TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
THE MUNICIPAL FORUM OF NEW YORK
NEW YORK, NEW YORK
MAY 4, 1995

* **Thank you, Dan *(Heimowitz)*. I'd like to express my appreciation to you and the Municipal Forum of New York Board for this honor.**

* **This award means a great deal to me, because I'm proud to have been a member of the Municipal Forum for many years, and I've always respected its commitment to this city's future.**

* **Since leaving New York, I've been privileged to play a leadership role in the Clinton Administration's effort to reinvent how we develop transportation systems.**

* **This commitment to innovation is more important than ever. Today, there is a transportation infrastructure deficit that some estimate as being more than $300 billion.**

* **There is rapidly-growing travel demand that's outstripping available capacity, not only on our highways but on railroads and at airports as well.**

* **Finally, there's a need for greater efficiency and better connections between different forms of transportation: for example, by manufacturers relying on prompt deliveries for "just-in-time" production.**

* **We all see the costs of these problems -- directly, in traffic congestion and airport delays, and indirectly, in higher prices for products and services.**

* **When confronted by such challenges, our strategy for more than a generation has been to look for public funds -- usually in the form of federal grants -- to build more highways, airports, and transit lines.**

* **But that era is at an end. Everyone agrees that we need to continue the reduction of the budget deficit begun during the first two years of the Clinton Administration.**

* **That's going to limit future federal funding for new facilities, so we need to develop innovative strategies.**

* **We're looking for new ways to meet our infrastructure needs, including partnerships with private business for the funding, construction, and operation of these systems.**

* **For the past two years, we've been exploring ways of bringing private sector resources and market discipline to public projects.**

* **For example, we recently introduced our Partnership for Transportation Investment. This new initiative applies innovative financing strategies common in the business world to highway projects -- and eliminates many unnecessary federal requirements and regulations that hindered private sector involvement.**

* **By cutting red tape and increasing opportunities for private participation, this initiative has made possible 35 highway projects in 21 states worth $2 billion -- projects that would have been delayed for years, or perhaps never even built.**

* **That's brought the benefits of these projects -- reduced traffic congestion and faster shipping -- on line far faster. By starting work sooner, it's also saved taxpayer and investor money by reducing interest charges and avoiding inflation in construction costs.**

* **This partnership embodies the principles that we want to bring to *all* infrastructure projects: simplicity, flexibility, innovation.**

* **We want to extend these principles beyond highways to all forms of transportation -- and make them a part of the way we do business every day.**

* **In order to do that, we've proposed a sweeping reorganization of the Department of Transportation and federal transportation funding programs.**

* **This proposal's goals -- cutting bureaucracy and red tape, reforming programs, and empowering states and local governments and businesses -- are at the heart of our effort to meet the challenges we face. They'll let us continue to move people and goods effectively in an era of tight budgets.**

* **As we do so, we see a major role for the members of the Municipal Forum. *You* can help us in developing the new financing mechanisms we need and in providing access to capital.**

* **In the future, we look forward to working with you and with our partners in state and local government to build the transportation systems America needs. Tonight, let me close by simply thanking you again for the recognition you've given me.**

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U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
UTC TRANSIT CONFERENCE
RUTGERS UNIVERSITY
NEW BRUNSWICK, NEW JERSEY
MAY 5, 1995

Thank you for that introduction. I'm happy my schedule worked out to be here today. It's nice to join other transit people in discussing the industry's future -- and how America's universities can help us to get there. Incidentally, I thank New Jersey Transit for getting me here this morning.

I'm pleased to begin my remarks with some very good news for the transit research community, and especially our friends in the universities.

You've become the front-line laboratories for inventive research and development, and we want to continue -- and expand -- the Department of Transportation's partnership with you.

That's why I'm happy to announce today that the Department is awarding $3 million to the National Transit Institute here at Rutgers. This money will help the NTI continue its growth, to offer training and education to the transit industry, and to continue to develop inventive answers to the nation's transit challenges. So let me congratulate the NTI and Rutgers. This is a grant that's well-deserved.

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It's also timely. It's no secret that America's transit industry is in a challenging period. Ridership on some systems has been stagnant. Operating costs are creeping up. Changing land use patterns make it harder for conventional transit services to serve people efficiently.

And yet transit has tremendous potential.

It can relieve congestion -- improving conditions for drivers as well as for transit users, and reducing the need for expensive highway construction. Indeed, in many corridors a dollar spent on transit goes much farther than a dollar spent on highways.

Transit can provide low-cost mobility for the transit-dependent -- those who can't afford cars, or who can't drive them.

And transit can be the catalyst in creating livable communities that are less dependent on cars -- with all that means in terms of less traffic, better air quality, and reduced noise.

For us to achieve these goals won't be easy. It's going to take the best efforts of all of us -- not only in the industry, but from state and local government, business groups, and others -- and, yes, from the federal government.

It's going to be difficult to make the choices we need to make on everything from resource allocation to what our most basic goals should be. Decision-makers *must* have the best information available to guide them. That's where the nation's transportation researchers can play a key role. *You* can show us the way through sound analysis -- giving us the data we need to make sensible choices.

I see four distinct areas of transportation research where you can make a difference.

First, policy -- providing information to support decision-making about transit policy, and assessing new ways of supporting transit, in order to ensure that transit is positioned to make the maximum contribution to the community.

Second, planning -- providing the tools and the techniques to support project-level decision-making in order to improve transit service to our customers.

Third, technology -- improving the quality and the effectiveness of transit service by helping to develop and introduce new technologies.

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Fourth, service and management -- improving the way transit service is provided.

Today, I'd like to discuss research that focuses on the first two of these: transportation policy and planning. I'd like to do that by speaking about ongoing work that FTA is doing, and relating that to the benefits I described a moment ago: congestion management; mobility for the transit-dependent; and livable communities.

As I see it, the goal of policy-focused research should be to improve the knowledge available to decision-makers about transit and its operations, and to assess the effect of public policies in other areas -- such as taxation, land use, housing, and transportation financing.

The FTA has several research projects underway to improve our knowledge in these areas, focusing especially on its broader public policy impacts. We want to use the results of these studies both to assess transit's overall performance and to evaluate proposed transit investments.

As our research progresses, we're finding it increasingly important to think about transit not only in terms of traditional measurements such as ridership and cost recovery, but also in terms of the public benefits it provides. This is a more useful way of assessing how well transit is contributing to the community, because it clarifies its overall benefits.

That's crucial, because the Government Performance Results Act, the Executive Order on Infrastructure Investment, the National Performance Review, and other decision tools seek to evaluate the *effectiveness* of public programs and projects -- and we need to be able to demonstrate that what we're doing is worthwhile.

As we do so, we need to be much more careful, since we're now being called on to justify transit against other demands for government funds -- including the demand to just give them back to the taxpayers -- and not simply comparing transit programs against each other, as in the past.

We need to measure performance by assessing transit's costs and benefits -- not only its direct costs and benefits, but all of them -- both market and non-market, for transit and for competing modes and programs. FTA is already doing work in this area, and has already reached some conclusions. The most important is that transit performance can't be measured *only* by the traditional criteria of internal economic performance: cost per passenger, cost per vehicle mile, etc.

These fall short of giving us the full picture, because they focus only on conventional, internal economic costs. They ignore service quality, and don't adequately

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address the broader benefits that transit produces. Research now underway will help us to better define the benefits that should be counted in performance reviews and cost-benefit analyses.

Congestion management has been the primary focus of most research, but it's been made more compelling by the new theory that -- in congested corridors -- high-capacity transit sets the pace for the *entire* surface transportation system, so *only* improvements in transit will improve overall system speed.

This concept provides strong support for flexible funding, since it shows how transit investments have tangible benefits for highway users. We've tested this concept in Chicago, New York, and San Diego -- and found that the effect exists in New York's Jamaica corridor. We're now studying 23 more corridors across the country to see if we can find this effect elsewhere. We expect to complete these studies shortly, and to release the results early next year.

The issue of basic mobility gets underemphasized when measures of benefits and performance focus only on short-term economic performance. Here, service coverage -- and not trips -- is the key issue, and we find that transit can create economic benefits by giving the transit-dependent access to jobs. We're just starting to calculate these benefits, and by early next year will produce some guidance about how to include basic mobility benefits in a benefit-cost framework. Again, we should have a report out early next year.

The livable communities effect of transit differs from the other benefits in that it focuses neither on work trips nor on peak-hour trips. Instead, the emphasis is on the overall quality of life that transit can help to create through less auto use and the benefits -- less traffic, better air quality -- that it brings.

We've also just started a wide-ranging study -- to be completed this year -- to evaluate these benefits -- especially the value that <u>people</u> place on such difficult-to-quantify benefits.

Another way to develop information for decision-makers is to review the impacts of past investments. We're now updating studies in this area first done during the 1970s, focusing on the longer-term impacts that those initial studies could not have evaluated. These include transportation system changes, land use effects, and public policy changes.

The first study, being done through Berkeley, updates the BART Impact Program and should be completed by this December.

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A second, being carried out by a team comprised of Georgia State, the Atlanta Universities, and Georgia Tech, looks at Atlanta's MARTA in Atlanta, and will be finished by July 1996.

We're considering other projects as well -- including an updating of a Washington METRO evaluation done early in the 1980s, and an examination of St. Louis's very successful new light rail line.

These analyses operate at something of a disadvantage, since the data available are limited. Over the years, transit has never developed anything to compare with the FHWA's Highway Performance Monitoring System, which provides detailed data on the condition of highway pavements and performance of the highway system in terms of highway level of service.

These data have effectively supported highway needs estimates, and the funding to meet those estimates. Transit needs to invest in data and analysis that goes beyond what is now available from Section 15.

The other half of policy research focuses on determining the impact of non-operational policies on transit. The interaction with land use is particularly important to transit. Transit can help to support a more livable pattern of land use; at the same time, land use policies can make or break a new transit investment, by either concentrating supportive land uses around the investment, or by encouraging continued sprawl.

A lot of work has been done recently about just what constitutes "transit-friendly" land use patterns and policies, but much still needs to be done. For example, what is the market for such patterns of living? What are their benefits? What kinds of local policies are needed to achieve them? These are questions that researchers could profitably focus on.

Finally, I'd like to touch on planning research. Effective work in this area will help to provide transit operators with better tools to design service and to make investments. To be effective, such research should focus both on how to improve service to customers and how to ensure that service and investments make their maximum contribution to the community.

Planning research and policy research are closely connected. The difference is in the level of decision-making that is supported: planning research is micro-oriented, and focuses on ensuring that good information is available for project-level decisions.

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Much policy research will help to support planning and project level decision-making, but there are other areas that need special attention. The most important of these is improving the data and models used in the planning process.

For example, travel demand forecasting has been neglected for some time, but DOT is undertaking a major effort to improve these models. This work is being managed by FHWA, with some participation by FTA as well as EPA, but additional work by the academic community is always welcome.

The current DOT work is focused on delivering several products over the next several years. This includes Geographical Information Systems. FTA is making a major investment in GIS for its own use, but we've seen increasing use of these systems by state and local agencies because they're such a powerful tool for use in service planning and policy assessment.

Much more can be done to improve the GIS development process, and to demonstrate innovative ways of using GIS technology for service planning. We see this as a real opportunity to unify transportation planning with the vast data processing capabilities inherent in today's technology.

Another area that has been neglected is transportation data. Many areas haven't conducted recent large-scale travel surveys to calibrate and validate their demand models. That's partly because such data are now just too expensive to collect: new, more efficient ways of data collection are needed, particularly those that can exploit the potential of low-cost computing power.

As you see, there's no shortage of topics for exploration.

Let me close by assuring you that as you carry out your work you'll have the full support of the Department of Transportation -- not only through the FTA, but through the Office of the Secretary. This Administration supports you -- and will continue to do so -- in everything from financial assistance to removing burdensome regulations and requirements.

As the leaders in a crucial field, please be assured that this support extends to research. We can't get where we want to go in the dark, and we rely on you to provide the light we need. Let me thank you for your help and for your attention, and wish you well in your work.

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U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
INTERNATIONAL CONFERENCE ON
COMMUNICATIONS-BASED TRAIN CONTROL
CRYSTAL CITY, ARLINGTON, VIRGINIA
MAY 10, 1995

Before beginning my remarks, I'd like to thank this conference's sponsors: *Railway Age* -- especially Bob DeMarco, its Publisher -- and De Leuw, Cather -- especially Robert O'Neil, its President, and Dick Tansill, its Vice President.

Let me also thank Union Switch and Signal, and its President, Walter Alessandrini, for sponsoring today's luncheon.

Over the two days of this conference, you've heard a great deal about urban and intercity train control systems -- and especially about the status of projects to develop them around the country.

And after lunch Larry Schulman of the FTA and Bob McCown of the FRA are going to talk about the federal role in these efforts.

I'm certainly not trying to take their technical messages, or position myself as an expert in any way. Rather, I'd like to talk from a policy perspective about *why* we at the federal level support the deployment of next-generation train control systems.

In essence, there are three primary reasons.

***First*, to increase system safety for all those who depend on it.**

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can't fence off all 140,000 miles of track, we can't always have dedicated rights-of-way for each type of service.

But we can strive for zero accidents in rail operations.

We can -- *and should* -- make substantial further improvements in safety -- through public education, through sensible regulation, and through advances in technology.

We've taken a series of steps over the past two years to improve rail system safety -- steps ranging from comprehensive drug and alcohol testing requirements to a highway-rail grade crossing action plan to hazardous materials emergency response programs.

These and other measures will create more success stories. They'll be less dramatic than the spectacular derailment or collision, and in fact they'll be the story of an accident prevented, of a life saved.

Adding to these efforts, we see technological advances such as communications-based train control systems as having especially great potential in fulfilling our responsibilities to the public.

Systems such as positive train control hold the promise of virtually eliminating main line collisions, overspeed derailments, and accidents involving rail workers and their equipment.

The inherent ability of these systems to brake trains when necessary to enforce speed restrictions or to avoid collisions will help to eliminate the human factor in accidents.

And -- while in the near term universal deployment of these systems may not be justified based on the safety benefits alone -- such systems could be invaluable in heavily-congested corridors, lines with hazardous materials shipping, or lines that share rights-of-way with passenger services.

We at DOT are committed to carrying out a risk assessment study to determine the applications where communications-based control systems are most useful, and then developing -- and promoting -- standards for their deployment.

The result will be safer railroads -- and the resulting potential for rail to do its part in meeting the growing demand for efficient freight and passenger operations.

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BART is using Technology Reinvestment Program funds provided by the Defense Department to adapt military communications technology to other uses, and provide bigger markets for the technologies and systems that defense contractors produce.

Under this project, BART will *dramatically* increase the number of trains it can operate on its rapid-rail system -- providing better service to its customers.

Increases in effective capacity are also the justification for similar investment projects in older systems like those of New York and Toronto, where reduced headways mean better service for riders. This modernization also will mean lower costs for system maintenance.

The more advanced systems also are going to improve train management -- letting dispatchers know exactly where a train -- and its cargo -- is at all times.

That's going to allow more precise operations and better planning -- improving everything from fleet utilization to customer service.

This is the essence of sound investment in the information technologies -- energizing this investment to make use of its capabilities to do business in more effective ways.

For railroads, it'll result in faster, better shipping of goods, satisfied customers -- and a bright financial future for America's railroads.

The final reason we support these new control systems so strongly is that they lay the foundation for the transit systems and high-speed passenger rail services of the future.

As with freight, the demand for passenger transportation is increasing rapidly -- in some cities, beyond the capacity of roads and airports.

Expanding this capacity is extraordinarily expensive -- often upwards of $40 million a mile for new highway construction. That price tag makes significant building unrealistic.

New or expanded passenger services on existing rights-of-way are a viable alternative, and we're strongly supporting them -- whether for transit, commuter, or intercity services.

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For all of the reasons I've described, communications-based train control systems are a sound investment. For us, they're the forerunners of a new generation of communications- and information-based technologies that will transform transportation.

Like other such systems -- Intelligent Transportation Systems for highways and transit, global positioning systems for aviation, and maritime location determination systems -- next-generation control systems will increase transportation safety and efficiency both here in America and abroad.

We have a competitive advantage here, and we should be using it to build our exports just as we're using it to build improved safety performance. Indeed, communications-based train control systems have tremendous potential for interacting with intelligent highways and transit systems -- especially at highway-rail grade crossings, where collisions kill more than 600 people per year.

We're also exploring other links between these systems -- such as whether the differential GPS systems that DOT plans to leverage the power of Defense Department satellites can tie our entire transportation system together.

The continued economic viability of America's rail system is important to the Clinton Administration, which supports a balanced and integrated national transportation system.

We believe that rail's place in this system is justified by its importance to so many critical goals. Efficient freight movement is essential for national economic growth... intercity rail service is indispensable to the relief of congested airports and Interstate Highways... and commuter rail and mass transit are necessary to reduce local highway congestion and air pollution.

Achieving these goals is vital to America's economic prosperity and quality of life, and we support the growth in rail service required to achieve them. Communications-based control systems will ensure that rail can manage this increased traffic, and play a key role in the intermodal national transportation system of the future.

Let me conclude this afternoon by thanking you for your efforts to make communications-based train control systems a reality and for your attention today, and by wishing you well in your work.

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TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
ARTBA/USAID RUSSIAN AGREEMENT SIGNING CEREMONY
WASHINGTON, D.C.
MAY 15, 1995

(Introduction to be made by T. Peter Ruane, President and CEO, American Road and Transportation Builders Association)

* **Thank you, Pete, for that introduction, and for your hard work in bringing about this agreement. I also want to thank the others who have been so instrumental in making this a reality: Bill Mulligan, in his capacity as Chairman of ARTBA; Dan Matuszewski of IREX; and Joyce Kaiser of AID. I also want to acknowledge the efforts of our FHWA staff, especially Tony Kane, who is with us today.**

* **On behalf of Secretary Peña and the Department of Transportation, I'd like to offer our congratulations as you execute an agreement to develop the trade association concept in Russia.**

* **Today's signing is an important step in the relationship between the United States and Russia -- a relationship that is built on a common dedication to economic opportunity for all of our peoples.**

* **Few things are as essential to sustaining that economic opportunity as the transportation systems that move**

people, goods, and information efficiently. These systems have been the backbone of American economic growth from the colonial postal roads to the transcontinental railroads to the Interstate Highways of our own era.

* **Competitive nations everywhere understand this link between transportation investment, long-term economic growth, and personal freedom. The worldwide movement to create modern, efficient highways, ports, and railways presents every nation with a clear choice: improve your transportation systems -- or fall behind.**

* **That's why the U.S. is committed to extensive new investment in our own infrastructure of roads, transit systems, intercity passenger railroads, and -- increasingly -- our communications systems -- the "information highways" of the future.**

* **We also strongly support improved transportation systems throughout the world. The reasons are simple, and in our own national interest.**

* **First, long-term economic growth helps to sustain democracy. And, since democracies believe in competing peacefully, the growth of freedom increases the security of all nations.**

* **Second, effective international transportation links directly benefit us in the United States by increasing the opportunities for trade in both goods and services. We strongly support the free flow of goods and services between nations -- believing that such trade benefits all nations.**

* **That's why we sponsor a wide range of transportation programs and cooperative arrangements with nations throughout the world. By helping these countries to improve their transportation systems, we serve to sustain our own national security and economic prosperity.**

* **Over the coming years, we look forward to strengthening the relationships between the United States and the Russian Federation. Many Americans are the sons and daughters of Russia, and so we have deep and historic ties to that great nation.**

* **As we work cooperatively towards the development of Russia's transportation assets, we share a vision of a strong and competitive private sector that builds the links in this system.**

* **The role of trade associations like ARTBA has been a key to our success in maintaining a competitive and technologically-advanced supply industry. I am sure that you will impart this lesson to our Russian partners.**

* **All Americans who treasure their own freedom have dreamed of the birth of freedom in Russia. Now that democracy is a reality from St. Petersburg to Vladivostok, we look forward to cooperating with the Russian people to nurture and sustain it. Thank you.**

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TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
FEDERAL BAR ASSOCIATION TRANSPORTATION LAW SECTION
WASHINGTON, D.C.
MAY 15, 1995

(Introduction to be made by Don Bliss of O'Melveny & Myers)

Thank you, Don, for that introduction -- and for your work in arranging today's symposium. I also want to thank the Federal Bar Association for sponsoring this meeting.

We have a number of superb panelists with us today whose combined knowledge and insights into DOT far exceed mine.

I'd like to acknowledge two of them in particular -- Secretary Bill Coleman, who led the Department of Transportation under President Ford, and Secretary Jim Burnley, who served under President Reagan.

Before beginning my remarks, I'd like to bring you greetings from Secretary Peña. He's participating in the U.S.-Mexico Binational Commission meeting and couldn't join us, but he does send his best wishes for a successful symposium.

Today's sessions focus on the restructuring of the Department of Transportation that the Secretary announced last December, especially its impact on legal issues.

Unlike Secretary Peña and the other speakers today, I'm not an attorney. I'll leave to you the task of interpreting our restructuring from that viewpoint -- and instead give you a transportation perspective.

I'd like to set the stage by talking about transportation's role in our nation. Transportation systems have been critical to America's prosperity and quality of life since our nation's founding.

They have been the means that enabled a continent-sized nation bounded by vast oceans and divided by mountain ranges and rivers to move its people and its goods efficiently.

Indeed, our systems work *so* well that most Americans take them for granted -- until congestion slows rush-hour traffic or flights stack up at an airport.

It's only then that we begin to face up to the fact that we are experiencing a slow-motion disaster as potentially disruptive as any flood or earthquake.

We have, by some estimates, a transportation infrastructure deficit in excess of $300 billion, despite best

efforts to stimulate federal, state, local, and private investment.

There is rapidly-growing travel demand that's outstripping available capacity, not only on our highways but on railroads and at airports as well.

There is a need for greater efficiency and better connections between different forms of transportation: for example, by manufacturers relying on prompt deliveries for "just-in-time" production.

When confronted by such challenges, the strategy for more than a generation has been to look for public funds -- usually in the form of federal grants -- to build more highways, airports, and transit lines.

But that era is at an end. Everyone agrees that we need to continue the reduction of budget deficits that was begun during the first two years of the Clinton Administration. Some argue for pushing even faster and farther.

This is going to limit future federal funding for new facilities -- and -- unless we can be more creative, this could provoke the disaster we fear.

Such a disaster would mean more delays on our highways -- adding to the $43 billion a year now lost to traffic congestion.

It would mean less reliable service -- or perhaps *no* service -- for the millions who each day depend on AMTRAK and the nation's transit systems, as the hard-won progress of capital reinvestment is reversed.

And it would mean worse delays at the 23 airports that now have more than 20,000 hours of delays each year -- and at more airports that would be added to that list.

If we're going to prevent such a future, we need to develop a comprehensive set of innovative strategies -- such as using new technologies such as high-technology Intelligent Transportation Systems to better manage our existing transportation network...

...such as reducing the cost of the facilities we do build by cutting federal red tape, as we have through the Partnership for Transportation Investment...

...and such as tapping new sources of funds, especially from the private sector.

We at DOT are moving forward in each of these areas -- but we're limited by federal programs and organizational structures designed for different times and different needs that hinder our ability to develop creative partnerships and to fashion innovative financing mechanisms.

In March, we sent legislation to Congress that would address these obstacles by reorganizing DOT. This proposal carries forward the commitment to reinventing the federal government that President Clinton began two years ago.

Our reorganization proposal would consolidate DOT's 10 separate agencies into just three:

...a revamped Federal Aviation Administration -- but one whose air traffic control services are transferred to a new government corporation free from the red tape that hinders the deployment of personnel and technology...

...the Coast Guard, which is preparing its own internal restructuring to hold down costs while maintaining services...

...and a new Intermodal Transportation Administration, or ITA, that would integrate all of our surface transportation and civilian maritime functions.

Balancing those three strong agencies, we propose a renewed Office of the Secretary that focuses its efforts on the future -- giving policy direction to the Department, representing it in appropriate forums, but not trying to match the management expertise in the line units.

Implementing this plan is intended to achieve three key results.

First, it positions DOT to promote more efficient linkages between the different forms of transportation, moving towards a seamless transportation system.

That's essential if we're going to make the most of our existing transportation facilities in an era of limited new construction.

Second, the reorganization will help us better serve our customers in state and local government by giving them one-stop shopping.

It eliminates today's multiple agencies with responsibilities that range from overlapping at best to conflicting at worst.

This fragmentation causes a lack of coordination that frustrates our customers and our partners. Integrating *all* of the surface transportation agencies -- highway, rail, and so on -- into the new ITA should end this frustration.

Third, this reorganization eliminates the duplication and potential waste that comes from having 10 separate agencies -- each with its own personnel office, its own procurement department, and -- yes -- its own counsel's office.

That will let us responsibly reduce DOT's size, saving the taxpayers more than $2 billion over five years.

That seems to us to be a far more effective road to deficit reduction than cutting back on investment programs.

Streamlining DOT is in line with Vice President Gore's National Performance Review goals of reducing the federal workforce by 12 percent by the end of 1999, cutting headquarters administrative functions by half while protecting those functions that directly serve our customers.

In addition to our departmental reorganization legislation and our air traffic control bill, we also submitted to Congress a statement of principles on how we propose to reform federal transportation funding programs.

Today, we have more than 30 different programs for infrastructure alone, each with its own rigid rules, applications, and criteria.

That places an unacceptable burden on state and local governments and private industry, especially as they struggle to make the most of diminishing federal funds. *We want to simplify this system.*

Our proposal for reforming this system is clear-cut: *consolidate* the more than 30 infrastructure funding programs; *simplify* their applications and requirements; and *increase flexibility and authority for states and localities* to decide how federal funds should be used.

We hope that these principles will serve as the basis for a dialogue with Congress that will lead to funding program reform.

Our reorganization legislation and our statement of principles work with our proposed 1996 budget to meet today's transportation needs -- *without* sacrificing tomorrow's prosperity.

The budget, which President Clinton submitted to Congress in February, carefully picks federal priorities and divides responsibilities wisely between levels of government and with private industry.

This budget focuses on investment in safety, advanced technology, and infrastructure -- while cutting fat like highway demonstration projects and outdated federal agencies like the Interstate Commerce Commission.

Together with our legislation, our budget offers a real contrast to the sketchy -- and in many ways contradictory -- Congressional budget plans announced last week.

Our proposal's goals -- cutting bureaucracy and red tape, reforming programs, and empowering states and local government and businesses -- are at the heart of the Clinton Administration's effort to meet transportation challenges in a responsible way.

They will let us continue to move people and goods effectively in an era of tight budgets.

We look forward to working with Congress and with our partners in state and local government, private business, and the public to make these proposals a reality.

And we particularly appreciate your taking the time to understand these issues and their implications. I look forward to your comments and discussion.

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U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
OPERATION LIFESAVER
1995 CONGRESSIONAL APPRECIATION AWARDS
WASHINGTON, D.C.
MAY 17, 1995

Thank you, Michael (Gross), for the introduction. I don't know if she's still here, but -- on behalf of Secretary Peña and the Department of Transportation -- I want to congratulate Senator Kay Bailey Hutchison on her award.

She stands in a long line of distinguished members of Congress who have received this award, and it's certainly well-deserved.

Senator Hutchison's home state of Texas is criss-crossed by highways and railroads, with the resulting consequence of grade crossing collisions.

Texas is far from alone in this problem. There was at least one highway-rail collision in every state last year -- nearly five thousand across the nation -- with more than 600 deaths -- *all of them preventable*.

The partnership between the federal government, state and local transportation and law enforcement officials, freight railroads, the rail brotherhoods, and Operation Lifesaver has made tremendous progress over the last generation.

As last year's statistics show, we still have a long way to go -- both on grade crossings and in other areas of highway safety -- but there are limits to what any one partner in this effort can do.

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But government can't do it alone. We need help -- and that's where Operation Lifesaver and its members come in.

Just two months ago, Tom Simpson joined Secretary Peña as they unveiled the "Always Expect a Train" public service campaign.

That campaign will use radio, television, and print announcements to educate drivers about grade crossings. This campaign was developed in full partnership with Operation Lifesaver -- something we acknowledge by including you in the campaign's credit lines.

I can never thank Operation Lifesaver enough for the work you do. In 20 years, we've cut the number of highway-rail crashes in half, despite the huge increase in traffic.

You and your volunteers have made a significant difference in educating Americans, and I encourage you to keep it up.

We'll work with you -- not only through the coordination of these efforts and by providing funding, but also by working to maintain strong safety laws.

Those laws now face a stiff challenge, and I want to close my remarks by speaking about that challenge.

There are those who call for repeal of the major highway safety provisions -- provisions for states to set maximum speed limits and to require the use of safety belts and motorcycle helmets.

Unlike in the past, these are *not* strict mandates. Instead, states that don't pass such laws must use a portion of their federal highway funds for safety programs rather than for building roads.

Those provisions have been effective, and the states have adopted laws that save more than 10,000 lives and prevent over 170,000 injuries each and every year.

They also save billions of dollars annually in health care costs -- much of which would otherwise be borne by the taxpayers through Medicaid and other programs.

You'd think that these success stories would speak for themselves, and that their effectiveness would be above question. But there are some who would turn the clock back, and let the states alone decide which laws are necessary.

(More)

3.47

FINAL

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
COMMERCIAL SPACE TRANSPORTATION ADVISORY COMMITTEE
WASHINGTON, D.C.
MAY 18, 1995

(Introduction to be made by COMSTAC Chair Amy Bondurant)

Thank you, Amy, for that introduction -- and for your leadership of this committee. I'd also like to thank the committee itself. In a relatively short time, this committee has become a respected contributor to the development of national commercial space policy, and I'm happy to join you here today.

Before beginning my remarks, I also want to acknowledge the efforts of Frank Weaver, the Director of our Office of Commercial Space Transportation. He's been a tireless voice for this industry, and we're proud to have him on our team.

We have a number of speakers today who are going to provide you with detailed reports on a variety of topics, so I'm going to stick to the bigger picture. I'd like to focus on the Clinton Administration's commitment to America's commercial space industry.

From the start, this Administration has understood the importance of advanced technology to this nation's economic prosperity and national security. That's why we've placed such an emphasis on research and development, and on generating dual uses for military technologies.

Within the Department of Transportation, we've raised our investment in technology development and deployment from $647 million under the previous Administration's final budget to the highest levels ever -- with $956 million proposed for our 1996 budget.

That budget will fund programs as varied as Intelligent Transportation Systems, the Partnership for a New Generation Vehicle, and Global Positioning Satellites.

These programs have in common the fact that they will bring *real* results to the American people -- improvements that will make travel safer, more efficient, less costly, and with fewer environmental impacts.

That's equally true of commercial space operations. As we move forward in developing a strong domestic space launch and satellite industry, we're keeping our eyes on the prize: an improved quality of life for the American people.

We see this industry as serving that goal in several ways. As it grows, of course, it will employ growing numbers of Americans in high-wage jobs, both directly and -- through allied service industries -- indirectly. These jobs will also have a ripple effect throughout the economy, generating benefits in other sectors.

We also see commercial space benefitting the American people through the services provided by the satellites it launches. For example, I mentioned Global Positioning Satellites a moment ago.

Since these began to be used for civilian purposes, they've been transformed into locational guides for commercial airplanes, improving their performance and fuel economy -- saving time and money.

Satellites already provide a variety of services, including rapid and cost-effective transmission of communications and data -- with much more to come.

The planned global communications systems based from low-Earth-orbit satellites, such as Orbcomm, Iridium, Globalstar, and Odyssey, offer the opportunity for extraordinarily economical, universal communications access.

That offers the potential not only for lower costs to users but also for an improved quality of life -- for workers no longer tied to a fixed site, for those who now will be able to take advantage of services and products that are now unavailable or prohibitively expensive.

Satellites also offer the potential for a variety of other uses, ranging from environmental monitoring to agricultural assessment to mineral exploration to -- in my own field -- transportation systems management.

Realizing the promise of these and other evolving technologies requires a vital U.S. commercial space industry -- one that we can rely on to provide the low-cost, high-quality services that extensive satellite deployment demands.

We want to foster that industry through a comprehensive set of strategies targeted at strengthening this industry and building a secure foundation for future growth.

Doing that means we have to enhance our existing working relationships. and forge new ones. That's why we're cooperating with the Department of Defense, the Commerce Department, and with NASA to ensure that this industry's needs are met and that government is a supporter of its growth, and not an obstacle.

We also want to ensure that satellites are employed to further the advancement of the National and Global Information Infrastructures, which are the basis for many other proposed advances -- and which are among the President's highest technological priorities.

And we want to ensure that the domestic space industry faces fair and reasonable competition. We know that our companies can compete with the Europeans on both cost and quality, and are superior in quality to the other new players in the launch market.

Of course, those new players -- such as Russia, China, and the Ukraine -- have large pricing advantages because of their ability to take advantage of existing military hardware and the cheap labor that comes with evolving economies.

Although we support free competition in trade, knowing as we do that U.S. companies can win on a level playing field, we also want to ensure that foreign competitors don't have an unfair advantage. That's why we've negotiated international agreements that ensure fairness and balance.

The strongest statement of our commitment to supporting the domestic space community is the new National Space Transportation Policy that President Clinton issued a last August.

We've been developing an implementation plan to help us achieve its goals, and this committee has provided invaluable input into that plan with your expertise and perspective on industry needs.

The policy and the implementation plan will provide the framework within which the Clinton Administration -- in partnership with Congress and industry -- can take the steps needed to ensure the health and international competitiveness of the U.S. space transportation industry.

The plan we're developing lays out the roles and responsibilities of the various government agencies that are involved in this effort.

DOT, through the Office of Commercial Space Transportation, has the lead on regulating the industry and promoting it -- especially with regard to its competitiveness.

And our focus will be on both sides of the industry -- launches and satellites -- since we understand that one can't be fully competitive without the other. Our plan will promote the balance we need as we work with the industry.

In cooperation with Commerce, Defense, and NASA, we're going to create the public-private partnerships that are going to be essential to developing the next generations of reusable launch vehicles, evolved expendable launch vehicles, and the supporting launch infrastructure.

They're the future of this industry, and we're going to help you pursue it as aggressively as we have other advances in technology.

I'd like speak for a moment now about DOT's restructuring. As most of you know, Secretary Peña proposed a reorganization of the Department that streamlines us into just three operating agencies:

...the Federal Aviation Administration...

...the Coast Guard...

...and a new Intermodal Transportation Administration -- together with an Office of the Secretary focused on policy issues that require a department-wide focus.

The Office of Commercial Space Transportation is currently a unit within the Office of the Secretary, and we've proposed transferring it to the revamped Federal Aviation Administration.

That makes sense, since the Office of the Secretary will be focused on policy, and not on the more activist functions carried out by Commercial Space. That's why we've also proposed transferring to the FAA aviation functions now handled by the Secretary's office.

This transfer also expands the resources available to Commercial Space, which to date has been a relatively small office. Within the FAA structure, it will have its already-powerful voice amplified.

We think that the FAA will be a good fit -- especially since much of the future of the aerospace industry involves reusable vehicles that will be as much plane as rocket.

I do want to reassure you that this transfer means no lessening of our commitment to the commercial space industry or our efforts to promote it. That dedication is as strong as ever.

The coming months will see the planning for this transfer, and as we move closer to making this a reality, we'll keep you fully informed.

I'd like to close this morning by reiterating this Administration's support for the commercial space industry.

The United States long ago achieved its first great goal of the Space Age -- landing a man on the Moon.

The work that we're doing today is not -- cannot be -- as dramatic as during those early years of exploration.

Like the early American colonists who made the New World theirs after the voyages of Columbus and Magellan, so now are we building on the achievements of those who went before us, and making the benefits of our own new world a reality for millions at home and around the world.

You should take pride, as we do, in that noble effort. We look forward to standing with you in coming years as we realize the early promise of the Space Age. Thank you.

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U.S. Department of Transportation

TRANSPORTATION TRENDS

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
GREATER MIAMI TRANSPORTATION SUMMIT
MIAMI, FLORIDA
MAY 19, 1995

Thank you, Bill, for that introduction. I also want to thank Susan Norton, Luis Ajamil, and Ric Katz for inviting me to speak here this morning. Let me congratulate all of you for your efforts to organize an outstanding conference -- and commend you for your public-spiritedness in accepting such a demanding and time-consuming commitment on behalf of your region. I think that today's attendees will agree that this is a worthwhile investment of your time and effort.

This region faces some of the greatest transportation challenges in the nation -- and faces them at a time when there's real uncertainties about the federal assistance necessary to meet those challenges.

I want to make clear at the outset that I don't view this as a partisan political issue. Most of you are involved in private business -- and *some* of you may even be Republicans. *Well, it's a possibility.*

But I think everyone agrees with me that a sound, well-balanced transportation system is essential to economic prosperity and a high quality of life. Those are the key goals here in Florida just as they are everywhere else in the country. The debate, rather, is about who pays for the necessary investment and how those payments are made.

In terms of economic prosperity, few states are going to benefit from the emerging global economy more than Florida. Breaking down of trade barriers around the world

(More)

U.S. Department of Transportation
Office of the Secretary, Public Affairs
(202) 366-4570

Beyond the report's specifics, it does a lot of other things right: it captures the spirit of ISTEA -- the federal Intermodal Surface Transportation Efficiency Act by defining transportation *priorities* and *outcomes* -- and not just projects.

It also establishes a system of planning and public involvement. This is among the best that has been put in place since ISTEA -- with processes that should ensure that the resulting projects are sound and have broad popular support, in contrast to the opposition that often shows up when planning hasn't been done with the affected communities. That's important in a diverse state like Florida, which has more metropolitan planning organizations than any other state.

Finally, the report reflects the reality that transportation plans must not be rigid straitjackets -- that dynamic business plans that can reflect changes in our society without sacrificing long-term goals.

Florida has been a leader in recent years in developing the balanced, flexible intermodal transportation system needed by the entire nation's urban areas. The community-based vision study "Destination 2001" that looks at this region's development opportunities and transportation challenges touches on the same themes.

A balanced emphasis on commuter rail, increased mass transit, ridesharing facilities, bicycle and pedestrian facilities, and efficient connections between different forms of transportation shows that this state -- and this region -- are on the cutting edge of transportation planning and policy.

The Miami Intermodal Center and SR 836, the Miami Maritime Park and the proposed high-speed rail line to Tampa and Orlando are all examples of the kinds of projects that can help South Florida to avoid gridlock and boost the regional economy.

And Florida's doing it the *right* way -- taking advantage of strategies that we've encouraged, such as innovative financing, to cut red tape and bring to the table the resources and expertise of the private sector. Florida has taken the lead among the states in looking at regulatory processes and seeking ways to achieve the goals we share in a more cost-effective, less burdensome way. We, too, have read *The Death of Common Sense*, and are putting these ideas to work in the President's regulatory reform initiative.

***But* many of these opportunities for new strategies and new investments may never be realized.**

(More)

Cutting airport improvement funds means more inadequate facilities at the nation's airports -- increasing delays at busy airports like Miami International.

Terminating all funds, even the advanced research now underway, for the federal high-speed rail program would likely doom the local efforts to build such systems around the nation -- including the Miami-Tampa-Orlando train.

Eliminating local transit operating assistance would force bus and subway operators across the country to raise fares and cut service. Here in Miami, the MDTA would have to raise its fares by 13 percent just to make up the shortfall. Jacksonville would have to raise its fares 42 percent and St. Petersburg 74 percent. But smaller cities would be hit the hardest. Pensacola would be forced to raise its fares 158 percent and Sarasota 169 percent. And Florida's big loser would be Daytona Beach's STS, which would have to increase fares by *1,860 percent* to make up the deficit.

And many small rural bus systems that depend on federal aid to fund lifeline services for senior citizens and the disabled might have to shut down entirely. These cuts also place at risk new transit starts now in planning, such as Metrorail's 27th Avenue North Corridor Extension, and Tri-County's commuter rail.

Ending AMTRAK's federal assistance would drive it into bankruptcy, stopping vital intercity transportation for millions of Americans -- including the 33 cities served by AMTRAK but not by any airline. Here in Florida, that outcome would threaten the service provided by the Auto-Train and such passenger operations as the Silver Star, the Silver Meteor, and the Sunset Limited. Even if AMTRAK survives reduced operating assistance -- and we share their goal of operating without subsidy -- they desperately need new capital investment to retain ridership and offer transportation value.

And it's likely that budget cuts of this magnitude would terminate any prospect of future federal assistance for intermodal projects -- especially those that offer innovative solutions to transportation dilemmas, such as the Miami Intermodal Center.

That's *not* what the Clinton Administration wants.

Our goal is a balanced intermodal system -- one that places our values of safety, efficiency, and seamless connections between systems at the top of the agenda, and that seeks a means of federal funding that effectively targets our investments to meet those goals.

We've also worked to reinvent our transportation funding programs to cut red tape, introduce new and more efficient ways of financing, return authority and flexibility

(More)

3.45

FINAL

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
ENO TRANSPORTATION FOUNDATION, INC.
TRANSPORTATION POLICY EDUCATION CONFERENCE
WASHINGTON, D.C.
MAY 22, 1995

(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. This program is helping to develop tomorrow's pacesetters in the transportation field, and I'm happy to assist in any way I can.

Today, I'd like to talk about the Department of Transportation: what it is, what it does, and -- most important -- where it is going.

DOT is led by Secretary of Transportation Federico Peña, and has about 100,000 employees, most of them located in 1,700 offices and operating locations around the country. Before I describe their responsibilities, let me talk a bit about our transportation system.

From America's earliest days, transportation investment has shaped our nation's progress -- beginning with the post roads that carried the mail in colonial times -- to the canals that opened up the midwest -- to the railroads that connected a continent -- to the Interstate Highways of the present day.

As we approach the next century, our transportation system becomes ever more critical to our nation.

Most people don't think about it, but so much depends on efficient transportation -- everything from getting to school or work on time to products being shipped to factories or stores.

That system has worked so well for so long that we take it for granted. Our aviation system handles more aircraft more efficiently and safely than any other. Our highways form the largest system of roads -- nearly 4,000,000 miles -- in the world.

Our seaports and waterways, combined with our highways, airports, and railroads, provide the most extensive transportation network in the world. Other nations regularly seek our advice on hoe to replicate it.

But this transportation system *does* have its problems. Highway congestion is worsening; air pollution caused by cars and trucks continues to plague cities; many of our roads and bridges need repair, airports need expansion, and transit and passenger rail services face chronic financial problems and the risk of extinction.

We know that if we don't address these problems now, we'll be confronted with worse ones later -- when they'll be more difficult and expensive to solve.

We also haven't used new technologies in transportation. In Europe and Japan we see trains that travel far faster than those on American railroads and higher-quality materials for highways and bridges. In our own laboratories, we see new propulsion systems and information system applications that could make transportation systems more efficient.

And Americans remain frustrated by our fragmented transportation system. In many cities, it's inordinately difficult just to get from the airport to downtown. Businesses have trouble moving goods smoothly from ships to trains to trucks -- all of which adds to the cost of doing business.

Finally, our system must be safer. Although the number of people who are killed in automobile accidents has dropped since the 1960s, 40,000 people still die on our highways each year. Hundreds more die in plane crashes, boating accidents, and other mishaps.

At the federal level, dealing with these problems is DOT's responsibility. We serve as the steward of the nation's transportation system, speak for transportation within the federal government, and offer leadership to state and local government.

We carry out our mission in four ways:

First, we set -- and enforce -- standards for safety.

Second, we distribute funds to state and local governments and other transportation-related institutions to build and -- in some cases -- to operate highways, airports, and other parts of our system.

Third, we work with other federal agencies to carry out broader federal mandates such as clean air, water quality, equal opportunity, and national security.

Fourth, we provide law enforcement and traffic management services for the nation's airspace and waterways.

Today, we have 10 separate agencies within DOT, each charged with carrying out parts of this mission. Over the past two years, we've been working to do the job better and at less cost. That's inspired by Vice President Gore's National Performance Review, which is reinventing the federal government.

DOT has been a leader in this effort -- cutting our civilian work force by more than seven percent to date, producing savings of more than $260 million a year in personnel costs alone.

At the same time, we've improved customer service through automation and by cutting red tape and streamlining procedures and regulations.

We're also planning to reorganize the department to cut down on the costs of having 10 separate agencies -- each of which now has its own personnel office, its own procurement office, and -- this being Washington -- its own office of lawyers.

We want to have just three agencies within DOT: the Federal Aviation Administration, the Coast Guard, and what we call the Intermodal Transportation Administration, or ITA.

The ITA would include all of the surface and civilian maritime transportation agencies now within DOT -- but would need fewer people to run it, since it would be just one agency instead of a half-dozen.

It also would let the people who deal with these various interrelated types of transportation work together more effectively, focusing on solutions, not the status quo.

Today's organizational structure hinders the creation of a single, seamless system that works efficiently.

We also want to create a new organization to run the air traffic control service that the Federal Aviation

Administration now manages. Today, the computers this system uses are outdated -- many are run by vacuum tubes invented about the same time the Wright Brothers invented flight. But the red tape that government agencies are forced to deal with delays the deployment of new technologies.

We want to create a separate corporation -- run exactly like a business, except owned by the government -- which would be exempt from government red tape and which could buy and install these technologies to keep the system running safely and efficiently.

Reorganizing DOT and creating the air traffic control corporation require approval by Congress, and we've sent them legislation asking them to do that.

Over the coming year, we'll work with the Congress to try to give us the structure we need to provide these important services at less cost to the taxpayers.

Doing that will let us provide future generations with a transportation system that is even safer, more environmentally sound, and more efficient than today's.

I'd like to thank you for your attention. And now, I'd like to hear your ideas -- what you think about transportation -- and any questions you may have.

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REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
WASHINGTON, D.C. CHAPTER OF THE ASSOCIATION
FOR TRANSPORTATION LAW, LOGISTICS, AND POLICY
WASHINGTON, D.C.
MAY 30, 1995

A lot of press attention recently has focused on the Congressional budgets. While they've gotten the headlines, Congress isn't the only place with a vision for America.

The Clinton Administration has been steadily moving ahead with detailed plans to achieve *real* change -- the specific steps to reform government so that it not only costs less but works better for the American people.

To borrow a phrase from my former Governor in New York, this is the prose of governing, as contrasted with the poetry of campaigning. It's one thing to sketch a blueprint -- and another to build the building.

Some of the most significant of the specific initiatives are in transportation.

Over the past two months we've sent to Congress a comprehensive series of proposals that would set American transportation on a course for the 21st century.

We've submitted legislation to reorganize the Department of Transportation, create an air traffic control corporation, restructure AMTRAK, sunset the Interstate Commerce Commission, and reform maritime policy.

At another time, this would be the start of a revolution.

We've also sent to Congress a statement of principles for reforming transportation funding programs -- a statement we expect to serve as the basis of future legislation.

Together with the President's budget, these legislative initiatives provide the basis for the transportation system we need to sustain America's economic competitiveness and our quality of life.

They'll help to stem the slow-motion disaster that our transportation systems face -- a disaster that includes...

...a transportation infrastructure deficit that some estimate as being in the hundreds of billions of dollars...

...rapidly-growing travel demand that's outstripping capacity...

...increasing needs for efficiency -- by the growing number of businesses relying on prompt deliveries for "just-in-time" manufacturing...

...all set against the reality of declining federal funding as the budget deficit is further reduced.

Our reform proposals will give us and our partners the tools to meet these challenges and avert disaster.

I'd like to spend most of our time today hearing your ideas and answering your questions, so I'll just give you a few examples of how these initiatives will work.

Let's look first at the Interstate Commerce Commission, which is responsible for much of the remaining regulation of transportation.

The transportation industry deregulation that began in the late 1970s has created competition and strengthened most sectors of the transportation industry.

Industries and carriers that are well-managed and able to draw on new technology are not only profitable, but they've also been able to cut prices for their customers.

The Clinton Administration wants to accelerate this progress by carrying deregulation to the next step.

We're recommending and end to the ICC itself, and a sunset for mist of its regulatory duties.

When the ICC was created more than a century ago to control the freight railroads, there were legitimate concerns about the virtual monopoly that they held.

Those railroads dominated the economy to a degree that's unimaginable today, with industry revenues that were many times larger than the entire federal budget.

Conditions have changed. Transportation today is highly competitive and fully intermodal.

Much economic regulation of transportation now burdens the public interest it was meant to serve.

That's why the Clinton Administration has called for the sunsetting of the ICC by October 1, 1996, with those activities which remain necessary being continued by DOT and other federal agencies.

For example, we would end virtually all remaining regulation of the trucking and intercity bus industries, with several exceptions.

DOT would continue to handle the resolution of shipper undercharge claims until this issues ceases to exist.

Owner-operator leasing rules would be maintained by DOT, but owner-operators would have a private right of action to enforce the rules, with treble damages.

And Household goods consumer protection regulation would become the responsibility of the Federal Trade Commission -- a more appropriate place.

We'd also end most of the remaining rail carrier regulation, while keeping the basic reforms of the landmark Staggers Act of 1980.

We'd ensure that fundamental protections would continue -- for instance, competitive access for captive shippers and dispute resolution between AMTRAK and freight railroads.

However, we'd eliminate many requirements in the interest of spurring growth, such as the prohibitions on intermodal ownership.

This proposal not only terminate an agency that performed necessary work for a century -- but whose time has passed -- but expand incentives for growth in critical sectors.

Let's turn now to the Department of Transportation's reorganization, which Secretary Peña announced last December.

Restructuring the Department carries forward the commitment to positive change that President Clinton began two years ago.

DOT has been a leader in this effort -- cutting our civilian work force by more than 5,000 through this year, racking up annualized savings of more than $260 million in personnel costs alone.

These kinds of savings seem much more desirable to us than cuts in the programs we finance to improve our national infrastructure assets.

At the same time we have downsized, we also have taken positive steps to improve customer service through automation and by streamlining procedures and regulations. But we recognize that this still won't be enough to meet the challenges we face.

DOT's inherited structure of 10 separate operating administrations hinders our ability to develop creative partnerships and to fashion innovative financing mechanisms.

This organization allowed us to pull together transportation agencies into a department nearly 30 years ago, but something more is needed if we're to realize this organization's full promise.

The restructuring we proposed does that by consolidating DOT's 10 agencies into just three:

...a new Intermodal Transportation Administration to integrate all of our surface transportation and civilian maritime functions;

...the Coast Guard, which is preparing to undergo its own internal restructuring;

...and a reengineered Federal Aviation Administration, with its air traffic control services transferred to an independent government corporation.

Consolidating our operating agencies also enables us to streamline the Office of the Secretary of Transportation -- making it smaller and focusing it on such areas as strategic planning and policy.

Our proposal achieves three key results:

First, it positions DOT to promote intermodalism: using the most efficient form of transportation to move

people and goods and to connect modes into a seamless transportation system.

This is essential if we're going to make the most of our existing transportation infrastructure in an era of limited new construction.

Second, the reorganization will help us to better serve our customers by giving them one-stop shopping.

We now have multiple agencies with overlapping concerns, which causes a lack of coordination that wastes time and frustrates our customers and our partners.

Integrating *all* of the surface transportation agencies into the new ITA will end this frustration.

Third, this reorganization helps to responsibly and strategically reduce DOT's size -- saving the taxpayers money -- without sacrificing the effectiveness of our programs.

It eliminates the duplication and incompatibility that comes from having 10 separate agencies.

The reorganization will let us serve the public better while cutting costs.

The final topic I'd like to review is the budget.

The Administration's previous budgets increased transportation infrastructure investment to $28 billion annually -- the highest level ever, and $10 billion more than just four years ago.

Although the proposed 1996 budget is slightly lower in light of the pressure to continue controlling the deficit, we're compensating for reduced federal funding.

We want to cut red tape and simplify programs, give states and localities greater flexibility and decision-making authority, and promote public-private partnerships.

We've also increased our commitments in key areas such as technology research and development -- where we've raised funding by more than 45 percent since 1993 -- and safety. These areas generate savings -- for example, through the reduced health care bills that come with greater safety.

Finally, our reorganization will let us reduce our workforce by 12 percent -- and achieve a 50 percent cut in back-office administrative staff -- while we protect those who serve our customers on the front lines. Over five years, full implementation of this reorganization would save over $2 billion.

These efforts cut fat to let us continue serving the American people while still controlling federal spending. In contrast, the proposals recently released by the Senate and House Budget Committees cut muscle: our ability to support essential transportation services.

Let's look at the facts: the transportation baseline -- what spending would be if it continued at the current rate -- with appropriate adjustments for inflation -- would total $212 billion over the next five years.

The President's budget cuts that to just $190 billion. But the Senate budget amount is $165 billion -- or $47 billion below the baseline -- and that would mean that in 1997 there won't be *any* money for new transit, highway, or airport projects.

***Every penny* will go to paying for projects already under construction, or to maintaining -- although at a reduced level -- such vital services as Coast Guard rescue operations and airplane safety inspectors.**

So we could forget about making the transportation improvements that this nation needs to keep up with growth.

I don't think that Americans want that. And I *know* that they *don't* want congested roads, crowded airports, and cancelled service on their transit systems.

They *do* want the deficit to be controlled -- and the President's budget does that responsibly -- in ways that don't put Americans' mobility, safety, and prosperity at risk.

That -- and not harsh budget-cutting driven by political concepts -- is what the American people want -- and need. That's the context we need if we're to be more than just budget-cutters and dismantlers.

Let me close by reiterating that our comprehensive plan will make the federal government more effective and more efficient -- and let us -- and our partners -- spend more time moving people and less time moving paper -- building bridges, not bureaucracy.

Over the coming months, we look forward to working with Congress on these initiatives as we continue to develop transportation systems for America's future.

And now, I'd like to take any questions you have...

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