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**REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION MORT DOWNEY
NATIONAL DEFENSE TRANSPORTATION ASSOCIATION
SPRING '94 MILITARY AIRLIFT COMMITTEE MEETING
CHARLESTON, SOUTH CAROLINA
MAY 4, 1994**

I want to thank John Barnum for that generous introduction. And also to thank this committee for providing yet another forum dedicated to Transportation Preparedness.

National Transportation Week is this month -- May 15-21 -- which as you all know started as National Defense Transportation Week -- so it's timely for me to pay tribute to the National Defense Transportation Association and its 50 years of outstanding service to our country.

Thanks to over 8,000 individual members and 158 corporate members of NDTA -- civilian executives, military transporters, government civilians...all of you -- we have maintained maximum transportation readiness for national defense and we've done it in partnership with private enterprise. You all deserve to be proud of your role in this important partnership.

Let me also give you credit up front for your contribution to one of the most important programs in defense readiness -- the CRAF program. I know I'm talking to the CRAF experts and most of you have forgotten more about CRAF than I will ever learn.

In fact, this very committee developed the parameters for the CRAF program. You developed the National Airlift Policy. You completed a study on the supply and demand for pilots through the year 2000. Your study on CRAF activation was very thorough and thoughtful. As a matter of fact, you in this room are the CRAF program. And whatever the challenges ahead, we will work together to resolve them.

(Pause)

Today I've been asked to speak about our national aviation policy, a subject that the Clinton Administration has taken the lead on right from the start. Indeed this Administration has been the most active, engaged, participant in aviation of any since deregulation in the late 1970's.

We have reached out to every element of the aviation industry. We have forged new partnerships with airline management and labor, cargo carriers and shippers, aircraft makers and airport managers and consumers.

And on the basis of his outreach, we have developed a comprehensive initiative to support the recovery and future growth of U.S. aviation -- an initiative which we outlined earlier this year in Washington.

This initiative builds on actions that the Administration and the Department of Transportation have already taken. It incorporates elements of the Vice

President's National Performance Review. And it draws heavily on the recommendations of the National Commission to Ensure a Strong and Competitive Airline Industry. We are, in fact, taking action on 49 of the Airline Commission's 61 specific recommendations.

This is an agenda for action. Today, I would like to discuss some key elements of our strategy, and especially to focus on the corporatization of the air traffic control system.

Our first, most basic, goal is to revitalize domestic aviation and strengthen the recovery that is now beginning in the airline industry. And key to reviving the industry is reviving the economy, something I'm proud to say this Administration has made great advances in doing.

The President's first budget plan -- enacted by Congress -- is the first credible move towards deficit reduction in a generation. Since aviation is a very cyclically-sensitive industry, the upturn in economic growth is the single most important factor in aiding its recovery.

The next most important pieces of our plan to revitalize domestic aviation is to get our own house in order by restructuring the FAA's Air Traffic Control services into a new, more efficient government corporation that can keep pace with the industry it serves.

We submitted our proposal to accomplish this just yesterday.

Our goal is to create a new entity, free of the 11-foot stack of procurement rules that has kept our ATC technology years behind the times.

We need flexible personnel rules so that we can pay people what they deserve and be able to place them where they can be most productive.

We need reliable funding sources, outside the annual game of budget roulette, to pay for ATC services and to make long-term investments in the system.

We need to change the whole culture of the ATC system to permit flexibility, ingenuity and efficiency to come to the fore and not just in examples such as FAA's ability to procure replicas of 35-year computers.

And we need to ensure that safety remains our Number 1 priority as we make these changes.

All of these goals can best be served by creating a new government corporation to embrace all 38,000 FAA employees directly involved in providing ATC services.

This new United States Air Traffic Services Corporation will have a Chief Executive Officer with full powers and accountability to run the system -- and it will

have a Board of Directors representing a broad spectrum of stakeholders in its success.

The FAA will retain authority for safety oversight of the new Corporation -- just as it does today over private airlines and aircraft manufacturers.

We believe that this new corporation will increase the efficiency of ATC services systemwide -- in ways that will translate into hundreds of millions of dollars a year in savings for airlines from reduced delays, fuel savings and increased efficiencies in fleet management.

For the past six months, we have worked closely with the Department of Defense on this initiative, and DOD input has been essential to making sure this proposal is crafted the right way to provide a close working relationship in peacetime and the ability to takeover the system in time of emergency.

We need your support to get this important legislation enacted.

Another source of efficiencies in the air traffic control system, as you on the Military Airlift Committee already know, will be the application of Global Positioning Satellite (GPS) navigation systems. Here, too, the Departments of Defense and Transportation have agreed providing for joint management of GPS's commercial applications -- and we expect to see a rapid rise in GPS use.

GPS has already been used for the first time on commercial flights by Continental Express between Denver and Aspen, Colorado, with the result that upwards of 10,000 additional airline passengers made it to the ski slopes this winter. Over the course of the next three years, we will see GPS made available first for domestic take-off and navigation, then for trans-oceanic navigation by 1995 and finally for precision approaches worldwide by 1996.

As GPS is incorporated into our ATC systems, more and more carriers will be able to benefit from more precise routing, fuel savings and increased airport capacity in foul weather. I expect our carriers to move quickly to take advantage of this new technology.

Another important initiative is the Department's review of all regulations affecting the airline industry. The goal is to lower the compliance burden by eliminating or amending rules and regulations consistent with our duty to maintain safety and security and protect the environment. This is a serious exercise.

In January we published a notice in the Federal Register inviting all interested parties to identify regulations which they believe are unwarranted, inappropriate, or burdensome, and to recommend alternatives which they believe would ensure a level of safety equivalent to the existing regulations.

Over 120 comments were received, with proposed changes covering a wide range of regulatory issues, from pilot certification and general operating rules, to product certification and maintenance procedures. We are now categorizing and analyzing the comments received, and will be developing a plan for implementing changes.

In addition to these actions, we are taking full advantage of the Defense Department's investment in "dual use" aeronautical research. Under the President's Technology Reinvestment Project, federal grants have been awarded to support commercial development of projects such as a new airport radar system, based on technology originally developed by the Navy, that can detect hazardous weather conditions while simultaneously monitoring air traffic.

There are other actions that will strengthen our domestic industry, but let me touch on one other major element of our strategy, that of promoting international aviation trade and competitiveness.

Just as we have supported pro-competitive aviation policies at home, the Clinton Administration has worked to sustain and expand opportunities abroad for U.S. air carriers and aircraft manufacturers.

To that end, we have not hesitated -- nor will we ever hesitate -- to use all available enforcement tools to guarantee U.S. carriers' rights.

At the same time, we have sought to move beyond the current, confrontation-prone system of bilateral air service agreements toward a more liberal, multi-lateral regime. The U.S. will actively seek unrestricted, multilateral agreements with those groups of nations that are willing to bring comparable benefits for U.S. carriers and the U.S. economy to the table. We will also seek to liberalize existing bilateral agreements.

And our policy will be to explore the formation of a global coalition of like-minded, free market-oriented nations that recognize the benefits to citizens and national economies of expanded air travel.

We believe these strategies fit well with the "globalization" now underway in the airline industry and will, over time, defend and even expand U.S. carriers' opportunities in foreign markets.

I know some of you have some concerns about how proposals for more liberal foreign ownership rules on airlines could affect the CRAF program. There are several reassurances in the ownership and control area that I would like to suggest to you.

First, legal obligations entered into as part of the CRAF program will require complete cooperation in the event of an emergency call up of commercial equipment. We expect a United States corporation to continue to abide by all of its legal obligations -- obligations voluntarily

entered into with compensation granted under the CRAF program -- just as they do now.

Second, we are still speaking of a minority ownership -- not a majority.

Third, the most likely "foreign" investors are expected to be drawn from various Western ally sovereigns. For example, the majority of current foreign investors are from NATO or other current military treaty partner nations. Current examples of foreign investors are drawn from the friendly nations of Australia, England, Holland, Japan, among other states.

We think that our future firmly rests with the strongest civilian economy that we can achieve, and increasing foreign investment is an additional enhancement for the development of our airlines, as they compete in a world with fewer and fewer barriers to the flow of new investment capital.

Another way we are promoting international aviation is through an aggressive export program led by Secretary Brown. Secretary Peña made a trip to Saudi Arabia to work on the deal that resulted in a major sale of aircraft to the Saudis. And we will use every opportunity to help export U.S. airframe manufacturers' products.

This Administration has a comprehensive strategy to guide the U.S. Aviation industry well into the 21st Century

and we will adjust and adapt this strategy to meet new circumstances and challenges.

But one thing that will always remain certain is our commitment to cooperate with the Department of Defense and the Military Airlift Committee in every way we can to maintain defense readiness.

Again, we appreciate everything you do to keep the system, in the words of the United States Coast Guard, *Semper Paratus*.

Thank you very much.

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FINAL**REMARKS PREPARED FOR DELIVERY****DEPUTY SECRETARY OF TRANSPORTATION MORTIMER L. DOWNEY****TRANSPORTATION TRANSFORMATION DAY****WASHINGTON, D.C.****MAY 9, 1994**

(Introduction to be made by Melissa Allen, Deputy Assistant Secretary of Transportation for Administration, following a videotaped address by the Secretary.)

In this room, one year ago, Vice President Gore challenged us at the Department of Transportation to improve our organization and the way we serve the public. We accepted that summons and began an intensive effort to reinvent ourselves.

When President Clinton, acting on his mandate for change, announced the NPR and asked the Vice President to lead it, he said:

Our goal is to make the entire federal government both less expensive and more efficient...we intend to redesign, to reinvent, to reinvigorate the entire national government.

And now, one year later, we at DOT have made *real* progress towards those goals. Today, we're here to celebrate our successes, but also to challenge ourselves to keep moving forward.

NPR has the President's full support. But the *real* progress in reinventing ourselves has to be made by the people closest to our work --- by you, and me, and by every other DOT employee.

The formal DOT reinvention process has brought together over 150 of the Department's most knowledgeable and experienced employees, including many of you in this room. Within a few months you put together more than 300 specific recommendations for redesigning how we accomplish our mission. They are contained in a summary report which will be presented later this morning.

Many of them already have been successfully implemented. We recently interviewed DOT employees and DOT customers from around the nation, and have a videotape in which some of them tell their stories. Let's listen to them.

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*(Award of "Transportation Transformation" pins to
representative DOT NPR team members.)*

I know how much effort has gone into this small but unprecedented reinvention report, and I want to thank each of you, and all of you in the audience who contributed to this effort.

The NPR successes we have celebrated today mark the beginning of a process of continuing change that we've called the "Transportation Transformation." The Secretary wanted a special way to recognize the employees who contributed to this effort.

So, I am pleased to present to you the first of an exclusive new recognition pin --- the Transportation Transformation Pin --- to thank you for your work on behalf of NPR and to encourage you to stay involved as we move into a new phase of our effort to transform transportation.

Each of you who worked on our National Performance Review effort will receive an identical pin, together with a copy of the DOT report, at the conclusion of today's event. *All* of you should be proud of your work.

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(Deputy Secretary's main remarks)

In January, Secretary Peña announced his Strategic Plan for the Department. And the plan's dominant theme is "putting *people* first."

The core of what it means to put people first is to view those who receive our products and services as our *customers*. We serve *people*. Our programs are *not* ends in themselves, but ways to meet the needs of the American public.

And to help us gauge our activities, we will set service standards for our customers, just as any business does, and give them the chance to tell us how we are doing. Because customer satisfaction *has* to become the driving force behind what we do. And the positive results of working with our customers shows.

For example, one of our highest priorities in recent years has been highway safety and increased safety belt use. When the State of North Carolina was trying to meet its goals, NHTSA didn't simply order the State to comply or to do better; instead, it cooperated with the State on the innovative "Click it or Ticket" Program to increase safety belt use.

NHTSA stationed staff in the state full-time to provide the technical advice needed to make this life-saving program work. This partnership has helped boost safety

belt use to *80 percent*, well above the national average. This *has* saved lives.

Beyond adopting a more business-like approach to customer service, we can learn from the private sector in other ways. The concept of quality management is helping many businesses improve their services and products. We want to adapt these principles to create a new work environment at DOT, one which instills in our employees a greater sense of ownership and personal accountability for success in our many missions.

After all, "putting people first" applies not only to our customers but to our employees. Our most important resource is our people. That's central to another major initiative.

Our DOT-wide diversity action plan will identify goals and strategies to remove barriers for women, disabled persons, and members of minority groups. Given the challenges we face in coming years, we must take advantage of the talents of *all* of our people. We *can't* afford not to.

We must shift from systems in which people are accountable for *following rules* to systems in which they are accountable for *achieving results*.

In Beaumont, Texas, the Maritime Administration has empowered its employees to improve the maintenance of Ready-Reserve Fleet ships.

Until recently, this maintenance was performed by any available staff member. That seemed sensible, but when a problem was identified, there was no accountability because it often wasn't clear who'd actually done the work.

So, MARAD formed multi-disciplinary teams assigned to maintain specific ships. This approach has increased employee pride and launched a healthy competition among co-workers eager to have the best-conditioned ships.

That's an example of creating a clear sense of mission and delegating the responsibility --- and the authority --- to get the job done. We have to set goals, decentralize authority, and empower those of you on the front lines to make more of your own decisions. That's what the Vice President was talking about in the tape, and we know how successful that approach was in rebuilding the L.A. freeways.

At the same time, we recognize that we must give you the support and the tools *you* need: relevant, timely training; a humanized workplace that responds to *your* needs with programs like Alternative Work Schedules; and advanced technologies to increase efficiency. For example, we've expanded E-Mail to improve communications and introduced automated forms to make routine tasks easier. And we are developing electronic grant approval systems to provide better service to our customers.

We will streamline our operations whenever possible to reduce the time and money wasted by unnecessary or overly-complicated rules and procedures. And, as those of you who have completed our acquisition process customer satisfaction survey know, we're serious about listening to concerns about our operations.

However, listening to concerns, or doing surveys, is meaningless if there's no follow-up. That's a message we want to send out to all of you in terms of how you conduct your business. It's also one we intend to heed internally.

For example, those of you who attended the Vice President's meeting last year will recall how one of our employees told of having to buy a telecommunications device through the government procurement system at *twice* the open-market price. The Vice President said the employee should be able to use her government credit card to get a bargain for her department --- and for the taxpayer.

Well, we've taken that common-sense advice: I recently signed a policy statement making government credit cards *the preferred* means of acquiring supplies and services under \$2,500. This simple action reduces paperwork, speeds the process, and saves money.

These are just a couple of examples. In the coming years, we *will* continue to work to manage this change so that it will be a positive force in your work lives.

Because, if these new initiatives are to succeed, we need the help of *each* of you. The effort to "transform transportation" may seem slow: the ship of state doesn't turn on a dime. But it *is* happening. It's a once-in-a-generation opportunity to improve our operations *and* to make this a better, more rewarding place to work.

The effort can be as far-reaching as the U.S. Air Traffic Services Corporation the Secretary announced last week to increase the efficiency of our air traffic control system. Or it can be as personal as simply developing better communications with our fellow workers and our customers.

You can start to become involved *today* by participating in the workshops we have throughout the day here in Washington and in field offices in Boston, Atlanta, Kansas City, San Francisco, and Seattle.

But the process of improvement is ongoing. We want to hear your ideas. We want you to take the initiative. We want you to produce results.

Together, we can create a work environment --- a corporate culture --- which truly encourages creativity, risk-taking, teamwork, and continuous, *positive* change --- a work environment that *will* transform transportation.

Thank you very much.

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FINAL**REMARKS PREPARED FOR DELIVERY****DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY****NATIONAL TRANSPORTATION WEEK****HOUSTON, TEXAS
MAY 20, 1994**

*(Introduction to be made by Mary Ann Chambers, NTW Luncheon
Chairman and Director/Representative of the International
Transportation Management Association)*

Thank you, Mary Ann, for that introduction. I'd also like to thank you, and Jeanne Hooke and the other members of the NTW Board, for inviting me to celebrate National Transportation Week with you. *(Jeanne Hooke: NTW Board Chairman.)*

After all, this is where it all began, four decades ago. Without the efforts of Charlotte Jones Woods and the Women's Transportation Club of Houston, this annual observance to raise transportation's national profile wouldn't exist. And *no* city celebrates National Transportation Week with the Texas-sized enthusiasm Houston does!

Before I begin my formal remarks, I'd like to congratulate the Port of Houston as it commemorates its 80th anniversary.

I have a special appreciation for the importance of seaports. Much of my early career was spent with the Port Authority of New York and New Jersey, so I really understand the importance of ports and trade to continued economic prosperity.

Houston's port has been a crucial catalyst for this region's economy for three generations. I understand it now helps to generate 140,000 jobs and over \$25 *billion* worth of trade each year. Now *that's* impressive.

And, with the second-largest tonnage in the U.S., the port's growth has made Houston an engine of the *national* economy as well. As one of the busiest ports in the world, its continued success is critical to our efforts to expand international trade opportunities for U.S. companies.

That is why I want to commend the vision of the port's leadership. They understand that what works today may not work tomorrow, and are developing a port to take Houston well into the next century.

That vision is shared by President Clinton and Secretary Peña. They recognize that our nation's ability to compete in an increasingly-global economy is based in great part on our capability to move goods through Houston and other port cities.

Exports are *crucial*: they accounted for nearly 60 percent of all economic growth in the U.S. in recent years, and now support seven million American jobs --- *good* jobs, paying some \$3,500 more than average American wages.

Since 1987, the nation's port industries have produced more than 340,000 new jobs. Rising exports will create *six million* more jobs by the turn of the century.

And also since 1987, annual U.S. exports climbed by over \$200 billion --- to \$700 billion a year, a record of growth which is continuing. President Clinton's National Export Strategy calls for export increases of another *50 percent* --- to \$1 *trillion* a year --- by the turn of the century.

The President's strategy will achieve this by prying open foreign markets through an activist trade policy and by streamlining governmental export promotion.

The Trade Promotion Coordinating Committee, which consists of 19 federal agencies, including DOT, is working towards this on several fronts.

It is streamlining the bureaucratic process by eliminating unnecessary procedures and speeding up necessary ones. For instance, the export license process system is being changed to allow high-tech companies to sell abroad more easily.

The Commerce Department also is streamlining the export financing process by providing companies with timely, accurate information and service. And the Export-Import Bank is truly seeking to be competitive in the financing packages that too often in the past have turned export deals away from America.

And the government more generally is working to eliminate redundancy and improve communications in its own export promotion operations.

Finally, this Administration --- from the President on down --- is serious about working *with* business. The President's role --- and those of Secretary Peña and Commerce Secretary Brown --- in the successful jet sales to Saudi Arabia is a good example of this.

That's not all we're doing to level the playing field for American companies. We're also fighting for free trade pacts such as NAFTA and GATT --- the General Agreement on Tariffs and Trade which was recently negotiated.

GATT will lower worldwide tariffs by *one-third*, increase the rights of American companies to sell overseas, and limit the types of subsidies which foreign governments can use to prop up *their* exports. *All* of these will increase opportunities for American companies. Indeed, GATT will contribute an estimated \$110 billion a year in greater U.S. production.

American business already is poised to compete successfully in world markets, having spent the last decade restructuring and introducing efficiencies through information technology and new manufacturing practices.

Failing to open up markets would be like a running back pumping iron and doing wind sprints all week, and then not showing up for the game.

Many of you shared our vision and understanding of the opportunities NAFTA presented. As with NAFTA, your participation in the Congressional debate on GATT *can* make a difference. I urge you to make your voices heard in support of free and open trade.

The passage of both NAFTA *and* GATT will guarantee tremendous growth here in Houston, which already is the largest U.S. port in trade with Mexico. But that promise won't be fully realized *unless* the transportation facilities here can handle the increased trade that NAFTA and GATT will bring.

We already have initiatives underway to help you in meeting these increased demands. For example, you know that access channels and berthing areas are essential components of the port system. We must have timely and effective dredging and safe disposal of dredged material.

Administrative and necessary environmental requirements have affected dredging projects at the port level, with resultant conflicts and delays.

This Administration is committed to improving the dredging process, and has established an Interagency Group on the Dredging Process to recommend ways to improve these vital operations. Our Maritime Administration is the lead agency in this effort.

A series of outreach meetings was held early this year to hear the concerns of port authorities, shippers, and the maritime industry. Based upon what we heard, we recently completed a paper listing a variety of possible options.

That paper was presented publicly at Congressional briefings last week, and is the basis for a second round of public hearings. One of them will be held here in Houston on June 1. It's an opportunity to have an impact on an issue of critical importance to you, so I urge you to attend and make your thoughts known.

Our ability to meet trade transportation needs depends not only on the port facilities themselves, of course, but also on our ability to transport goods to and from them.

The imposing new yard cranes and other improvements at Barbours Cut and other facilities are necessary to move freight from ships to docks, but we also need increasingly-efficient ways to move goods from the docks to markets.

And we need a system in which the *physical* infrastructure is supported by an *information* infrastructure that tracks the distribution of goods from origin to destination to better meet our transportation demands.

We already are taking steps to address these transportation needs along America's borders. Secretary Peña met with his Mexican and Canadian counterparts at the recent North American Transportation Summit, and is advancing measures necessary to liberalize cross-border transport.

An interagency U.S. Border Efficiency Task Force is working to improve border operations, such as customs and immigration, to reduce delays.

And we've begun a study of future investments along the border needed to handle expanded trade. That will provide us with a map for infrastructure physical and informational improvements well into the next century.

Together with necessary capital investments inside the two countries, these strategies will greatly improve U.S.-Mexico surface traffic.

In the longer term, much more needs to be done, and not only in the border states.

We must develop a truly seamless transportation system. That means roads, railroads, bridges, transit, seaports, and airports that interconnect as a fully-accessible transportation system.

Secretary Peña's vision for achieving this goal is embodied in his plan for a National Transportation System --- the NTS.

The NTS is the vehicle to deliver on several key elements of the Secretary's Strategic Plan for the Department:

Tying America together through a seamless, intermodal transportation system;

Putting people first in our transportation system by making it relevant and accessible to users;

Promoting safe and secure transportation; and,

Actively enhancing our environment through wise transportation decisions.

Congress liked the Secretary's idea for a National Transportation System so much that, just the other day, the House Public Works Committee flattered us by moving to *mandate* we do just what we're already doing: create an NTS! I'm not sure we *needed* the encouragement, but we value the partnership.

This NTS will not simply focus on one road here or one railroad there, but rather on how we can connect and operate different transportation modes most efficiently, most cost-effectively, and in ways that most benefit users: the American people and American business.

The NTS will respond to changes in our nation which have placed new demands on our transportation system.

Some areas, because of land use or demographic changes, are underserved by existing facilities. Let's face it: the nation has changed since the Interstate Highway system was first laid out 50 years ago.

Other changes have come about because of the way we do business today. Innovative trends in production and distribution techniques, such as "just-in-time" deliveries for manufacturing, made better connections and highly-reliable transportation even more important.

And connections between highways and railroads and facilities such as ports and airports are no longer always adequate for increased trade.

The NTS will respond to these needs by incorporating *all* modes of transportation, both public and private, passenger and freight, as well as their connections. It will help us to develop the efficient, intermodal system America needs, while focusing our investment on the most critical areas.

It will allow us to choose the best mode for *each* purpose, and for *each* stage of the transportation process. And it will allow these modes to operate economically and effectively to maximize their advantages.

Because it's time for us to move *beyond* modal competitiveness; highways *versus* transit, or rail *versus* barges. Each of these modes has its place in our national system, and our goal now is to develop better connections between modes so that people and goods can be moved more efficiently.

Private carriers of all modes will be at the heart of this system. We will provide support for infrastructure, but, to the extent possible, we want to rely on the private sector. We expect these carriers to compete for their place in the system of the future, and to create further efficiencies and synergies as they contend for markets.

The result will be lower transportation costs and higher competitiveness for American business. That's the way the transportation sector can provide a maximum return on our capital investment and contribute to building long-term national prosperity.

When Secretary Peña introduced the NTS concept in December, it was at the submission of our proposal designating a National Highway System. We see the NHS as the backbone of a true National Transportation System --- the spine from which any intermodal system will spring.

It is true, in the future, 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 else may be tracking that sofa's every movement via satellite, but someone else is still going to have to deliver it. And for that we need a well-designed, well-maintained transportation system.

The National Highway System provides a formal structure to make the key linkages to a changing economy and to identify those roads and intermodal connections most necessary for domestic and international commerce, for personal travel, and for national defense.

In Houston, this includes every major existing highway, including I-45 to Dallas, I-10 to San Antonio, and the I-610 beltway. It also incorporates such planned roads as route 99, the outer beltway. We're also currently developing a process assure that key intermodal connections, such as Hobby and Houston International airports and the Port of Houston are part of this system.

The NHS will allow every level of government to better target its transportation investments. Much of our current federal transportation funding, up to \$21 billion of the \$155 billion authorized under ISTEA, will be invested in the NHS, and state governments will have strong incentives to match or surpass that funding commitment.

The NHS will be the key highway portion of the nation's 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 NTS spanning our continent.

Our goal of improving safety also will be enhanced by both the NHS and the NTS. It's a critical objective, and that is why we look to these new systems as guides for the optimal deployment of Intelligent Vehicle/Highway Systems --- IVHS.

IVHS has tremendous potential for improving safety through a variety of new initiatives, including collision warning and even collision avoidance systems. It can be the means of expediting commerce where paper documents can be replaced by computer chips, and it is key to the effective tracking of hazardous cargo.

While fully-automated highways are certainly not just around the corner, Congress has challenged us to have a true test-track demonstration in place within just three years. We recently announced plans to form a partnership with a private consortium in order to carry out this project. The NHS will help us to select the best sites for such systems and for other, more immediate, IVHS applications as they become a reality.

And the funding provided by the NHS will allow us to better manage highway capacity, ensuring that roads are adequate to safely handle the volumes of traffic our growing economy and population surely will bring.

The NHS also will strengthen sustainable economic growth and our competitive position in the world economy by recognizing evolving travel and trade patterns and the needs that have arisen since the Interstate System's design.

When Congress adopts the NHS, we will begin to meet the challenge Secretary Peña set forth last December, when he summoned us to begin the creation of a true National Transportation System.

As we work with Congress in the coming months to adopt the NHS, your participation will be critical. The NHS process should not become bogged down in discussions of specific projects and narrow issues. We need to keep the deliberations focused on the linkages to broad national purposes and the overriding need of supplying a growing economy; we hope you will make your voices heard in this debate.

In a continental nation like ours, the role of transportation in society is a great one. Without an effective transportation system, our economy would stagnate. We have only to look across the sea to countries in Eastern Europe which let their infrastructure deteriorate to see the impact of this on productivity.

And the threat of such deterioration exists here today if we do not maintain and expand our investments.

But our system benefits more than economic needs, important as they are. It serves *people* --- and they are our ultimate concern.

Our transportation system gets us to work more efficiently, so that we can spend more time enjoying life and less commuting. It allows our children to travel to schools and to playgrounds safely. It permits our parents to travel cheaply and quickly across the country for reunions impossible just a generation ago. It helps us to *live*, and to live well.

Yes, this nation's system serves people --- you, and me, and our families. And it has done that well. As we reflect on our accomplishments during National Transportation Week, those of you in the profession should be proud of your work. And from that pride, derive the determination to build upon past successes to meet today's --- and tomorrow's --- needs.

Together, we can create a unified transportation system to move America into the 21st century --- and more importantly --- to better serve the people who will depend on it and use it every day. Thank you.

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TALKING POINTS

**DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY**

**ENO TRANSPORTATION FOUNDATION
TRANSPORTATION LEADERSHIP DEVELOPMENT
PROGRAM CONFERENCE**

**WASHINGTON, D.C.
MAY 23, 1994**

*(Introduction to be made by Roland A. Ouellette, President
and Chief Executive Officer, Eno Transportation Foundation, Inc.)*

- * **Thank you, Roland, for that introduction. It's a pleasure to join you this afternoon. The Eno Transportation Leadership Development Program will help develop tomorrow's pacesetters in our field, and I'm happy to help in any way I can.**
- * **Today, I'd like to talk about the Department's Strategic Plan. Its very creation represents a revolution in the way we're managing the government. That may come as a surprise to those of you who are in school, or who recently graduated, and are familiar with case studies of successful businesses. But the fact is that the federal government hasn't been run in a business-like fashion.**
- * **Given the importance of transportation to our nation, and the critical role played by the Department of**

Transportation in developing our transportation systems, it's just good sense for us to think strategically about our mission. I'd like to spend a few minutes placing all of this in context.

- * We have always been a nation in motion. Transportation development shaped this country and held it together as a continental power.**
- * As we approach the next century, our transportation system remains critical to the well-being of this nation we have built together.**
- * There are nearly 4 million miles of public highways and roads; nearly 170,000 miles of railroad routes criss-cross the country; and 11,000 rapid transit rail miles.**
- * Traveling along them are 144 million registered automobiles, 46 million trucks, more than 70,000 buses, 1,000 trolleys, 5,000 commuter rail cars; and more than 18,000 locomotives hauling over a million rail freight cars and 1,500 AMTRAK passenger cars.**
- * In our skies there are more than 298,000 non-military registered aircraft. In addition, thousands of barges travel on 26,000 miles of navigable waterways, and we have 1,700,000 miles of pipeline. Our Coast Guardsmen and women safeguard the nation's ports, waterways, and vessels. Those ports, along with the**

country's airport facilities, serve as gateways to the rest of the world for our increasing trade.

- * This transportation infrastructure strengthens America by bringing people and communities closer together, spurring trade and commerce to meet the new demands of a global economy, revitalizing manufacturing, and maintaining our national security.**
- * Together, the transportation industries represent 17 percent, or about \$1 trillion, of our Gross Domestic Product. Transportation capital stock --- our infrastructure --- is valued at \$2.4 trillion.**
- * Our challenge now is to shift our attention from what we've built to how we can make it work better for our country --- through the adaptation and modernization and strategic expansion of our existing infrastructure.**
- * This reinforcing and rebuilding effort can create jobs, improve our quality of life, spur technological development, and fuel long-term economic growth.**
- * We must provide future generations with a transportation system that is safer, more environmentally sound, and more efficient. We need to apply America's tremendous reserves of energy and ingenuity to ensure that our transportation system continues to serve our country's goals and enhance the quality of life for our people in the years to come.**

- * At the federal level, these are the responsibilities of the Department of Transportation. We serve as the steward of the nation's transportation system and speak for transportation in the federal government. We carry out our mission in four ways:**
- * 1: We set standards for safety and other key aspects of the transportation system and enforce these regulations.**
- * 2: We distribute funds to state agencies, transportation providers and other transportation-related institutions to plan, construct, and operate the transportation system of America --- and shape the direction of its development in partnership with state and local entities.**
- * 3: We interact with other Federal agencies to carry out broader Federal mandates such as clean air, water quality, and national security policies.**
- * 4: We provide law enforcement and traffic management services for the nation's airspace and waterways.**
- * To do all this, we employ 105,000 people, headquartered here in Washington, and deployed in Federal offices across the country.**

- * The Department includes the Federal Highway Administration, the National Highway Traffic Safety Administration, the Federal Railroad Administration, the Federal Transit Administration, the Federal Aviation Administration, the United States Coast Guard, the Maritime Administration, the Saint Lawrence Seaway Development Corporation, and the Research and Special Programs Administration, as well as the Office of the Secretary.**
- * Each operating administration has its unique mission, its own management and organizational structure, and its own strategic plan. Nevertheless, they all operate under a common mission and a commitment to create the best possible transportation system for America. Indeed, America's transportation system is already the best in the world.**
- * Our aviation system handles more aircraft efficiently and safely than any other. Our highways create the most extensive network in the world and have the best record of safety per passenger mile traveled. Our rail system is the most efficient in the world.**
- * Our ports and waterways, combined with our highways and railroads, are the safest and most extensive intermodal network in the world. And around the country new, energy-efficient, environmentally sound mass transit systems are under construction.**

- * But America's transportation system does have its problems. Highway congestion is worsening; air pollution caused by the internal combustion engine continues to plague urban areas; our investment in transit systems is not translating into increasing proportions of commuters using transit. Much of our transportation infrastructure is in need of renovation.**
- * It's estimated that a quarter of a million miles of our major highways --- nearly 25 percent of the total --- are in need of major repair. Nearly 250,000 highway bridges---- 40 percent of the total --- are either structurally deficient or functionally deficient. Our buses run for an average of 16 years, long after their expected useful life of 12 years.**
- * We know that if we don't maintain our transportation equipment and infrastructure now, we will be confronted with more costly reconstruction later.**
- * We also lack the broad application of new technology in transportation. High-speed rail, better quality materials for highways and bridges, and other technologies, although available today, have not yet been widely applied in America's transportation system.**
- * Furthermore, Americans remain frustrated by fragmented transportation options and the inability to move themselves and their products and services easily from one form of transportation to another as they go**

about their business. 23 large airports experience at least 20,000 hours of airline flight delay each year. AMTRAK has been hobbled by insufficient investment.

- * And our system should be safer. Although the number of people who die in transportation accidents is lower than it's been for 30 years, 40,000 people still die on our highways each year, and nearly \$15 billion each year is spent in health care related to traffic accidents.
- * To address these challenges, Secretary Peña established a mission for the Department.
- * He said that the Department will "tie America together" with a safe, technologically-advanced, and efficient transportation system that promotes economic growth and international competitiveness now and in the future, and that contributes to a healthy and secure environment for us and for our children.
- * In an era of severe limits on available resources, and commitment to reduction of the national budget deficit, there are not enough transportation dollars to meet all of these needs.
- * Therefore, to implement the Department's mission, Secretary Peña established seven specific strategic goals.

- * 1: "Tie America together" through an effective intermodal transportation system.**
- * 2: Invest strategically in transportation infrastructure which will increase productivity, stimulate the economy, and create jobs.**
- * 3: Create a new alliance between the nation's transportation and technology industries to make them both more efficient and internationally competitive.**
- * 4: Promote safe and secure transportation.**
- * 5: Actively enhance our environment through wise transportation decisions.**
- * 6: "Put people first" in our transportation system by making it relevant and accessible to users.**
- * 7: Transform the Department by empowering employees in a new team effort to achieve our goals.**
- * The goals identified by the Secretary give priority to certain functions and projects of the Department, and this will be reflected by both the expenditure of time and the allocation of resources given to them. Meeting the goals requires that individual modes work together and expand the scope of their own stewardship.**

- * Similarly, discipline is needed to select strategically the approaches and projects to drive these goals forward. The Department and each operating administration will review business as it is now conducted, and may even stop doing some things, or dramatically change the ways in which we do them, in order to best use our resources to continue or initiate projects which will accomplish these goals.**
- * The Strategic Plan we have developed is not merely another government document meant to gather dust. It is a practical guide for what we need to do and how we will go about doing it --- a plan that reflects the importance of working together as a department and working in partnership with other areas of government, private industry and the broader community to, in Secretary Peña's words, "tie America together."**
- * We've already been taking steps to advance this Strategic Plan. Let me give you a few diverse examples.**
- * For example, we've increased surface transportation --- highway and mass transit --- funding by over \$3½ billion since we took office. That's funding for the infrastructure America needs to increase productivity and stimulate long-term economic growth.**
- * And we're developing new financial strategies to make the most of the money we have. 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.
- * Finally, we are promoting the President's Partnership for a New Generation of Vehicles --- the "Clean Car Initiative." This is a partnership between the federal government and the Big 3 auto manufacturers to develop a prototype automobile, equal in price and comfort to today's cars, with reduced pollution, greater safety, and *triple* the fuel economy.
- * This car will have tremendous environmental and safety benefits for our society, of course, but it also will generate significant economic benefits. It's going to improve the Big 3's ability to contend in an increasingly-competitive global marketplace. And that means jobs for Americans, and prosperity for our nation. We see this as the model for greater cooperation between the public and private sectors: government working *with*, and not *against*, business.
- * Now, I'd like to use our remaining time to take questions and discuss our plan in greater detail.

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FINAL

REMARKS PREPARED FOR DELIVERY**DEPUTY SECRETARY OF TRANSPORTATION
MORTIMER L. DOWNEY****E. H. HARRIMAN MEMORIAL AWARDS****WASHINGTON, D.C.
MAY 26, 1994**

(Introduction to be made by Robert A. Matthews, Chairman, E. H. Harriman Memorial Awards and President, Railway Progress Institute)

Thank you, Bob, for that introduction. Before I begin my formal remarks, I would like to bring you greetings from Secretary Peña, who is attending the European Transport Ministers Conference with Administrator Molitoris. The work he's doing --- in particular, examining European railroads with an eye towards railroading's future in America --- holds promise for *all* American business.

I'm pleased to join you for this year's awards. For more than a century the Harriman name has been synonymous with public-spirited concern for transportation safety. First under E. H. Harriman himself, and then his widow Mary, who endowed these awards. That commitment was carried on in the next generation by his son, Averell, and by *his* wife, Pamela --- now our Ambassador to France --- who, by the way, Secretary Peña visited this week.

The awards we are about to present symbolize the sense of corporate responsibility that the Harriman name has come to be identified with.

That spirit is consistent with the priorities set forth by Secretary Peña in his Strategic Plan, which calls upon our Department to "promote safe and secure transportation."

Safety *is* our number one concern, and, under Jolene Molitoris's leadership, the FRA is making steady progress on rail safety. She's worked tirelessly to involve *all* of our stakeholders in this process, acting on the belief that only broad consensus will bring real improvements. At the same time, she recognizes, as do the Secretary and I, that there is an imperative for action whenever safety is at stake.

We take it as a personal responsibility when lives are lost, and the events of this year brought us grief at some highly-visible occurrences --- as well as a sense of pride in the brave responses of transportation workers in their efforts to save their fellow men and women.

The high quality of safety and service offered by this year's award winners is a clear sign that America's railroad industry --- labor and management --- shares our commitment and concern. Indeed, despite the tragic losses in Alabama, 1993's safety rate was the second best in history --- and might have been even better if not for an increase in incidents attributable to the tracks damaged by midwestern floods last summer.

The fact is that we've made great strides in reducing incidents caused by human negligence or equipment failure. You'll note that I don't call these events "accidents" because that's not what they are; they are *preventable* events.

And yet, despite our continued progress, rail safety remains very much in the public's eye. Much of this is due to the recent spate of highly-publicized incidents. Last autumn's AMTRAK wreck in Saraland, Alabama and this month's incidents in Smithfield, North Carolina and Brownsville, Tennessee have generated heightened public concern.

I believe that we in the transportation community have to confront this issue openly. The alternatives, frankly, are declining business, both passenger and freight, and costly, alarmist restrictions on service in general.

We need to reassure the public of the safety of both passenger and freight rail. We need to show that rail service can be a good neighbor and not an environmental threat. We need to demonstrate our further commitment by pursuing *sensible, effective* safety strategies of all kinds --- behavior-oriented and technology-based.

To do anything less would risk the progress we've made in the past, and the future of an industry which is absolutely critical to America.

At the Department, we are taking our own steps to improve safety. For example, the Federal Railroad Administration is working to prevent a recurrence of the worst incident in AMTRAK's history --- the Alabama derailment caused by a damaged bridge.

The FRA is evaluating existing and potential technology to develop automatic warning systems which would better detect bridge damage.

The FRA and the Coast Guard are also improving notification to railroad bridge owners when barge operators report damage.

Finally, the FRA is working with AMTRAK to improve emergency preparedness. The FRA's recent report, *Recommended Emergency Preparedness Guidelines for Passenger Trains*, offers extensive recommendations in this regard, and we plan to implement them.

We will shortly announce a major new initiative on grade crossing safety based upon cooperation among the various federal surface transportation agencies and with solid input from industry.

In this area, we must also put a greater emphasis on traffic law enforcement and on public education, since individual responsibility makes a critical difference to rail safety.

Drivers have to understand that it's not only dangerous to evade barriers --- *it's trespassing and it's illegal*. So, we want to expand public outreach and back that up by encouraging local police to enforce those laws and prosecute violators.

Last March we held a public hearing on grade crossing signals. We've addressed the comments made at that meeting, and plan to issue a final notice of proposed rulemaking shortly which will set standards for the inspection, testing, and maintenance of automated warning devices.

Our rule will also require timely responses to signal malfunctions. That's critical if we want to ensure that the public takes grade crossing signals seriously.

Another initiative responds to incidents like the derailment at Smithfield, North Carolina last week. The FRA is undertaking a special safety review of how freight cargo is secured on rail cars.

Without prejudging the cause of that collision, it's clear that the doubling of trailer-container train traffic over the past decade and the growth in passenger traffic pose increased risks.

The 18 documented incidents involving shifting containers over the past five years are evidence of that. Although that's a rate of only about one incident per million miles, it's *still* too much.

This review is one of the FRA's top priorities, and it is working with freight railroads to conduct a rapid and thorough analysis of all aspects of freight securing, leading to a plan of action.

I urge those of you who will be participating in this effort to think creatively about cost-effective solutions to this problem --- ways in which cargo can be better secured without significantly burdening freight movement.

We also have a proposed tank car crashworthiness rule which is especially timely after last week's derailment in Tennessee, in which phenol-molten leaked from a tanker and forced an evacuation of the surrounding area.

The proposed rule provides for head end puncture and thermal protection, and will reduce the chances of major toxic chemical spills in collisions or derailments. We recently closed the comment period on this rule, and are beginning to incorporate your suggestions on the final version.

Altogether, FRA now has about 40 safety-related rulemaking and reporting initiatives underway. The agenda is quite full right now, so we're proposing a four-year rail safety act reauthorization which does *not* seek extensive new enforcement powers or duties, but which will significantly advance safety on our railroads.

We are asking for authority to approve pilot projects under the Hours of Service Act so we can permit limited, innovative joint management-labor proposals that vary from existing statutory requirements. We see this as potentially a strategy to avoid fatigue-related incidents.

And we want to convert FRA's safety reporting requirement to Congress from an annual to a biennial basis. This would ease FRA's reporting burden, allowing it to devote staff to preventing incidents, rather than processing paperwork about them.

Beyond regulation and legislation, we're working to further another of the Secretary's Strategic Goals: investing in technology to make our transportation system safer.

We place a high priority on promoting the early implementation of new technology to prevent collisions and overspeed derailments while protecting right-of-way workers. Advanced train control technology already displays great promise, although real-life tests need to be performed.

That's why we applaud the announcement by Union Pacific and Burlington Northern of a test program on major lines in Oregon and Washington, and the Association of American Railroads' support of this program. We need that type of industry leadership if we are to make this happen.

Overall, though, all of DOT's efforts --- rulemaking, research, training, and the like --- pale in comparison to the *real* key ingredient of safety: personal responsibility.

We can support your efforts, but true leadership will come from inside the industry --- the kind of leadership that began Operation Red Block long before we completed our drug and alcohol rulemakings; the kind of leadership that

has sustained progress on grade-crossing collisions through Operation Lifesaver; and the kind of leadership that has knitted industry and communities together in Operation Respond's effort to prevent and contain the risk of hazardous material spills in Houston, Texas.

The partnership involved in these efforts is the key to their success and will be the key to any future breakthroughs in eradicating the safety risks that we once thought were inherent in the railroad industry.

In a year when public attention is riveted on health care --- and that is another cause in which our partnership can bring about real results --- we shouldn't lose sight of the opportunities that safety initiatives offer to reduce unnecessary burdens on our health care system.

Meeting our safety challenges will free us as well to pursue another goal: the restoration of American railroading --- both passenger and freight --- to its proper place in our transportation system.

Together, we can create a unified transportation system to move America into the 21st century --- and serve the people who depend on it and use it every day.

America's railroads can be, *and will be*, a vital, thriving element of the national transportation system of the future. As we develop this system, we must keep the safety of the traveling public and the transportation worker foremost in our minds. This sense of responsibility for safety --- for

oneself and for one's fellow workers --- is a crucial part of railroading's professional ethic.

That's why the Harriman awards have such great prestige throughout the railroad industry.

This afternoon's awards are for *genuine* achievements --- measurable, objective progress which has saved lives and averted injuries.

But although this is a competition and awards are given, there are *only* winners here today; there are *no* losers in the effort to improve rail safety every day.

We should take pride from these achievements, and a renewed determination to do even better in the future.

I look forward to continued progress on rail safety during 1994 and for years to come.

Again, my congratulations to today's winners. Thank you very much.

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