you have put together.

I am proud to represent an Administration that is very deeply committed to the principles of freedom, justice and equality for all Americans, an Administration that understands the historic struggle of African Americans -- the victories of the past three decades and the enormous challenges yet to overcome.

One of Secretary Peña's highest priorities is to make the Department of Transportation a model agency known for fairness, equal opportunity and diversity in the work force. And just as President Clinton made his Cabinet "look like America" so has Secretary Peña brought more

diversity to the Office of the Secretary than at any other time in the history of the Department.

That's why this Black History Month has a powerful meaning for all of us. I urge you to attend the programs and celebrations throughout the month.

I ask you to use this month as a time to remember, a time to honor the past and plan for the future, a time to dream great dreams and prepare for the role that each of us must play.

But as we celebrate the heritage of African-Americans, let us do more than salute those whose names appear in the history books. Let's honor those who served to teach and inspire their sons and daughters, grandchildren and loved ones on a very personal basis. By their good deed they gave us the strength to never lose faith in the words of Dr. Martin Luther King, Jr., that

"unarmed truth and unconditional love will have the final word in reality."

Let us all rededicate ourselves in 1994 to the principles of equality and justice and work together with greater resolve to deal quickly and effectively with the remaining challenges so that the American dream can truly belong to all our citizens, regardless of race, creed or gender.

This year's Black History Month theme, "Empowering Afro-American Organizations; Present and Future," is very timely.

The unifying spirit, networking, and dedication of the African-American organizations have seen a great people through many struggles. They have been an integral part of the foundation for African-American achievements in education, employment, politics, social and religious fields.

These organizations will certainly help in finding solutions to the issues of the day -- issues that transcend racial boundaries.

When I saw the theme of this celebration, I thought how perfect it is for our speaker. Alexis Herman's duties as Deputy to the President and Director of the Office of Public Liaison, she meets with interest groups of all varieties. In closing, I want to extend a special welcome to Alexis.

Thank you very much.

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY**

**"THE CLINTON ADMINISTRATION'S PRINCIPLES ON
INFRASTRUCTURE MANAGEMENT AND INVESTMENT"**

**9TH ANNUAL FEDERAL EXECUTIVE INSTITUTE
EXECUTIVE FORUM ON PUBLIC SERVICE PERFORMANCE
RESTON, VIRGINIA FEBRUARY 3, 1994**

*(Panel Session on Civil Infrastructure. Moderator: Ronald Milam,
Director, Billing Management, FTS 2000, General Services Administration)*

Thank you for that generous introduction. I appreciate the Federal Executive Institute's invitation to offer the Department of Transportation's perspective on infrastructure issues. I also bring you greetings from Secretary Peña, who has been spending a lot of his time recently in Los Angeles, dealing with an infrastructure crisis of the most serious kind.

The devastating earthquake in Southern California, like last year's midwestern floods, provides a vivid demonstration of just how crucial transportation infrastructure is to our daily life. This Administration has responded immediately and effectively to these emergencies. On Tuesday the House Appropriations Committee approved President Clinton's increased request of \$8.6 billion in emergency assistance for earthquake damaged areas of Southern California. That bill will go to a House vote on Thursday. But just as we respond to

sudden disaster, so too must we respond to the slow-motion disaster of decaying and inadequate infrastructure.

Public Investment and the Economy

The federal role in infrastructure policy has been the subject of intense debate recently. And I do not think I am stepping on my own lines by telling you at the outset that the Clinton Administration believes the federal government must play a central part in stimulating investment in America's transportation infrastructure. Simply put, this is because efficient and effective transportation systems are vital to our long-term economic health.

Recent economic indicators show that the President's programs are already working to speed America's recovery from the recession. Last week, the Department of Commerce announced that the GDP grew by 5.9 percent in the fourth quarter. But to assure the continued economic growth the nation needs to guarantee long-term prosperity, we must *invest* in America: in its people, in its communities, and in its infrastructure.

The broad vision of public investment is intended to improve the American people's productivity, as well as their quality of life, through initiatives in a range of critical physical and human capital investments. These can include new programs in such areas as education, worker retraining, and health care.

But the public understands, and we must respond, that such investment also include tangible physical facilities such as those we need in transportation. Our intermodal system of roads and seaports, of railroads and airports, is the largest and most comprehensive in the world. It is indispensable to the safe and rapid transport of people and products. And it has worked so well for so long that we often take it for granted. That is until it's disrupted. The L.A. earthquake certainly drives home that point. This conference's general theme of "public service performance: what the nation wants" is certainly applicable here.

But not all of these problems in our system strike as suddenly as floods or earthquakes. Over the last generation limited capacity, outdated connections, and deteriorating conditions have decreased our transportation system's reliability and at the same time increased its costs. The reduced productivity and higher expenses have affected our entire economy's ability to compete internationally. Where we don't invest, we pay a price in terms of congestion, delay and poor service. While the costs of investments are high, that only raises the stakes for good decision-making.

The President's Commitment

President Clinton understands the magnitude of this challenge and the importance of meeting it. In his *Vision of Change for America*, he makes it clear that investment is critical if we are to revitalize our economy - both to create jobs for today and to generate growth for tomorrow.

The Administration has fought for federal funding for transportation infrastructure. Indeed, some 70 percent of the department's FY 94 budget is dedicated to such investments. And, although I have been in government too long to make the mistake of trying to scoop the President on the specifics of the FY 95 budget he will submit to Congress next week, I am sure you will see no lessening of his commitment.

At the same time, we are painfully aware of the budgetary constraints all levels of government face as we attempt to bridge the infrastructure gap. The President has directed us to explore innovative ways of meeting these needs without burdening taxpayers or neglecting other pressing national needs. Much of his philosophy is contained in the Executive Order, issued last Friday, which calls for a new emphasis on cost effectiveness in the capital program, both through better analysis and more focused investments. At DOT, we are already looking at several strategies to do this.

The National Transportation System

One which we already have set forth in outline is the vision of a National Transportation System. The NTS is modeled on the legislatively-mandated National Highway System launched by Secretary Peña in December. However, while that focuses on highways of significance, the NTS will consist of the infrastructure components of *all* modes of transport, both passenger and freight, as well as their connections.

Its purpose is two-fold: first, to foster intermodalism. And second, to focus our efforts in infrastructure investment. I would like to talk about each of these for a moment.

The Necessity of Intermodalism

Our transportation system's ownership is diverse, reflecting the investments made by multiple layers of government, public authorities, private transportation providers, and shippers of goods. However, this has sometimes led to investment decisions made without consideration for an alternative's efficiency, or for the connections between modes.

Congress recognized this issue in passing the Intermodal Surface Transportation Efficiency Act.

In order to assist states and localities in making sound decisions about the use of public funds, the Department has issued guidance for ISTEA-mandated management systems and revisions to the transportation planning process. These will ensure an effective, integrated system.

The NTS and Infrastructure Investment

The NTS is intended to promote more, and better, investment in transportation facilities.

We already have begun preliminary development of the NTS, addressing issues across a broad range of

transportation issues. As the process continues, we will work closely with the transportation community, state and local governments, business, and the public to ensure the broadest possible involvement.

While the NTS raises complex issues of future Federal program structure and funding eligibility, we do not intend for it to concentrate decision-making in Washington. The NTS will be neither an unilaterally-developed federal plan nor a mandate diminishing local powers. Moreover, it will not define the limits of Federal interest or support. But it will, we believe, focus our attention on key improvements to the system that can make a difference.

Need for New Approaches

The national infrastructure deficit cannot be bridged only by better planning or more informed decisions, important as they may be. As a society we need to invest more, but new public funds necessarily will be limited. We see two broad solutions: first, we need to make better use of existing facilities. And second, we need to attract new sources of funding.

Intelligent Vehicle Highway Systems

In order to increase the efficiency of existing facilities, we are making a major commitment to the development of Intelligent Vehicle Highway Systems. IVHS means a lot of things to a lot of people, but at its most basic level it

means allowing existing facilities to handle greater levels of traffic while not only maintaining but actually improving safety. It has great potential for spanning the investment gap by reducing the need for greater capacity, and it could become the basis for toll and fare collection systems which could provide new fiscal resources.

Market-Based Incentives

We also want to explore pricing strategies to ensure that better use is made of current facilities, especially during peak periods. We have a great deal of research currently underway on market-based measures such as congestion pricing. These strategies are intended to reduce the demand for additional capacity, and to allow those who really need to make specific trips to travel without costly delays from congestion. But much public education is needed to move these concepts in the mainstream of political reality, and we hope to accomplish this through careful demonstration.

Our Congestion Pricing Pilot Program will see its first test soon as California establishes differential pricing on the San Francisco-Oakland Bay Bridge. They have designed a project which addresses concerns related to equity, efficiency, and the technical aspects of implementation. Much of the project is geared to providing mass transit alternatives for commuters. We are excited about this venture, and encourage others to work with us on similar efforts.

The Role of Private Investment

Increased efficiency, whether driven by technology or economics, can only go so far. In some cases, there is no viable alternative to building a new facility. But there is not going to be enough federal money to make *all* of these improvements.

We are looking hard for ways to increase the availability of private sector resources - and we are finding them. In 1992, the municipal bond market hit its highest level ever for new bonds issued, with transportation financing comprising a third of the market. In fact, transportation bond issues have quintupled over the past decade, to more than \$26 billion a year. Clearly, the financial community sees transportation as a sound investment.

Public-Private Partnerships

There are other opportunities for the private sector beyond providing funding, as important as that is. Public-private partnerships and fully-private facilities will have a prominent place in the transportation systems of the future. They offer not only a source of funding, but the opportunity to generate business-driven efficiencies.

Recent advances in technology, such as the vastly more efficient toll and tariff collections made possible by IVHS technology, and changes in state and federal laws have increased openings for private involvement, and increased

travel could create markets sufficient to ensure an adequate return on investment. The privately-funded roads now being built in Southern California and in Virginia are an example of this type of arrangement.

New Financial Techniques

We also are working within the framework of ISTEA to develop new financial techniques which maximize the use of private funds. These include federal-aid financing of state-level loan funds for private and cooperative projects. States can now work with private entities to develop concessions, franchises, and such contractual arrangements as loans and grants.

For the future, we are considering a wide range of additional options, such as revolving loan funds, loan guarantees, credit enhancements, and capital enhancements to further stimulate needed investment. And Vice President Gore's National Performance Review endorsed the use of federal funds to serve as capital reserves to guarantee debt.

We welcome your proposals, because we recognize there are no "one-size-fits-all" solutions which we can dictate from Washington. We must work together, project-by-project, to put together the ideas that work in each local setting.

As an example of the innovation we are trying to bring about, we recently worked with WMATA, Washington's

transit agency, to refinance the Metrorail system with the same lower interest rates many of us are using to obtain cheaper home mortgages. The agreement retires federally-guaranteed debt and allows WMATA to secure a line of credit for the fast-track construction of the rest of the Metrorail system, at an \$800 million savings to the nation's taxpayers.

The Future

We in DOT look to this type of innovation and cooperation with other levels of government and the private sector to help meet our national transportation infrastructure needs.

It is an approach implicit in the Vice President's National Performance Review: to reinvent government to work better and cost less.

This is not an abdication of public responsibility or an ideological statement about government's value, but a recognition that the federal government cannot do it all alone.

Solving problems is what we are all about, and we are anxious to develop the tools and build the partnerships necessary to do so. The needs and expectations of the public are still the basics -- good service at reasonable costs. The challenge is the application of technology and financial engineering to meet those needs in new and more innovative ways. It's certainly not the only issue that

government faces today, but it's one I'm confident we can resolve and I hope you will work with us to do just that.

Thank you very much.

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY**

"HIGHWAY USERS AND THE NEW NATIONAL HIGHWAY SYSTEM"

**HIGHWAY USERS FEDERATION FOR SAFETY AND MOBILITY
EXECUTIVE COMMITTEE MEETING
PENTAGON CITY, VIRGINIA
FEBRUARY 8, 1994**

*(Introduction to be made by John Doddridge of Magna International,
Chairman of the Highway Users Federation)*

Thank you, John, for that kind introduction. I want to thank the Highway Users Federation for inviting me to speak tonight. I will try to obey the before-dinner speaker's first commandment and keep my remarks brief.

Tonight, I would like to talk about the National Highway System. As you know, the NHS is Congressionally-mandated, one of the requirements set forth in the ISTEA.

Secretary Peña submitted our proposal for it to Congress this past December. I expect that Senator Warner, Congressman Mineta, and Congressman Rahall may address its progress through the legislative process later this evening.

Therefore, I would like to talk about the Department of Transportation's reasons for developing the NHS as we

have, and some of the benefits we see for you as users of the system.

Today, over 40 percent of our freight tonnage is moved by truck, accounting for 80 percent of the dollar value of the nation's freight bill. Our highway system is literally the economic lifeline of the nation.

In the future, it is true that more new "highways" will be made from fiber optic cable than from asphalt. However, the "Information Highway" is not going to end the need for our current system. Someone may order a new sofa through an interactive computer network, and someone may be tracking its every movement, but someone else is still going to have to deliver the goods. Without a well-designed, well-maintained road system, trucks don't move. And without trucks, *America* doesn't move.

In recent years, evaluations of that road system, and indeed of our whole transportation system, show some current, and potential, shortcomings. The continuing growth in travel has resulted in congestion which adversely affects our productivity and competitiveness. We need to do a better job of linking our transportation investment - and of justifying it - in the context of economic growth and economic realities.

Some areas, because of land use or demographic changes, are underserved by existing facilities. New trends in production and distribution techniques, such as "just-in-time" deliveries for manufacturing, created new needs.

Connections between highways and facilities such as ports and airports are no longer always adequate. And highways do not adequately serve some emerging international trade corridors. This is especially true of those whose use is expanding as a result of the passage of NAFTA and other efforts to increase free trade, which many of you have supported. These are problems all of you are familiar with.

Congress and DOT believed that we needed a formal structure to make the key linkages to a changing economy and to identify those roads and intermodal connections most necessary for commerce, for personal travel, and for national defense. This structure would allow us to better target our transportation investments in coming years. That belief provided the basis of the NHS.

Much ISTEA funding, over \$23 billion, will be directed towards the NHS. It is an example of how the Federal government is trying to provide the infrastructure American business needs. The NHS will help us to establish investment priorities and make choices from among the options available to us.

The NHS will be the key highway portion of the National Transportation System of the future, and the major focus of our future highway investment. It will carry the bulk of interstate and interregional travel and commerce, and be the essential link among the modes and facilities which make up the complete system spanning our continent.

The NHS, therefore, is a primary component of President Clinton's initiative to "rebuild America," thereby providing the means for sustained economic strength, for productivity growth, and for competitiveness in the global market place.

The benefits of investing in this system will be significant: economic growth, national security, intermodal connectivity, safety, and a sound environment.

You, as daily users, will see the greatest benefits. The concentration of Federal-aid on the most important highways is going to allow planners to apply techniques such as IVHS, incident management, ridesharing, and similar strategies to make better use of our system's capacity. Such programs will yield travel time savings through congestion reduction.

Other direct benefits will include better access to ports, operating cost reductions through fuel savings and reduced vehicle wear-and-tear, and improved system performance. That improvement will increase your operating efficiencies and lower your costs, allowing you to increase your competitiveness and profitability.

In recognizing future travel and trade patterns and the needs that have evolved since the Interstate system's design, the NHS will strengthen sustainable economic growth and the integration of this Nation into the world economy in the century ahead.

Seen in that context, the NHS is a first step beyond the Interstate era towards an investment strategy for all of America's transportation systems - not just roads, but air and waterways, ports, rail, urban transit, and even pipelines.

In doing so, we will meet the challenge Secretary Peña set forth last December, when he summoned us to reconsider how we think about transportation planning and investments.

In the past, we often focused on carrying out projects without considering their strategic purpose, and in doing so have lost sight of what our transportation investments are supposed to do.

We need to ask ourselves the most basic questions: how do we move people and goods in the most efficient and effective ways possible? How do we do so in ways which enhance personal safety and our environment's quality? How do we ensure that our investments connect together in a seamless pattern which links America?

The NHS is a milestone - a firm foundation - for the creation of a true National Transportation System. And as we work with Congress in the coming months to make the NHS a reality, your participation - as those who best understand how to make the system work in an integrated fashion - is critical.

As we work together, we need to keep the debate focused on the linkages to broad national purposes, and not only on specific projects and narrow issues.

Budgetary realities, concern over the environment, issues of federalism: all of these are potential barriers. However, there are no inevitable outcomes here. All of these concerns can be met, and our larger purposes addressed, if we keep our eyes on the goal.

Together, we can create a bright future not only for the transportation system of the 21st century, but also -- and more importantly -- for the people who will depend on it and use it every day.

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**TALKING POINTS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORT DOWNEY
RAILWAY PROGRESS INSTITUTE
COMMITTEE ON PASSENGER TRANSPORTATION CONFERENCE
NAPLES, FLORIDA
FEBRUARY 18, 1994**

I. INTRODUCTION

- Thank you, Larry Salaci, for that kind introduction; and Bob Glines, and the other committee members for inviting me.
- It is a measure of my appreciation of the RPI's importance that I was willing to leave our Washington snow and ice to join you here in Naples.
- The RPI has been the backbone of the railroad industry for more than 85 years.

-- No one has worked harder than your membership to advance the cause of rail transportation in America. As a past Executive Director of New York's MTA, I have a special understanding of this.

-- President Clinton and Secretary Peña fully understand the importance of railroads and their place in our intermodal transportation system.

II. TOPIC OF SPEECH

So today I want to talk about three aspects of the challenges and goals we share:

- 1) the need to invest our limited federal transportation infrastructure dollars wisely;
- 2) the promise of technology and high speed rail; and
- 3) the fact that we cannot have a truly integrated National Transportation System unless all our industries are strong and the surest and easiest route to strength is through exports.

III. INFRASTRUCTURE INVESTMENT AND THE BUDGET

- This Administration believes the federal government must play a central part in stimulating investment in America's transportation infrastructure.

-- because transportation is vital to our long-term economic health.

- Recent economic indicators show that the President's programs are *already* working to speed America's recovery from the recession.

-- But we must do more to ensure the continued economic growth.

-- We must *invest* in America: in its people, in its communities, and in its infrastructure.

- The President's FY 1995 budget proposal does this by increasing federal investment in our transportation system to its highest level ever, \$39.7 billion.

-- 2 % more than this year's total.

--71 % would go directly to infrastructure funding.

-- \$2.8 billion for transit formula grants, a 20 percent increase from the current year, including a 40 percent increase in capital funding.

- That is a significant step forward in the rebuilding of our transit systems.

- New starts may appear to be reduced, compared to previous years, but in fact our \$400 million request will fund every project now underway with full funding grant agreements including the recently approved \$600 million on _____.

- The President's budget request provides more than \$1 billion to passenger rail programs, including a 29 % increase for Amtrak capital assistance.

- \$252 million will allow Amtrak to purchase new locomotives, passenger cars, overhaul older equipment, reduce operating costs and increase its ability to provide the first-rate passenger service.
- Also \$199 million for the Northeast Corridor Improvement Project and \$90 million for the reconstruction and expansion of New York's Penn Station, an integral element of Amtrak's operations.
- We have budgeted \$32 million for a downpayment on the high-speed rail service necessary for a seamless intermodal transportation system.
- We are pushing a new high-speed rail initiative, a new alliance to create "clean jobs," and a fantastic array of technology projects.
 - An adaptation of modern gas turbine engines to a turbine powered train running between Albany and New York City.
 - In Connecticut, an innovative approach to signaling of highway-rail grade crossings.
- But few legislative initiatives have captured the imagination of America as has high-speed ground transportation.
- The Administration is committed to high speed ground transportation because it responds to an urgent transportation need for balance in our system -- between air, highways and rail.
- High-speed rail will benefit U.S. industry in at least three ways.
 - First, stimulate the design and construction sectors.
 - Second, the technology development investment will offer opportunities in high tech industries.
 - Third, create an entirely new, ready-made market for high technology products in the United States -- specifically, high speed train equipment, whether maglev or steel-wheel, as well as other advanced components that we plan to promote.

- High speed rail initiative also promises to create a new, world-wide market for high-technology products made in the U.S.

SUPPORT OUR INDUSTRIES IN EXPORTING

- That's why President Clinton wants the U.S. government to be an aggressive promoter of U.S. goods in the international marketplace.
- The Clinton Administration is committed to ensuring our industries' success in international markets in every way possible.

-- We intend to lead when leadership is called for; to be an effective catalyst, as the business and labor communities demand and deserve; to act as energetic advocates of American interests; to level the playing field; and wherever appropriate, to get out of the way and let the creativity, initiative, and industry of this country's people continue to set the standards for the global economy.

- The President named Secretary of Commerce Ron Brown as Chairman of a Trade Promotion Coordinating Committee which includes all federal Departments and Agencies.

-- I represent the Department of Transportation on that committee which has developed a National Export Strategy.

-- Strategy to make U.S. exports of goods and services reach \$1 trillion by the beginning of the next decade and produce over 6 million new American jobs.

- One of the first examples of success of our aggressive export strategy is in transportation.

-- Earlier this week the government of Saudi Arabia announced a \$6 billion purchase of about 50 high-tech airplanes from Boeing and McDonnell Douglas.

-- Saudia Arabia made it quite clear that it will "Buy American."

- Secretary Peña put quite a bit of effort into that sale.
 - He met with Boeing and McDonnell Douglas officials; visited Saudi Arabia last year to discuss this sale with the Saudis.
 - Set an example for what the President is trying to accomplish because this is one sale will mean tens of thousands of jobs in the aerospace and related industries.
- Yesterday's Saudi purchase of aircraft should be tomorrow's sales of railroad equipment in China and Russia and Mexico.
 - China has the largest market for transportation infrastructure in the world; Russia's market is wide open; and NAFTA has far-reaching implications for RPI's members in exports to Mexico.
- For example, the increases in trade generated by NAFTA will mean additional business for railroads and other commercial carriers.
 - NAFTA codifies a major change in the Republic of Mexico's policy on railroad investment.
 - Since the Mexican national railway is publicly-owned, all investment had been prohibited.
 - Under NAFTA, private investment will now be permitted in the construction and rehabilitation of Mexican railways.
 - This not only will lead to increased efficiencies and productivity for shippers, with lower costs for business, but will offer investment openings as well.
- The new Mexican intermodal terminals - "ferropuertos" - can now be owned and operated by American railroads and other investors.
- These opportunities are what we mean by an open global economy, one which allows each nation to do what it does best.

-- Sound investments by both government and the private sector will allow American business to do what it does best.

ADVANCED TRAIN CONTROL SYSTEM

- Before I close, let me update you on the status of one of our related efforts that will lead to safer railroads.

- We are working with railroads and several of you in the supply industry to prepare a report to Congress on the status of railroad radio communications and advanced train control systems.

-- We are determined that this report will offer a balanced and objective view of these issues, recognizing that there are several different technical approaches to reducing collisions and overspeed accidents.

-- Burlington Northern is considering even more advanced systems which could provide accurate freight car reservation and scheduling. Such spin-offs hold great promise for further increasing railroad profitability.

- Implementation of automatic train control systems should be based upon a collaborative effort involving all parties, bring sound business perspectives, and consider all alternatives equally.

-- I commit to you and I know that Jolene Molitoris has also committed that we will work with you to make this a reality.

CONCLUSION

- Our vision of public investment is intended to improve the American people's productivity as well as their quality of life, through initiatives in a broad range of critical physical and human capital investments.

-- These include new programs in such areas as education, worker retraining, and health care. But such investment also *must* include transportation infrastructure and technology.

- And the export of those technologies to markets around the world.
- Because, as the President says, "America's future depends on our ability to compete in the international marketplace."
- The President understands the magnitude of this challenge and the importance of meeting it.
 - In his *Vision of Change for America*, he makes it clear that such investment is critical if we are to revitalize our economy - both to create jobs for today and to generate growth for tomorrow.
 - The export promotion strategy makes this vision possible.
 - The FY 1995 budget lays the groundwork for this future.
- Working together with you on exports and on infrastructure investments, we will make this vision a reality.

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY**

**"THE CLINTON ADMINISTRATION'S COMMITMENT
TO TRANSPORTATION"**

**NATIONAL ORDER OF WOMEN LEGISLATORS
WOMEN LAWMAKERS' NETWORKING DAY, 1994
WASHINGTON, D.C. FEBRUARY 21, 1994**

*(Introduction to be made by Robin Read, Executive Director,
National Order of Women Legislators)*

Thank you, Ms. Read, for that introduction. I also want to thank Bonnie Sue Cooper and the Board of the National Order of Women Legislators for inviting me to speak today.

Before I begin my formal remarks, I would like to bring you greetings from Secretary Peña, who was unable to join us today. As a Coloradan, he is proud that it was his home State which, one hundred years ago, was the first to elect a woman to its legislature. Like President Clinton, he understands the importance of equality of opportunity. Not just because it is right, but because we cannot do without the talents and skills of half of our population.

During my years as Executive Director of the MTA in New York, for example, we benefitted from the contributions of such outstanding woman legislators as Sandy Galef, Suzi Oppenheimer, Cathy Nolan, and Audrey Pleffa.

This Administration has ensured that women and others who, in the past, may not have had full opportunity to contribute can now do so. Secretary Peña has demonstrated his personal commitment by appointing such exceptional leaders as Assistant Secretary Louise Stoll, Federal Railroad Administrator Jolene Molitoris, the Secretary's Chief of Staff, Ann Bormolini, and four Deputy Administrators: Jane Garvey in Federal Highways, Grace Crunican in Federal Transit, Linda Daschle in Federal Aviation, and Ana Sol Gutierrez in Research and Special Programs.

These and other outstanding appointees are setting new standards of professionalism in transportation.

The National Order of Women Legislators has been working for more than half a century to prepare women legislators for leadership and to promote a spirit of cooperation among women lawmakers. I applaud your work encouraging women to enter public service, and strongly support your continuing efforts to broaden participation in our governmental system.

I would like to talk today about a subject which I know will interest all of you, and that is our outlook on the President's programs and the FY 1995 Federal budget.

During the Clinton Administration's first year, we have launched the first credible attack in over a decade on the Federal deficit - first with the current year's budget, and now with a 1995 budget which sets forth a roadmap

for a thriving, prosperous America.

In the first year of the Clinton Administration, we have seen dramatic recovery from a devastating recession. We have seen more jobs created in the last year than in the previous four years combined. We have seen interest rates drop, permitting more of us to realize the American dream of home ownership.

And not only that: in just one year, we have seen the most courageous efforts in a generation to improve the quality of Americans' lives.

The Family and Medical Leave Act means that we no longer have to choose between our jobs and being at the side of a loved one.

The Brady bill means that criminals and the deranged no longer will be able to buy a handgun as easily as a toy water gun.

And the National Service program and the Student Loan Reform Act mean that families no longer have to choose between paying college tuition and paying the mortgage.

Change has come to other areas as well. We have a President who is actively working as a full partner with American business...whether that means forcing open Japanese markets, ensuring that American firms can compete equally for Saudi Arabian airplane contracts, or

fighting for free trade.

The pace this past year has been fast, and that is as it should be. The American people voted for change, and for action, in November 1992. The Clinton Administration's policies have reversed years of complacency and rudderless government.

In my own area, transportation, we are seeing great strides as well.

The devastating earthquake in Southern California, like last year's midwestern floods, provided a vivid demonstration of just how crucial sound transportation systems are to our way of life.

The Clinton Administration has responded immediately and effectively to these emergencies. But just as we respond to sudden disaster, so too must we respond to the slow-motion disaster of decaying and inadequate infrastructure.

This Administration believes the Federal government must play a central part in stimulating investment in America's transportation infrastructure. Simply put, this is because efficient and effective transportation systems are vital to our long-term economic health.

Recent economic indicators show that the President's programs are *already* working to speed America's recovery from the recession. But this is not enough to ensure the

continued economic growth the nation needs for long-term prosperity. To provide that assurance, we must *invest* in America: in its people, in its communities, and in its infrastructure.

The President's FY 1995 budget proposal does this by increasing Federal investment in our transportation system to its highest level ever, \$39.7 billion. That is 2 percent more than this year's total, but it will mean even more than that to State and local governments. That is because most of the money, 71 percent, would go directly to infrastructure funding.

We have done this by making difficult choices elsewhere in the budget. For example, we intend to reduce our own DOT workforce next year by more than 3,600 full-time employees from the level we found last January. This is one step towards a 12 percent, 8,500 job reduction.

Despite this, - or maybe because of it - we will continue the department's stewardship of our national systems by reinventing ourselves to improve the way we do business. We will consolidate facilities and programs, and eliminate requirements which have proven unnecessary in order to have more staffers providing the hands-on technical assistance and guidance States need.

This budget is based upon full funding, for the first time, of highway and transit formula grant programs at the levels authorized by the Intermodal Surface Transportation Efficiency Act. That means \$20.2 billion

for highways, including \$18.3 billion for the core Federal-aid program.

It also means \$2.8 billion for transit formula grants, a *20 percent* increase from the current year, including a *40 percent* increase in capital funding.

I should note that this additional capital funding will come partly from a higher overall budget, and partly from reduced operating assistance to transit agencies. This was a difficult decision, especially for those of us with experience in local transit. However, we believe that it is more important that we invest in new equipment and new facilities, which will have the effect of generating operating savings. Transit agencies will benefit far more in the long run from such investments.

Together, these proposals will result in \$3.6 billion more for surface transportation capital assistance to the States. The matching funds provided by our partners in the States will increase these amounts further. That is a significant step forward in the rebuilding of America.

This budget does not neglect other modes to do this. Passenger rail programs have been funded at more than \$1 billion, including a *29 percent* increase for AMTRAK capital assistance. That will allow it to purchase new locomotives and passenger cars and overhaul older equipment, reducing operating costs and increasing its ability to provide the first-rate passenger service Americans need.

Additional funds have been included for a down-payment on the high-speed rail service necessary for a seamless intermodal transportation system, including track work on the busy Washington-New York-Boston corridor.

The budget also maintains airport improvement programs at their current level and increases the FAA's Facilities and Equipment Program. And it increases support to our maritime industry, providing a billion dollars over the next decade to support U.S.-flag carriers through the new Maritime Security Program.

Finally, it looks to the future with a 14 percent increase in research and development funding. We will support new initiatives, such as Intelligent Vehicle Highway Systems, which better utilize today's road capacity, and Global Positioning Systems, which will greatly improve the navigation capabilities of civilian aircraft.

All of these efforts are consistent with the President's central purpose of providing America with what it needs to win in the global economic competition of the 21st century.

This vision of public investment is intended to improve the American economy's productivity, as well as our people's quality of life, through initiatives in a broad range of critical physical and human capital investments ranging from education to worker retraining to health care. But such investment also *must* include transportation.

The President understands the magnitude of this challenge and the importance of meeting it. In his *Vision of Change for America*, he makes it clear that such investment is critical if we are to revitalize our economy - both to create jobs for today and to generate growth for tomorrow. The FY 1995 budget lays the groundwork for this future, and we look forward to working with Congress and the States to make it a reality.

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**TALKING POINTS FOR
DEPUTY SECRETARY OF TRANSPORTATION MORT DOWNEY
MIT SYMPOSIUM:
"TRANSPORTATION, ECONOMIC GROWTH, AND THE ENVIRONMENT"
CAMBRIDGE, MASSACHUSETTS | FEBRUARY 25, 1994**

("Summing Up: Where do We go From Here?" Panel)

A. Introduction

- * The Clinton Administration has a variety of strategies to enhance linkages among transportation, the economy, and the environment over the next several years.**
- * These include additional investments in transportation infrastructure. The President's FY 1995 transportation budget is \$39.7 billion, 71% of which is dedicated to capital improvements. This includes notable increases for highways, mass transit, and high-speed rail.**
- * The Department also is exploring strategies to improve the efficiency of existing systems, such as greater use of transit, ridesharing, alternative work schedules, and telecommuting. Market-based mechanisms, such as congestion pricing, may be a strategy used to ensure that those who need to travel on specific roads at specific times can do so without costly delays from congestion.**
- * We also are working to develop ways of increasing the availability of private sector resources, both technical knowledge and investment capital, for transportation.**

New financial techniques, public-private partnerships, and fully-private facilities all may have prominent places in the transportation systems of the future.

- * Finally, we have several major new areas underway. They include the new National Transportation System, the use of emerging technologies, and adaptation of defense-generated high technology.**

B. Linking America: The National Transportation System

- * The National Transportation System was announced by Secretary Peña last December 9 in conjunction with the unveiling of the Congressionally-mandated National Highway System.**
- * The NTS goes beyond the NHS to include not only roads but also airports, seaports, waterways, railroads, transit systems, and even pipelines, as well as their intermodal connections. It will include systems for both personal and freight transport, and both public and private facilities.**
- * The NTS will serve as the guide for transportation infrastructure funding, providing direction for comprehensive, coordinated investments geared to the efficient intermodal movement of people and goods.**

C. Transportation Technology and Economic Growth

- * President Clinton's new initiative, *Technology for America's Economic Growth: A New Direction to Build Economic Strength*, provides the basis for long-term economic growth and an enhanced quality of life through public-private cooperation on technology development.**
- * This enterprise recognizes the critical role improvements in technology must play in achieving these goals, and the necessity of public-private partnerships in such efforts.**
- * President Clinton's Clean Car Initiative is aimed at strengthening U.S. competitiveness by developing technologies for a new generation of virtually emission-free vehicles with triple the fuel efficiency of today's cars.**
- * This project, relying upon existing government funding and a joint venture of Detroit's "Big 3," will use concepts such as fuel cells to produce affordable, environmentally-sound cars which will reduce the need for imported oil and improve America's competitiveness.**
- * USDOT also is forging ahead on Intelligent Vehicle Highway Systems, using "smart bomb" technology to produce "smart cars." Actually a wide array of existing and emerging technologies, these strategies will**

make better use of existing road capacity while improving travel times and enhancing safety.

- * The Urban Institute projected that IVHS will produce 20,000 new jobs within two years and an additional 200,000 by 2011. These are jobs associated directly with IVHS deployment and management, and do not reflect jobs created by more efficient or lower-cost travel.**

D. Transportation and Defense Conversion

- * The end of the Cold War offers an opportunity to convert the industrial and technological capabilities that have been focused on defense to civilian purposes. This will allow nonmilitary uses of high technology, and ease the transition of defense industries to peacetime activities.**
- * President Clinton has launched a Defense Reinvestment and Conversion Program to coordinate these activities and to invest in worker retraining, community redevelopment, and advanced technology.**
- * This effort is spearheaded by the Technology Reinvestment Project (TRP), coordinated the Defense Department's Advanced Research Projects Agency. The Departments of Transportation, Commerce, and Energy also are participating, together with NASA and the National Science Foundation. The purpose is to promote the transition of military technologies into**

competitive commercial projects, both for domestic use and for export.

- * The TRP offers grants to private business with 50% project cost-sharing. The recent competition for \$472 million in grants elicited 2,850 proposals requesting \$8.5 billion from teams consisting of more than 12,000 businesses, colleges, and state and local governments.
- * Transportation-related research captured 15 of 46 projects funded in FY1993. This amounts to about \$200 million in combined government and private sector investment in critically-important transportation areas, with no need for USDOT contributions other than staff time.

E. Conclusions

- * The Clinton Administration looks to such innovation and to cooperation with other government agencies and business to speed up an ongoing revolution in transportation. Together with carefully-chosen investments in traditional infrastructure and strategies for maximizing the usefulness of existing capacity, these innovations will help America compete successfully in the global economy.

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(MIT Professor David Bernstein, Moderator)

A. *Transportation and the economy*

- * **Transportation is a critical part of the national economy, directly involving about 1/6 of GDP (nearly \$1 trillion) and over 12 million jobs in:**
 - ▶ **provision of transportation services;**
 - ▶ **manufacture of cars, trucks, planes, and other equipment;**
 - ▶ **construction of highways, airports, and other infrastructure.**
- * **In addition, transportation facilitates growth of the entire economy by enabling cheap, efficient transport of people and goods.**
- * **Government support of transportation is critical and very much in the American grain. Government has always played a role in the development of transportation and commerce, helping to develop the Colonial post roads, the railroads which linked our expanding frontiers, and the Interstate Highways and airports which powered our emergence as the world's largest economy.**

- * During the 1980s we largely failed to invest in national infrastructure and technology for the future. Instead of keeping pace with other leading nations, we allowed our infrastructure to fall into disrepair. We now find ourselves with limited capacity, outdated connections, and deteriorating conditions. We have decreased our transportation system's reliability and at the same time increased its costs.**
- * The Clinton Administration believes that both the economic aspects of transportation - direct activity and efficient service - must be emphases of national policy. The potential return is high: a 1% improvement in efficiency could result in a \$100 billion savings across the economy over a decade.**

B. USDOT Strategic Plan

- * On January 25 Secretary Peña released the USDOT Strategic Plan, the first comprehensive, department-wide plan ever developed. Three of the seven goals explicitly address economic concerns.**
- * The goal of "tying America together" through an effective intermodal transportation system recognizes the importance of efficient movement of people and goods.**
- * The goal of "investing strategically in transportation infrastructure" is intended to increase productivity,**

create jobs, and stimulate economic growth through investment in roads, airports, and other facilities.

- * Finally, the goal of linking the nation's transportation and high technology industries to generate mutually-beneficial opportunities and synergies will make both more efficient and competitive and assist in the process of post-Cold War defense conversion.
- * USDOT is developing a wide variety of cross-modal strategies to achieve these goals.

C. Linking America: The National Transportation System

- * One of the most prominent is the National Transportation System. The NTS was announced by Secretary Peña last December 9 in conjunction with the unveiling of the Congressionally-mandated National Highway System.
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F. Conclusions

- * The Clinton Administration understands that the Federal government must play a central role in developing both America's transportation infrastructure and the new technologies which will enable us to make transportation more efficient. Simply put, this is because efficient and effective transportation systems are vital to our long-term economic health and global competitiveness.
- * Recent indicators show that the President's programs are speeding America's recovery from the recession, but we must do more to ensure the continued economic

growth we need to guarantee long-term prosperity. *We must invest in America.*

- * Our vision of public investment is intended to improve our productivity, as well as our quality of life, through initiatives in a broad range of critical physical, human, and technology investments.**
- * Such investments must include transportation, since our systems are the largest and most comprehensive in the world, and are indispensable to the safe and rapid movement of people and products that sustains a competitive economy.**
- * The new role for government we see corrects a genuine market failure: underinvestment in technology applications. In a competitive economy, the pressure for immediate returns sometimes can prevent basic research from translating to applied commercial applications. Government can take a broader and more patient view of innovation.**
- * The Clinton Administration looks to such innovation and to cooperation with other government agencies and business to speed up an ongoing revolution in transportation technology. Together with carefully-chosen investments in traditional infrastructure, these innovations will help America compete well into the next millennium.**

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