

**DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER DOWNEY
1994 SPEECH LIST**

- 01/10/94 "Framing A Federal Infrastructure Policy"
Transportation Research Board
- 01/13/94 Conference On North American Trade
And Transportation
Washington, D.C.
- 01/17/94 Unity Prayer Breakfast
Birmingham, Alabama
- 01/20/94 "Federal Infrastructure Policy and Transportation
Development" Rebuilding America Conference
New York, New York
- 02/01/94 Black History Month Opening Remarks
Washington, D.C.
- 02/03/94 "The Clinton Administration's Principles
On Infrastructure Management and Investment
9th Annual federal Executive Institute Executive
Forum on Public Service Performance
Reston, Virginia
- 02/08/94 "Highway Users and the New National
Highway System" Highway Users
Federation for Safety and Mobility
Executive Committee Meeting
Pentagon City, Virginia
- 02/18/94 Railway Progress Institute
(Talking Points)
Naples, Florida
- 02/25/94 MIT Symposium "Transportation,
Economic Growth, and the Environment"
(Talking Points)
Cambridge, Massachusetts

02/25/94 MIT Symposium "Transportation,
Economic Growth, and the Environment"
Talking Points
Cambridge, Massachusetts

03/10/94 Maritime Security Plan Press Conference
Washington, D.C.

03/15/94 Statement of Deputy Secretary
Mortimer L. Downey Before The
Subcommittee on Investigations
and Oversight of the House Committee
on Public Works and Transportation
Washington, D.C.

03/16/94 "The Clinton Administration's Commitment
To Transportation Infrastructure" The Municipal
Forum of New York
New York, New York

03/29/94 1994 SAE Government/Industry Meeting
Washington, D.C.

04/07/94 Mothers Against Drunk
Driving News Conference
Talking Points
Washington, D.C.

04/13/94 Transportation Development Association
of Wisconsin Annual Meeting
Madison, Wisconsin

04/21/94 U.S. Coast Guard Marine Environmental
Protection Forum
Washington, D.C.

04/30/94 National Association of Railroad Passengers
Board Meeting
(Talking Points)
Rockville, Maryland

05/04/94 National Defense Transportation Association
Spring '94 Military Airlift Committee Meeting
Charleston, South Carolina

05/09/94 Transportation Transformation Day
Washington, D.C.

05/20/94 National Transportation Week
Houston, Texas

05/23/94 Eno Transportation Foundation
Transportation Leadership Development
Program Conference
(Talking Points)
Washington, D.C.

05/26/94 E.H. Harriman Memorial Awards
Washington, D.C.

06/08/94 New York Public Transit Association
Spring Conference
Cooperstown, New York

06/14/94 We Strive for Excellence in Everything We Do:
Hine Junior High School Commencement 1994
Washington, D.C.

06/16/94 International Business Forum-Governing
Magazine National Forum on P

06/28/94 Central and Eastern European Highway
Market Conference
Budapest, Hungary

07/13/94 National Association of State Treasurers
Annual Conference
New Orleans, Louisiana

07/21/94 The Power Of Partnerships: Strengthening
MPOS to Realize The Promise Of ISTEA
San Francisco, California

09/08/94 The Road Gang Luncheon
Washington, D.C.

09/14/94 American Road And Transportation Builders
Association 6th National Conference On
Public-Private Ventures In Transportation
Washington, D.C.

09/16/94 Oath Of Office For Dr. Ricardo Martinez
National Highway Traffic Safety Administrator
Washington, D.C.

09/20/94 National Hispanic Heritage Month Ceremony
(Talking Points)
Washington, D.C.

09/22/94 Heroes of Reinvention Awards
Mobile, Alabama

09/22/94 News Conference On Barge-Railroad Safety
Mobile, Alabama

09/26/94 American Public Transit Association
National Conference
Boston, Massachusetts

09/26/94 American Public Transit Association
National Conference: Administrators' Roundtable
(Talking Points)
Boston, Massachusetts

10/05/94 1994 Combined Federal Campaign Rally
(Talking Points)
Washington, D.C.

10/06/94 Auto Safety Town Meeting
(Talking Points)
Washington, D.C.

10/14/94 Intelligent Intermodal Systems Conference:
Searching For Solutions: Intermodal Cooperation
In The Northeast Corridor
(Talking Points)
New York, New York

10/14/94 Intelligent Intermodal Systems Conference:
General Session Welcome
New York, New York

10/17/94 Dulles Access Study Grant Announcement
West Falls Church Metro Station
(Talking Points)
Falls Church, Virginia

10/18/94 1994 Brunel Awards International Railway
Design Competition
Washington, D.C.

10/20/94 Salute To The Coast Guard Dinner
New York, New York

10/20/94 I-95 Corridor Coalition Executive
Board Meeting
Princeton, New Jersey

10/27/94 New York Ferry Boat Grant Announcement
(Talking Points)
Yonkers, New York

11/01/94 Maryland Mass Transit Grant Announcement
(Talking Points)
Baltimore, Maryland

11/02/94 National Science And Technology Committee
Aeronautics Partnership Workshop
(Talking Points)
Washington, D.C.

11/03/94 Employee Recognition Day Reception
For S-1/S-2/S-3 Staff
(Talking Points)
Washington, D.C.

11/08/94 Technology 2004 Conference
Washington, D.C.

11/09/94 USDOT Telecommuting Open House
(Talking Points)
Washington, D.C.

11/14/94 American Association Of State Highway
And Transportation Officials Annual Meeting
Albuquerque, New Mexico

11/30/94 First World Congress On Applications
Of Transport Telematics And Intelligent
Vehicle-Highway Systems

- 12/05/94 Customer Service Field Initiative Peer
Review Team Meeting
(Talking Points)
Crystal City, Virginia
- 12/05/94 Dedication Of Robert S. Marx Media Center
(Talking Points)
Washington, D.C.
- 12/07/94 American Waterways Operators
Washington, D.C.

**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY
"FRAMING A FEDERAL INFRASTRUCTURE POLICY"
TRANSPORTATION RESEARCH BOARD
WASHINGTON, D.C.
JANUARY 10, 1994**

(Major General John F. Sobke, U.S. Army Corps of Engineers, scheduled to preside.)

I'd like to thank General Sobke for that generous introduction, and TRB for inviting me to offer the Department of Transportation's perspective on infrastructure issues. I also want to bring you greetings from Secretary Peña, who's made improvement of the nation's transportation infrastructure among the department's highest priorities.

Importance of this Session

This TRB session addresses an issue of great significance: the Federal role in national infrastructure policy. It's been the subject of intense debate over the past several years. And I don't think I'm stepping on my own punchline by telling you at the outset that the Clinton Administration believes the Federal government must play a central part in developing America's transportation infrastructure. Simply put, this is because efficient and effective transportation systems are vital to our long-term economic health.

Public Investment and the Economy

Although recent economic indicators show that the President's programs are working to speed America's recovery from the recession, we need to do more to assure the continued economic growth the nation needs. We have to develop the means to guarantee long-term prosperity. To do so, we must *invest* in America: in its people, in its communities, in its infrastructure.

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

But investment will include transportation. Our intermodal system of roads and seaports, of railroads and airports, is the largest and most comprehensive in the world. It's indispensable to the safe and rapid transport of people and products which sustains our economy. It's something which has worked so well for so long that we take it for granted. So it's only when disaster strikes and a road or airport is closed that we really appreciate its true worth.

But not all of these "disasters" strike as suddenly as last years floods or the prior years earthquakes. Over the last generation, limited capacity, outdated connections, and

deteriorating conditions have decreased the system's reliability at the same time they've increased its costs. The reduced productivity and higher expenses have affected our ability to compete internationally. Indeed, nations such as Germany invest as much as *four* times more than we do, giving them a tremendous advantage.

Although there's no absolutely "correct" amount of investment in this sector, there's a consensus that a sound infrastructure and economic growth are intertwined. The effects of underinvestment are seen daily in higher costs, a lack of competitiveness, and the daily aggravations of traffic congestion, air traffic delays, and reduced mass transit service. Clearly, we need to take steps to turn this situation around.

The cost of the needed improvements is extraordinary. The latest numbers show that the cost if we were to eliminate the entire backlog of bridge and major highway deficiencies would total \$290 billion. Many billions more are needed to remedy shortcomings in mass transit, on freight rail lines, at airports and seaports.

The President's Commitment

From the start, President Clinton has understood the magnitude of this challenge and the importance of meeting it. In his *Vision of Change for America*, he makes clear that investment is critical if we're to revitalize our economy - both to create jobs today and even more

important to generate growth tomorrow.

The President has worked hard, along with the Congress, to provide as much Federal funding as possible for transportation infrastructure. Indeed, some 70 percent of the DOT's FY94 budget is dedicated to such investments. And, although I've been in government too long to make the mistake of trying to scoop the President on the specifics of the FY95 budget he'll submit to Congress later this month, I'm sure you'll see no decrease in his commitment.

At the same time, the President is fully aware of the budgetary constraints that all levels of government face as they attempt to bridge the infrastructure gap. He's directed us to explore innovative ways of meeting these needs without burdening taxpayers or neglecting other pressing national needs. We're looking at several strategies to do this.

The National Transportation System

One strategy which we've already set forth in outline is the National Transportation System. The NTS is modeled on the legislatively mandated National Highway System launched by Secretary Peña last month. However, while the National Highway System focuses on roads of significance, the NTS will consist of the infrastructure components of *all* modes of transport, both passenger and freight, as well as their interconnections.

It's a tremendously ambitious undertaking which will require extensive collaboration and coordination among all levels of government and consultation with the public and with business and other user groups.

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

Necessity of Intermodalism

Our transportation system's ownership is diverse, reflecting the investments made by multiple layers of government, public authorities, private transportation companies, and the shippers of goods. However, this unplanned approach has sometimes led to investment decisions that didn't consider the connections between modes, or that reflect less-efficient choices. Differing Federal matching ratios and other factors sometimes have skewed decision-making, too.

Congress recognized the need for a broader view when it enacted the Intermodal Surface Transportation Efficiency Act. ISTEA acknowledges that, in times of fiscal limits, we can't afford inefficiencies. We need to choose the best mode for each purpose, and for each stage of the transportation process.

In order to assist States and localities in making

sound decisions about the use of public funds, ISTEA revised the transportation planning process and established a series of management systems designed to ensure that an effective, integrated system is developed. Since taking office, we have completed and issued regulations and guidance that fill in the processes by which it will be implemented.

ISTEA equalized matching levels among programs, and has increased funding flexibility and the ability to transfer funds among program categories. The result is to empower State and local decision-makers to make the best use of funds, and to select the best mode for each purpose.

The NTS and Infrastructure Investment

The NTS is intended to promote more, and better, investment in transportation facilities. We expect that this will result partly from the better understanding that both the public and private sectors will have of actual needs, allowing more accurate targeting of investment dollars. In addition, the NTS will make clearer opportunities for government and business to develop greater efficiencies and synergies.

In particular, the NTS will, we hope, be a powerful analytical tool which will accurately project the impacts of transportation decisions on people, businesses, and communities. Planners and investors will be able to hypothesize alternative travel and demographic scenarios so better determinations can be made at all levels.

Developing the NTS

We've already begun preliminary development of the NTS, addressing issues across a broad range of transportation issues. As the process continues, we'll work closely with the transportation community, State and local governments, business, and the public to ensure the broadest possible involvement. The proposed plan we'll issue will be comprehensive and detailed so that this participation will be productive.

While the NTS may raise complex issues of Federal program structure and funding eligibility, we don't intend for it to concentrate decision-making in Washington. Nor do we want to usurp the rights of States and local governments, or intervene in private investment decisions. It will be neither a unilaterally-developed Federal plan nor a mandate diminishing local powers. Moreover, it won't define the limits of Federal interest or of Federal financial support. Rather, it will be a highly useful analytical tool for all decision-makers.

Need for New Approaches

The national infrastructure deficit can't be bridged only by better planning or more informed decisions, important as they may be. As a society we need to invest more, and 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.

In some cases, facilities aren't used in the most efficient way possible. In other cases, the best uses aren't being made of them. Several major programs now underway in the department are meant to address this.

Intelligent Vehicle Highway Systems

The FHWA is making a major commitment to the development of Intelligent Vehicle Highway Systems. IVHS means a lot of things, of course, but at its basic level it means allowing existing facilities to handle greater levels of traffic while not only maintaining but actually improving safety. Since it's the focus of a number of other sessions during TRB, I won't go into the details here. But I wanted to highlight IVHS's potential for spanning the investment gap by reducing the need for greater capacity.

Market-Based Incentives

We also want to explore strategies for ensuring that the best use is made of existing facilities, especially during peak periods. We've 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 allow those who really need to make specific trips to travel without costly delays from congestion. These strategies also have the potential

to improve environmental quality as well, by reducing unnecessary trips or diverting them to other modes.

Our Congestion Pricing Pilot Program will see its first test soon as California establishes pricing on the San Francisco-Oakland Bay Bridge. CalTrans and the Bay Area's Metropolitan Transportation Commission have designed a project which tries to address a wide variety of concerns related to equity, efficiency, and the technical aspects of implementation. We're excited about this venture, and look forward to its serving as a model for other cities.

The Role of Private Investment

Increased efficiency can only go so far, of course. In some cases, there's no viable alternative to building a new road or expanding an airport. To put it plainly, there just isn't going to be enough Federal money to make all of the improvements we need, nor is there likely to be enough State or local funding. All of us in government are painfully aware of the limits in this area.

One potentially significant solution could come from private funding.

Now, private investment has always been an integral part of transportation funding. Facilities of all types across the nation, from roads to railroads to airports, have been built wholly or in part with private money. Public policy in the postwar era deemphasized this in favor of

facilities supported by fuel taxes and other publicly-generated funds. Today, however, as we seek to address enormous needs with fixed budgets, we have to look to the private sector to provide alternatives.

We're looking hard for ways to increase the availability of private sector resources - and 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 issues have quintupled over the past decade, to over \$26 billion. Clearly, the investment community believes that transportation is a sound risk.

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 an important place in the transportation systems of the future. They offer not only a source of funding, but the opportunity to target costs and benefits and to generate business-driven efficiencies.

Recent advances in technology, such as vastly more efficient toll and tariff collections, 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.

For example, ISTEA expands the availability of

Federal-aid to include more new toll road construction. CMAQ, the Congestion Mitigation and Air Quality Improvement Program, explicitly makes public-private partnerships an eligible item. Nine States now have laws permitting public-private toll road project development, and others are considering them. The privately-funded roads now being built in Southern California are an example of this type of arrangement.

New Financial Techniques

We're also developing new financial techniques to maximize the leveraging of private funds. These include Federal-aid funding 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're considering a wide range of additional options, such as revolving funds, loans, loan guarantees, credit enhancements, and capital enhancements to further stimulate needed investment.

As an example of what we're trying to do, we recently worked with WMATA here in Washington to refinance the Metrorail system with the lower interest rates Americans are using to obtain cheaper home mortgages. The agreement retires nearly \$330 million in Federally-guaranteed debt at a interest savings of \$200 million. It also allows WMATA to secure a line of credit for the fast-track construction of the Metrorail system, not

only speeding completion but saving \$600 million in the process. That's a total savings to the nation's taxpayers of \$800 million.

The Future

We in DOT look to use this innovation and cooperation with other levels of government and the private sector to help meet our national transportation infrastructure needs. This Administration views State and local governments and the private sector as full partners in the effort to build the highways and airports and high-tech rail lines which will carry us forward into the next century.

It's an approach implicit in Vice President Gore's National Performance Review, which emphasizes the need for better planning and the use of market incentives as we reinvent government.

This isn't an abdication of public responsibility, but a recognition that the Federal government can't do it all alone. From defense conversion to work retraining to the President's Clean Car Project, the theme of new public-private partnerships is consistent in the Clinton Administration's approach to solving national problems.

We'll answer the challenge of meeting national infrastructure needs by expanding the spectrum of available resources and offering opportunities for creative involvement by new parties. We hope that other levels of

government and the private sector will join with us in this critical effort. Thank you.

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**REMARKS PREPARED FOR DELIVERY
THE DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY
CONFERENCE ON NORTH AMERICAN
TRADE AND TRANSPORTATION
WASHINGTON, D.C. JANUARY 13, 1994**

The Timeliness of this Conference

Thank you, Jane Garvey, for that kind introduction. I'm happy to join all of you today as you discuss the transportation implications of North American trade.

This conference, and the ISTEA-required reports which prompted it, is made especially timely by the enactment, less than two weeks ago, of the North American Free Trade Agreement. NAFTA wasn't mentioned in ISTEA, of course, but Congress showed foresight in requiring that the impacts of increasing trade among the U.S., Mexico, and Canada be studied. It's become all the more imperative now that NAFTA is ending most of the barriers which limit trading among our three nations.

NAFTA's Benefits

Because, make no mistake, NAFTA is going to be a tremendous boost for our economy and for those of our neighbors. It's going to result in the creation of the largest free trade zone in world history, one linking more than 370 million people with a combined annual output of over \$6.5 trillion. Virtually all of the artificial restrictions

which have hindered trade among our peoples will fall over the next decade. The result will be an explosion of commerce, enriching all three of our nations.

That's saying a lot, since we already have a rapidly-increasing volume of trade throughout North America. Mexico and Canada are two of our strongest economic partners. In 1992, our trade with Canada totaled \$189 billion; indeed, one out of every five dollars in U.S. exports is to our northern neighbor.

Our trade with Mexico has grown even faster, fueled by Mexico's liberalization of tariffs and trade restrictions in 1986. Mexico is now our third-largest market, with \$76 billion in goods passing between our countries. By the turn of the century, this trade will increase by another 50 percent or more.

The Need for a Transportation System Which Supports Trade

Yes, NAFTA will expand trade, to the benefit of all of us. But NAFTA's full value can be realized only if we work to maximize the opportunities it offers.

We can't let NAFTA's elimination of trade barriers be offset by new barriers created by congestion, red tape, and inadequate transport facilities.

The products which will flow among our three nations require a safe, efficient, reliable transportation system. If

our road and railroad systems, our airports and seaports, are deficient or poorly connected, and if our investment decisions are made in a haphazard, piecemeal fashion, then NAFTA won't be able to achieve its full potential.

We in DOT are committed to a comprehensive effort to work with both the public and private sectors to identify roadblocks to the efficient movement of goods, and to develop effective solutions. This conference, which is focused on involving the private sector, is one step in this direction.

The North American Transportation Summit

Another step is the North American Transportation Summit Meeting, which Secretary Peña announced on Tuesday. This meeting will be convened here in Washington this March, and will bring together Secretary Peña, Mexican Secretary of Transportation Emilio Gamboa, and Canadian Minister of Transportation Douglas Young for a series of talks on ways to better coordinate our nations' transportation systems, policies, and infrastructure investments to meet the demands brought on by growing trade.

In particular, Secretary Peña will propose exchanges of information on innovative strategies to finance transportation infrastructure, especially ways to involve the private sector in developing necessary improvements. He also will suggest that the three nations explore technical exchanges in areas which would improve border crossings,

such as intelligent vehicle highway systems, automated toll collection, and "smart" traffic systems.

Other issues which could arise relate to NAFTA's provisions for the liberalization of cross-border commerce, the harmonization of rules and regulations, and ways of easing traffic congestion at our borders. Each of these is intended to move goods more quickly as we develop a seamless North American trading system.

The ISTEA Section 1089 and 6015 Studies

Determining whether our current transportation system is up to the challenges posed by increased international trade was one of the primary purposes of the ISTEA Section 1089 and 6015 studies.

I'm not going to go into these studies in detail, since you heard about them from DOT staff this morning. What I'd like to talk about are some of their implications for national transportation policy over the next several years.

In essence, the studies found that current border crossing facilities, together with ongoing improvements, will be able to accommodate the overall expected increases in trade.

However, we still need to wring out every possible efficiency from these crossings to speed movement across our borders and reduce costs further. Decreasing these

transportation-related expenses is a way of raising our international economic competitiveness and that of our closest trading partners as well.

In addition, new crossings may be required in the future as new markets open and trade flows grow and change. In order to respond as effectively as possible to emerging tests, we have to refine our infrastructure planning.

Finally, we'll need to expand and modernize our arterial roads and other trade corridors within each nation to facilitate shipments once they've crossed international borders. It won't help trade very much if a truck moves freely across the border, and then spends extra hours traveling over crowded or inadequate roads. This is equally true of corridors from seaports and airports.

Interagency Cooperation in Solving Problems

We also have to identify and fix "hot spot" problems, both those which now exist and those which emerge in coming years. By that, I mean instances in which physical or operational impediments exist to the free flow of goods.

Many of the operational issues relate to staffing levels and to international agency coordination, and are the province of other Cabinet departments. Representatives of Justice, Agriculture, State, and Treasury will be speaking to you this afternoon about ways in which they'll work together to improve procedures for the passage of goods.

Their departments, and others, will participate in the Border Infrastructure and Facilitation Task Force which will begin work later this month. Its mission is to report on specific ways to improve the efficiency of existing U.S. border crossings and to better plan for future border infrastructure investments. The task force will approach these problems from the standpoint of a team dedicated to improving the way in which Federal agencies handle their border responsibilities.

Infrastructural Impediments to the Free Flow of Goods

The physical problems which can develop are often the responsibility of Federal or State transportation agencies. These obstacles cut across modes, and include limited rail and road access into ports, Interstate access to international bridges, and highway connections to border stations, among others.

We're seeking innovative strategies to identify and solve these problems. For example, one tactic is the use of computerized systems with interfaces among the information networks of shippers, carriers, and national inspection systems to expedite the flow of necessary information about deliveries and reduce paperwork and other redundancies.

We're also encouraging State, local, and metropolitan area agencies to focus on issues related to border crossings, seaport and airport access, and freight as they carry out ISTEA-mandated planning activities. In fact,

the strong emphasis that our new planning and management system regulations place on intermodalism is highly supportive of this approach.

The NTS as a Model for Investment Strategization

More broadly, the DOT is seeking to improve our overall ability to determine appropriate investments. The comprehensive U.S. National Transportation System announced by Secretary Peña last month will enable us to better assess all the various modes of transportation - from highways to railroads to ports and airports - which link this nation together.

Its primary purpose is to allow us to better "see" the needs for strategic transportation investments within the United States, so that the investments we do make are productive and well-chosen.

That same logic applies to the transportation investments each nation in North America makes. Although it is up to each nation to make its own choices to best serve its border regions, we are increasingly interdependent. So, it's up to all of us to work together to ensure that the links across borders are as seamless and efficient as those within each nation's borders.

Partnerships with the Private Sector

We want to increase coordination and cooperation among stakeholders in not only the governments but also

the private sectors of the three NAFTA nations. The Clinton Administration views the private sector as a full partner in the effort to build the transportation infrastructure system which will carry us forward into the next century.

It's an approach implicit in Vice President Gore's National Performance Review, which emphasizes the need for better planning and the use of market incentives as we reinvent government.

This isn't an abdication of public responsibility -- far from it. It is a recognition that the Federal government can't do it all alone. From defense conversion to worker retraining to the President's Clean Car Project, the theme of new public-private partnerships runs consistently through the Clinton Administration's approach to solving national problems.

In closing, I call upon you to continue the work begun in this conference to forge the cooperative relationships necessary to develop the transportation system vital to American trade.

The prize, for all of us, will be the long-term economic health of the entire North American continent.

Thank you very much.

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**SECRETARY OF TRANSPORTATION FEDERICO PEÑA
UNITY PRAYER BREAKFAST
BIRMINGHAM, ALABAMA
JANUARY 17, 1994**

I want to thank Alton Parker (breakfast chairman) for that very kind introduction. I'd also like to thank Reverend Abraham Woods of the Southern Christian Leadership Conference and Mayor Richard Arrington for co-sponsoring this tribute to a truly outstanding man who not made America a better place but left an indelible mark on each of our hearts and minds.

As we approached this city from the airport yesterday, I looked out at the magnificent skyline framing the statue of Vulcan -- the Iron God, monument to another era. I saw a symbol of the civil rights struggle -- the 16th Street Baptist Church -- sandwiched between the Civic Center and the new Civil Rights Institute. I was reminded of how much of Dr. King's legacy was actually built right here in this city. And I was truly honored to represent the Clinton Administration at this event.

It was, after all, right here in the Birmingham jail that Dr. King penned his famous "letter" stirring the conscience of America by telling us that "injustice anywhere is a threat to justice everywhere." That letter said the struggle for freedom is indivisible -- we are all in this together.

I know that many of you in this audience probably knew Dr. King and marched and prayed with him. Your

memories are much more personal. But I want you to know how profound the impact he had on me was. For, in the words of President Clinton, Dr. King's unparalleled commitment to justice and nonviolence challenged us to look deep within ourselves to find the roots of racism.

Let me share with you three ways Dr. King affected my life.

First, I grew up in South Texas where relatively few African Americans live. So the struggle Dr. King led made me keenly aware of the real tragedy that was occurring to an important group of Americans.

Years later, when I went to go to law school and become a civil rights lawyer. Dr. King's words and deeds convinced me and thousands of people like me that we should use our skills and our intellect and our energies in public service to respond to -- and overcome -- the evils of racism and discrimination.

Dr. King's second major impact on me was in the way he included everybody in his struggle, not only African Americans, but anyone subject to oppression.

And the third impression that sticks indelibly in my mind is the sheer beauty and great courage of the non-violent message Dr. King preached and practiced.

Those of us who reached maturity in the shadows of Dr. King owe it to ourselves to keep his dream alive -- to

complete the journey, to pass the legacy and the responsibility it carries to the next generation.

President Clinton acknowledged that legacy and responsibility the day he took office -- vowing to make his cabinet and the government "look like America." Today 13 percent of his Presidential appointments are African Americans and five are members of the cabinet. For the first time in a generation, the nation has in the White House a leader inspired by the legacy of Dr. King and proud to carry on the tradition.

The President has also moved, as Dr. King would have wanted, to help the ordinary people of America. President Clinton wants, as the theme of this day proclaims, to "Stop the Killing, Start the Healing and Building."

In his first year, we passed the Family Leave Bill which says you can't be fired if you take a little time off when a baby is born or a parent is sick. We have reformed the college loan program so that young people can get an education and pay back the loans by service to their community. And on April 15, when people pay their taxes, somewhere between 15 million and 18 million working families with children and incomes of under \$23,000 will get a tax cut -- not a tax increase. None of these changes were easy. But there is an even tougher battle right ahead -- to extend health care to all Americans.

**Health care for all that can never be taken away.
This won't be an easy victory to win either. There will be
many obstacles to overcome. But I believe this struggle is
part of the healing our country needs. And I believe, with
Dr. King, and all of you, that we shall overcome.**

**Thank you very much for having me today. God
bless you.**

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**REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER L. DOWNEY
"FEDERAL INFRASTRUCTURE POLICY
AND TRANSPORTATION DEVELOPMENT"
REBUILDING AMERICA CONFERENCE
NEW YORK, NEW YORK JANUARY 20, 1994**

*("Rail and Transit Development Panel": Peter Stangl, New York MTA,
and Robert Marrone, Raytheon Urban Services, Co-Chairmen)*

I'd like to thank Peter for that generous introduction, and GE Capital and *Forbes* for inviting me to offer the Department of Transportation's perspective on infrastructure issues. I also bring you greetings from Secretary Peña, who's made improvement of the nation's transportation infrastructure among the department's highest priorities.

Before I begin my formal remarks, let me say that with the catastrophic floods of last summer and the tragedy of the earthquake in Southern California, we have lived through two very vivid demonstrations of just how crucial transportation infrastructure is to our way of life. This Administration has responded immediately and effectively to these emergencies. We are not hearing the tales of delay and confusion we did after Hurricane Andrew two years ago.

But just as we respond to sudden disaster, so must we respond, as this conference is doing, to the slow-motion disaster of decaying and inadequate transportation infrastructure.

Importance of this Session

It's always a pleasure to come home to New York, especially to talk about an issue of such great professional importance to me. This panel addresses that issue: the federal role in national rail and mass transit infrastructure policy.

This has been the subject of intense debate recently. And I don't think I'm 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 developing America's transportation infrastructure. Simply put, this is because efficient and effective transportation systems are vital to our long-term economic health.

Public Investment and the Economy

Recent economic indicators show that the President's programs are already working to speed America's recovery from the recession. Housing starts are up, joblessness is down and growth is picking up speed. But we must do more to assure the continued economic growth the nation needs. We have to develop the means to guarantee long-term prosperity. To do so, we must *invest* in America: in its people, in its communities, and in its infrastructure.

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 a wide breadth of areas, such as education, worker retraining, and health care.

But such investment also must include transportation. Our intermodal system of roads and seaports, of railroads and airports, is the largest and most comprehensive in the world. It's indispensable to the safe and rapid transport of people and products which sustains our economy. It's something which has worked so well for so long that we take it for granted. As I said earlier, it sometimes takes disaster to make us really appreciate our transportation system's true worth.

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 whole economy's ability to compete internationally.

Although there's no absolutely "correct" amount of investment in this sector, there's a consensus that a sound, well-maintained infrastructure is intertwined with economic growth. The effects of underinvestment are seen daily in higher costs, a lack of competitiveness, and the daily aggravations of traffic congestion, air traffic delays, and reduced mass transit service. Clearly, we need to take steps to turn this situation around.

The cost of the needed improvements is extraordinary. The latest numbers show that the cost, if we were to eliminate the backlog of transit, bridge, and major highway deficiencies, would total \$308 billion.

The President's Commitment

From his Inauguration a year ago today, President Clinton understood 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 President has worked hard to provide as much federal funding as possible for transportation infrastructure. Indeed, some 70 percent of my department's FY 94 budget is dedicated to such investments. And, although I've been in government too long to make the mistake of trying to scoop the President on the specifics of the FY 95 budget he'll submit to Congress next month, I'm sure you'll see no decrease in his commitment.

I will note, however, that this Administration has already demonstrated its commitment to mass transit by seeking and securing \$4.6 billion in its FY 1994 budget -- an increase of 20% over FY 1993. As a former MTA official myself, I know there are some who would welcome even more -- but I have to say this is a firm start and a clear indicator of the direction we want to go.

At the same time, President Clinton is fully aware of the budgetary constraints that all levels of government face as they attempt to bridge the infrastructure gap. He's directed us to explore innovative ways of meeting these needs without burdening taxpayers or neglecting other pressing national needs. We're looking at several strategies to do this.

The National Transportation System

One which we've already set forth in outline is the National Transportation System. The NTS is modeled on the legislatively-mandated National Highway System launched by Secretary Peña last month. However, while that focuses only on roadways of significance, the NTS will consist of the key infrastructure components of *all* modes of transport, both passenger and freight, as well as their interconnections that made for a national system.

It's an ambitious undertaking which will require extensive collaboration and coordination among all levels of government and consultation with the public and with business and other user groups.

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

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. Differing federal matching ratios and other factors sometimes have skewed decision-making, too.

Congress recognized the need for a broader view when it developed the Intermodal Surface Transportation Efficiency Act. ISTEA acknowledges that, in times of fiscal limits, we can't afford inefficiencies. We need to choose the best mode for each purpose, and for each stage of the transportation process.

In order to assist states and localities in making sound decisions about the use of public funds, we have issued guidance for ISTEA-mandated management systems and revisions to the transportation planning process. We will soon issue an Executive Order emphasizing the importance of infrastructure cost benefit analysis. These analytical and planning tools will help ensure an effective, integrated system.

ISTEA equalized matching levels among programs, increasing funding flexibility and the ability to transfer funds among program categories. It empowers state and

local decision-makers to make the best use of funds, and to select the best mode for each purpose.

The NTS and Infrastructure Investment

The NTS is intended to promote more, and better, investment in transportation facilities. We expect that this will result from the better understanding that both the public and private sectors will have of priority needs, allowing better targeting of investment dollars.

We've already begun preliminary development of the concept that will drive the NTS. As the process continues, we'll work closely with the transportation community, state and local governments, business, and the public to ensure the broadest possible involvement.

While the NTS may raise complex issues of federal program structure and funding eligibility, we don't intend for it to concentrate decision-making in Washington. Nor do we want to usurp the rights of states and local governments, or intervene in private investment decisions. It will be neither a unilaterally-developed federal plan nor a mandate diminishing local powers, but rather it should be a cooperative effort to maximize benefit from our investments.

Need for New Approaches

The national infrastructure deficit can't 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 must explore two broad strategies: first, we need to make better use of existing facilities. And second, we need to attract new sources of funding.

In some cases, facilities aren't used in the most efficient way possible. In other cases, the best uses aren't being made of them. Several major programs now underway in the department are meant to address this.

Intelligent Vehicle Highway Systems

We're making a major commitment to the development of Intelligent Vehicle Highway Systems. IVHS means a lot of things to a lot of people, of course, but at its most basic level it means allowing existing facilities to handle greater levels of travel while not only maintaining but actually improving safety. It has great potential for spanning the investment gap by reducing the need for greater capacity.

Market-Based Incentives

We also want to explore strategies for ensuring that the best use is made of existing 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, take advantage of developing technology and allow those who really need to

make specific trips, to travel without costly delays from congestion.

The DOT-sponsored Congestion Pricing Pilot Program will see its first test soon as California establishes differential pricing on the San Francisco-Oakland Bay Bridge. They've 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're 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's no viable alternative to building a new facility or expanding an existing one. There's also the continuing need to renew our existing facilities. But there isn't going to be enough federal money to make all of the investments we want, nor is there likely to be enough state or local funding. All of us in government are painfully aware of these limits.

One potentially significant solution could come from capital markets.

Of course such investment has always been an integral part of transportation funding. Facilities of all types across the nation, from roads to airports to many of New York's subways, have been built wholly or in part with

investor funds. Public policy in the postwar era deemphasized this in favor of facilities supported by fuel taxes and other publicly-generated funds. Today, however, as we seek to address enormous needs with fixed budgets, we are again turning to the markets for alternatives.

We're looking hard for ways to increase the availability of resources - and we're 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 issues have quintupled over the past decade, to over \$26 billion a year.

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 vastly more efficient toll and tariff collections, 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. A corporatized FAA, as recommended by

the Airline Commission and Vice President Gore's National Performance Review, is another example of new approaches to meeting capital needs.

New Financial Techniques

We're also developing new financial techniques to 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're 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 the National Performance Review endorsed the use of federal funds to serve as capital reserves to guarantee debt. We welcome your proposals, because we recognize that there are no "one-size-fits-all" solutions we can dictate from Washington. We need to work, deal-by-deal, to put together the ideas that work in each local setting.

As an example of the innovation we're trying to bring, we recently worked with WMATA, Washington's transit agency, to refinance the Metrorail system with the lower interest rates many Americans 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 use this innovation and cooperation with other levels of government and the private sector to help meet our national transportation infrastructure needs. This Administration views state and local governments and the private sector as full partners in the effort to build the highways and airports and high-tech rail lines which will carry us forward into the next century.

It's an approach implicit in the Vice President's National Performance Review, which emphasizes the need for better planning and the use of market incentives as we reinvent government to work better and cost less.

This isn't an abdication of public responsibility or an ideological statement about government's value, but a recognition that the federal government can't do it all alone. From defense conversion to worker retraining to the President's Clean Car Project, the theme of new public-private partnerships is consistent in the Clinton Administration's approach to solving national problems.

We'll answer the challenge of meeting national infrastructure needs by expanding the spectrum of available resources and offering opportunities for creative involvement by new parties. We hope that other levels of

government and the private sector will join with us in this critical effort.

Thank you very much.

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