

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
ENO TRANSPORTATION FOUNDATION, INC.
TRANSPORTATION POLICY EDUCATION CONFERENCE
WASHINGTON, D.C.
MAY 8, 1996

*(Introduction to be made by Damian J. Kulash, President and
Chief Executive Officer, Eno Transportation Foundation, Inc.)*

Thank you, Damian, for that introduction. I also want to thank you -- and the Eno Foundation Board of Regents -- for inviting me. I've participated in this program the past couple of years, and it's always a pleasure to do so. It helps to develop tomorrow's pacesetters in transportation, and I'm happy to assist in any way I can.

I'd like to use my time this afternoon to talk about ISTEA -- the Intermodal Surface Transportation Efficiency Act.

Over the past few days you've heard a lot about ISTEA, which authorizes federal transit, highway, and safety programs through October 1997.

Although that's a year-and-a-half away, the discussions on reauthorizing these programs are already underway. It's not too early to think about what should follow ISTEA, because it's a complex matter which is vitally important to our future.

ISTEA was a landmark that redefined the federal role in surface transportation -- a bipartisan effort to rebuild infrastructure -- to develop new technologies -- and to improve safety.

Although ISTEA was a major step forward, it's actually based on a long tradition of government support for transportation.

From the colonial post roads -- to the canals that expanded our frontiers -- to the railroads and Interstate Highways that linked a growing country -- transportation has opened up new markets and enabled the quick, cheap movement of people and goods that has powered America's growth.

Transportation's role will only increase in the future as the national economy becomes more fully integrated and as America increasingly becomes part of the larger global economy.

Businesses, faced with growing competition at home and around the world, rely on effective transport to control costs and make possible such logistical innovations as intermodalism and "just-in-time" deliveries. They can't afford the expenses imposed by inefficient transportation.

However, the systems they depend on face growing travel demand -- inadequate capacity -- bottlenecks and poor connections between different forms of transportation -- and an aging and deteriorating infrastructure. These conditions could slow economic growth and reduce our international competitiveness.

Nor should we have to endure the costs and disruptions that inefficient transportation imposes on our own lives. We depend on smooth-flowing systems and seamless links between them for commuting to work or school -- for shopping -- or for recreation.

When these systems don't work as intended, we pay the price in lost time -- higher prices -- or diminished opportunities. In fact, highway congestion in the nation's 50 largest cities alone costs us more than \$40 *billion* a year.

Overcrowded roads and other deficiencies also risk our safety. More than 40,000 people die on our highways each year and millions more are injured at a societal cost approaching \$140 billion annually.

Transportation, like all human activity, also affects the natural environment. Efforts to mitigate those impacts and improve air and water quality and protect open space have been remarkably successful, but have to be continued -- and, in some cases, expanded as we better understand how transportation impacts the environment.

ISTEA gave us the tools to meet all of these challenges -- and President Clinton and Secretary Peña have pushed the envelope to fully take advantage of these opportunities.

For instance, ISTEA authorized dramatic increases in infrastructure investment -- but we didn't make the most of this until President Clinton raised the transportation budget to record levels, giving state and local governments billions of dollars more for roads, bridges, and transit systems.

Not only did ISTEA authorize more money, but it also enabled new innovative financing strategies to cut red tape and involve the private sector -- strategies which have moved ahead \$4 billion worth of projects through the President's Partnership for Transportation Investment.

ISTEA also has made genuine progress in new areas: launching Intelligent Transportation Systems -- raising research and technology investment to their highest levels ever -- and creating programs that have a real effect on the quality of Americans' daily lives, such as the Congestion Mitigation and Air Quality Improvement Program. We've made the most of all of these initiatives.

The benefits of ISTEA go beyond new programs and more funding. ISTEA established the importance of a comprehensive, intermodal transportation system, letting our programs reflect the reality we see all around us.

ISTEA has given state and local officials far greater flexibility and autonomy, and it's given them improved planning processes that let them choose the best solutions for their needs while preserving the partnerships that have always been the basis of transportation in America.

In short, ISTEA's programs and principles have been good for American transportation, and we want to see them carried forward in reauthorization.

In fact, we want to see many of these principles expanded in the future -- principles such as the devolution of decision-making authority to state and local officials. We trust these officials to make good decisions about which projects are best for their own areas, and want to ensure they have the right to make those decisions.

We also want to continue leveling the playing field so that projects can be chosen on their merit, rather than on whether they happen to fall into some fixed category.

Reauthorization should continue the progress towards intermodalism so that modal categories defined at the beginning of this century don't determine the transportation systems of the next one. We support the trend towards programs and projects that increase efficiency by fully integrating the various transportation modes.

Finally, we want to expand on the progress we've made through innovative financing and explore how we can continue to create new ways to pay for the infrastructure and technologies we need. ISTEA's successor legislation may be the place to do this.

As we move towards reauthorization, it's vital -- whatever our views -- that we in the transportation community work together. Those who participated in ISTEA's creation will remember how important cooperation was to that process.

Cooperation and constituency-building is going to be even more important in the future as the federal government faces ever-tighter spending limits and as state and local governments confront competing demands for their funds -- demands for such compelling needs as schools, law enforcement, and health care.

There will be some things that divide the transportation community, but if we bog down in such debates it's going work against all of our interests. That's why we need to maintain -- and even expand -- the coalition of constituencies that gave us ISTEA.

We need to work together to establish a productive dialogue about transportation programs with the capability of generating broad support -- just as ISTEA did. If we don't do so in an era of budget infighting, we risk losing the broad support that has sustained our programs so far.

We're working to create this dialogue through a series of regional forums on ISTEA that Secretary Peña has directed us to hold around the country -- the first of which will be held next week in Philadelphia.

These forums are one of the ways in which we can help the transportation community to reconcile its sometimes-conflicting agendas -- build the type of consensus that gave us ISTEA -- and put our programs on a sound basis for the 21st century.

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 want to thank you for your attention. And now, I'd like to hear what you think about ISTEA and transportation more generally, and answer any questions you may have.

#

**SUGGESTED INTRODUCTORY REMARKS
FOR USE BY GOVERNOR ROY ROMER
DENVER BUSINESS LEADERS LUNCHEON
DENVER, COLORADO
MAY 9, 1996**

Good afternoon. I'd like to thank the Hispanic Chamber of Commerce for hosting this afternoon's luncheon. Secretary of Transportation Federico Peña is going to speak to us, and I'm pleased to have been asked to introduce him.

I don't need to offer very much in the way of a biographical introduction, since you're all familiar with his record as a civil rights lawyer -- a state legislator -- a businessman -- and as Mayor of Denver.

However, I *do* want to say that I have the highest respect for the Secretary and for what he's accomplished. When he first took office as Mayor, Federico Peña challenged his fellow citizens to "imagine a great city" -- and then showed them how they could make that vision a reality.

Today Denver has a new convention center -- a revitalized historic district in Lower Downtown -- a wonderful new library -- Cherry Creek Mall -- Elitch Gardens -- and the marvelous Coors Field.

Today Denver has two new sports teams -- the Rockies and the Avalanche -- which have spurred even greater pride in this city.

And today Denver has its crown jewel -- the most efficient, the most technologically-advanced airport in the world -- one that will serve this city for generations to come.

Our children no longer have to "imagine" a great city: they're growing up in one.

So much of this is directly attributable to Secretary Peña's leadership -- first here in Denver, and now in Washington.

In Washington, the Secretary has compiled an outstanding record of increasing America's global competitiveness -- improving the safety of travel -- and streamlining the Department of Transportation.

He's helped to revitalize American aviation, signing three dozen international aviation agreements -- opening lucrative new markets for American airlines and cargo carriers -- and improving service for travelers.

His safety initiatives led the airline industry to adopt a goal of zero accidents, and is bringing travelers the same levels of safety whether they're in a jumbo jet or a 10-seat commuter plane.

And he's saving taxpayers hundreds of millions of dollars by trimming the Department of Transportation's workforce by 11,000 positions -- by cutting nearly one in eight pages of its regulations -- and by cutting red tape to bring in private financing and speed up \$4 billion in highway projects.

He's proven himself to be a pragmatic visionary -- an agent of positive change. He's earned our respect and admiration.

Now, I'm going to follow President Franklin Roosevelt's advice for an emcee: be sincere, be brief, be seated. With that, ladies and gentlemen, it's my proud privilege to introduce my friend -- Secretary Federico Peña.

#####

**REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
U.S.-INDIA BUSINESS COUNCIL ANNUAL MEETING
WASHINGTON, D.C.
MAY 13, 1996**

Good afternoon. Before I begin, I'd like to bring you greetings from Secretary Peña. The Secretary had wanted to be here -- not only because of his personal commitment to improving transportation in support of international economic prosperity, but for a more personal reason.

His very good friend and colleague, Secretary Ron Brown, had spoken to him of India's growing importance as one of the big emerging markets.

Secretary Peña consequently has taken a strong interest in relations between our nations, and had wanted to attend, but his schedule prevented that -- so he asked me to join you and extend to you his best wishes.

The promise that Secretary Brown recognized is clear. India is a nation whose population will likely exceed a billion by the turn of the century.

It's a democracy with a trillion-dollar-plus economy that has a real growth rate of five percent -- double the already-healthy growth rate we are enjoying in the U.S. under the Clinton Administration.

And it's a nation which is taking the steps -- production, trade, and investment reforms, investment in infrastructure, communications, and other key areas -- that are necessary to fully realize its extraordinary commercial potential.

The bilateral aviation agreement that our nations recently negotiated is only the latest example of this. Under this agreement, we expect increased service between India and the U.S.

There also will be new code-sharing services among the airlines -- all of which will benefit travelers and businesses in both countries.

Such cooperation is the wave of the future. President Clinton has articulated a vision of a worldwide community of free and prosperous nations, growing more secure and more prosperous into the next century.

India and the other big emerging markets are undergoing the transformations that will propel us towards this goal. Through this process, India will produce higher standards of living for its people, and ensure the long-term economic growth that helps to produce continued prosperity and security.

Today, I'd like to talk about the role of transportation in sustaining economic growth -- and about the partnerships that could help develop the transportation systems needed for that growth.

Efficient systems to move people, goods, and -- increasingly -- information are essential to improving the overall productivity of any nation's economy and its linkages to the world's markets.

That's why here in the United States we are committed to extensive new investment in our own physical capital -- our roads, our mass transit systems, our railroads, our airports, and now in our communications systems -- the new "information highways" of the future.

Such investment is critical to maintaining efficiency in the economy. An efficient economy must be able to move people, goods, and information quickly and cheaply.

Indeed, the availability of an extensive and efficient transportation system has been the backbone of American economic competitiveness for generations -- from the days of regional canals -- to the transcontinental railroads -- to the Interstate Highways -- and to modern airports and airways.

To cite just one modern example of the continuing benefits of this system, first-rate highways and economically-competitive railroads have allowed American industry to introduce "just-in-time" manufacturing techniques at plants that operate all across the nation -- even the world -- in an integrated production line.

In effect, American manufacturers have turned the stream of containers moving to factories by truck and rail into their "warehouses on wheels," saving billions of dollars of inventory costs.

This sort of economic return that transportation investment makes possible is difficult to quantify -- but it's clearly substantial and well worth doing.

Similarly, while it's impossible to define some absolutely "correct" amount of investment in transportation, virtually all economists and businesspeople agree that sound, well-maintained infrastructure is essential to sustained economic growth.

Competitive nations all over the world understand the link between transportation investment and long-term economic growth.

This worldwide movement to create modern, efficient highways, ports, airports, and railways -- with efficient links between them -- presents every nation with a simple choice: you must consistently improve your transportation system, or you will fall behind.

Transportation development is like riding a bicycle: the basic rule is that you can't stand still.

In fact, *any* nation that wants to foster industry and business investment -- whether in domestic or global commerce -- must provide the modern transportation links such enterprises need.

It's been estimated that the economies in the Asian and Pacific region alone will invest more than a trillion dollars in infrastructure over the next decade.

If the promising systems under consideration in these nations are well-designed, adequately financed, and linked effectively to each other, then they'll sustain economic development well into the next century.

Well-planned investments will integrate national economies with each other -- deepen the ties between peoples -- and better link all nations to global markets.

Such transport links are extremely important, as we Americans are learning from our experience with the North American Free Trade Agreement that links the economies of the U.S., Canada, and Mexico.

As India builds similar links with its economic partners, we in the U.S. have a wealth of experience to share -- not only in planning and building transportation systems, but in the means of financing them, maintaining and upgrading them, and improving their safety and capacity with new technologies.

That knowledge provides the basis for cooperation in our mutual interest that the U.S.-India Business Council has done so much to further.

Such cooperation is not a new idea. Indeed, it calls to mind the role America played after World War II, when it helped to rebuild war-torn economies.

But one significant difference in the 1990s -- and one you're all in a position to appreciate -- is today's greater reliance on the private sector.

Whereas after World War II the rebuilding of Western Europe under the Marshall Plan was funded essentially by the U.S. government, fiscal realities today dictate a greater role for business.

We look to private companies from the United States and throughout the world to make this happen -- and to make it happen *efficiently*. These companies have the knowledge, the skills, the experience, and the motivation to help emerging economies move forward.

We're already seeing such cooperation. For instance, Bangalore recently announced the selection of a consortium to construct a 90-kilometer elevated light-rail network -- a consortium which includes three U.S. companies -- ICF Kaiser, General Electric Transportation, and Transportation and Transit Associates.

Although I've focused on infrastructure, the challenges India faces are not limited to that area alone. Emerging nations have needs in other areas that can be met by American companies.

For instance, American businesses produce some of the best equipment in the world -- airplanes, motor vehicles, rail rolling stock, and the apparatus which sustains them -- everything from radar to rail signals to maintenance-of-way equipment.

We also can support growth by providing training and consulting services in fields as varied as the rationalization of unnecessary transportation connections, air traffic control systems, and cargo handling.

Impressive as they are, the capabilities of the private sector don't diminish the important role for government as a catalyst for change. In fact, we in the U.S. government seek an active role in bringing about new opportunities.

Together with the traditional economic development arms of the U.S. government -- such as the Trade and Development Agency, the Agency for International Development, and the Export-Import Bank -- the Department of Transportation is lending its technical expertise to support sustained development in India and other nations to strengthen trade ties between our nations.

The Federal Aviation Administration is providing technical assistance to the Delhi and Bombay airports in their modernization of air traffic control.

Federal Highway Administration delegations recently offered advice on private sector funding of India's proposed nationwide system of superhighways and on road surface materials.

And we're organizing other efforts through the Trade Promotion Coordinating Committee, which brings together 19 federal agencies to further international commerce.

Our efforts go beyond trade promotion, and aim to support the investment India needs. For example, we encourage the international lending institutions to support transportation-related investment.

We also want to work more closely with India's government and with American and Asian companies and financial institutions to put together total packages for major transportation projects.

That means planning and engineering, financing, construction and construction management -- perhaps even facility operation.

Some of that is already being done -- for instance, through India Railways' use of Build-Own-Lease-Transfer arrangements to draw private investment for everything from gauge conversion to electrification to rolling stock acquisition.

In order to identify potential projects of mutual interest, we've encouraged U.S. embassies to obtain better information on transportation needs throughout the world and to communicate them to the Commerce and Transportation departments in a timely fashion.

And the Commerce Department has assigned its embassy officers to prepare Country Commercial Development Strategies, to identify specific investment, product, and service needs abroad.

We also want to provide support by targeting our limited Department of Transportation technical assistance funds to pay for project feasibility studies as a means of laying the groundwork for necessary projects. To make such cooperative projects a reality, we want to overcome the barriers that can arise in international activities.

One example we see is working with our counterparts overseas to develop construction and equipment standards that are compatible with ours.

This compatibility will not only foster economies of scale for producers, increased trade and business opportunities, and real enhancement in traveler safety.

Compatibility is institutional as much as technical, so we've also encouraged foreign government decision-makers and businesspeople to visit the U.S. for study tours to see first-hand how our market-responsive transportation system works -- and how our public and private sectors cooperate.

And, while we're interested in short-term results, we also want to keep our eye on building long-term benefits.

That means focusing on institution-building by assisting in standards development, establishing procurement and contracting procedures, organizing efficient public sector transportation departments, and establishing market-oriented regulatory policies.

We see building the transportation infrastructures and economies of India and other emerging economies as being mutually beneficial. These economies will gain the basis for long-term economic security.

We'll benefit from new trading partners, and from the opportunities created for American businesses -- opportunities we strongly encourage them to pursue, and in which we'll support them.

In closing, I want to reiterate our commitment to working closely with you to further develop the links between India and the U.S.

Many Americans -- including some of the top leadership at my department -- are the sons and daughters of India, and we have deep ties to your nation.

These Americans believe in the steps that India is taking to ensure broad-based economic growth.

Now that such prosperity is starting to become a reality, we in the U.S. look forward to cooperating with India's government and with its private sector to sustain it. Thank you.

#####



TRANSPORTATION TRENDS

**REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
OPERATION LIFESAVER CONGRESSIONAL APPRECIATION AWARDS
WASHINGTON, D.C.
MAY 15, 1996**

On behalf of Secretary Peña and the Department of Transportation, I'd like to congratulate Senator Lugar on his award. He stands in a long line of distinguished members of Congress who have received this award, and it's well-deserved. These awards highlight the fact that the progress on rail safety is the result of partnership, a partnership that includes Congress and the federal Department of Transportation, state and local transportation and law enforcement officials, freight railroads, AMTRAK, the rail brotherhoods, and Operation Lifesaver.

This partnership has made tremendous progress. Last year, we had the fewest highway-grade crossing fatalities in a decade: just 578. But that's still 578 too many. We can, *and should*, take pride in this progress, even as we recognize that those who died did so in crashes that shouldn't have happened.

Secretary Peña recognizes this, and that's why he's committed this department to continued cooperation with our partners to improve grade crossing safety. We help by providing funding, coordination, technology development, and technical assistance. But we have to recognize that too many of these collisions are caused by people who drive around crossing gates or who trespass because they think these accidents are something that happens to *other* people. That's why the real key to saving lives is education.

It may be human nature to try and cut corners, but people *will* do the right thing if they understand the real risks. We're doing what we can to educate them at the federal level through the leadership provided by Jolene Molitoris and her fellow DOT administrators: Rodney Slater, Gordon Linton, Ric Martinez, and our Associate Deputy Secretary Mike Huerta, who's helped to coordinate solutions which often involve more than one mode.

But the federal government can't do it alone. We need help, and that's where Operation Lifesaver and its members come in. I can never thank you enough for the work you do. Over the last two decades your efforts have brought the number of highway-rail crashes down by half, despite huge increases in road and rail traffic. You and your volunteers have made a significant difference in educating Americans, and I encourage you to keep it up. Let's show the country that good things happen when government works in partnership with business, labor, and volunteer groups like Operation Lifesaver. Thank you.

#####

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
SENIOR EXECUTIVE SERVICE DINNER
WASHINGTON, D.C.
MAY 16, 1996

- * Good evening. I was asked to introduce Secretary Peña at tonight's dinner, but no introduction is necessary for this audience. Many of you have served with him for more than three years, and you know him well. Instead, I'd like to say a few words about what he has brought to this Department.
- * The Secretary had a great deal of transportation experience from his service as Mayor of Denver -- not only through the effort to create Denver International Airport, but through the daily work of building and operating a great modern city's transportation system.
- * He saw, day in and day out, how transportation promotes economic prosperity and a better quality of life. When the Secretary came to Washington, that experience shaped his vision of the role that DOT must play in the coming American century.
- * He believes that we must provide future generations with a transportation system that is safer, more efficient, and more environmentally-sound than today's -- a system which is already the finest in the world.

- * Achieving the goal of creating a transportation system for the 21st century won't be easy, especially given the budget constraints we face.
- * However, the Secretary has put us on the path to that goal by articulating a comprehensive vision of transportation's possibilities -- proposing sensible policies targeted to realizing that vision -- and then, with your help, implementing those policies.
- * If I continue I may end up stepping on the Secretary's punchlines, so let me finish now by following President Franklin Roosevelt's advice to introducers -- be sincere, be brief, be seated. Ladies and gentlemen, my friend and colleague, Secretary Federico Peña.

#

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
NATIONAL MARITIME DAY
WASHINGTON, D.C.
MAY 22, 1996

(Introduction to be made by Admiral Albert J. Herberger)

Thank you, Admiral Herberger, and good morning to you all. Before I begin my remarks I'd like to bring you greetings from Secretary Peña. He -- and Admiral Kramek -- are with the President at today's Coast Guard Academy commencement, but their thoughts are with you as well.

On National Maritime Day we honor America's seafarers and the contributions they have made to building our nation and keeping it strong. They have served us well since the very beginning, and never more dramatically than during this century's wars.

The victories we have celebrated through the years, from World War I through the Persian Gulf War, could not have taken place without the arms and ammunition, the food and fuel brought across the seas by the courage and sacrifice of the Merchant Marine. Their victory at sea was one that made all of America's other victories possible.

Today's challenges are primarily those of a time of peace, but the Merchant Marine's role is no less crucial.

America remains a maritime nation, bounded by two great oceans and dependent on blue-water ships to carry most of our trade in an increasingly-competitive global economy.

We also continue to rely on seapower to transport and supply our armed forces, and, increasingly, to provide support for humanitarian missions around the world.

Recognizing that need, President Clinton moved quickly to launch both a five-part plan to strengthen the American shipbuilding industry and the Maritime Security Program, which will sustain a viable U.S.-flag merchant fleet. Our friends in Congress took up the cause and helped to move it along.

These initiatives are proof that our nation is charting a new course -- reinforcing our heritage as a great maritime power -- returning to our hallowed nautical traditions.

And so, on this National Maritime Day, I salute the work of America's merchant mariners, its shipbuilders, and its great shipping enterprises in maintaining our seafaring heritage.

Together, let us remember those mariners who gave their lives to save the world that we have inherited. Let us honor their memory, and vow that young American sailors may always go down to the sea in ships. Thank you.

#####

TALKING POINTS
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
GREATER ORLANDO CHAMBER OF COMMERCE
1996 WASHINGTON FLY-IN
WASHINGTON, D.C.
MAY 23, 1996

(Introduction to be made by Dick Batchelor of DBMG, Inc.)

- * Dick, thank you very much for that introduction. It's good to see you all again -- even if I don't have the pleasure of doing so in Orlando. But, as you can see, we've done everything we could to make *you* feel at home -- including importing some Florida weather earlier this week.
- * I'd like to spend most of our time together hearing your thoughts and answering your questions. Before we do that, I want to talk a bit about how President Clinton is working to ensure America's long-term prosperity, especially by providing the transportation improvements we need.
- * Let me set the stage by reviewing the facts on the economy. The deficit is *down* -- by more than half, just as the President promised four years ago -- from \$290 billion then to a projected \$130 billion -- or less -- this year.
- * Unemployment is *down*, and we already have 8½ million new jobs, more than the President promised four years ago. And inflation is also *down*, with the combined unemployment and inflation rate -- the so-called "Misery Index" -- at its lowest level since the 1960s.

- * President Clinton has kept his promise to turn the economy around -- but what's even more important is what he's doing to ensure our future prosperity.
- * He's promoting open markets around the world, creating opportunities for American businesses that have helped to push exports to an all-time high.
- * In aviation, for example, we have three dozen new bilateral agreements that increase access between U.S. and foreign cities -- cutting costs for travelers and encouraging tourism. We entered into an agreement with Canada last year, and travel between Canadian cities and Orlando grew by more than eight percent in the last half of 1995 compared with the previous year -- nearly tripling the historical growth rate.
- * The President also has raised investment in research and development to support the new technologies we need to stay competitive. We've increased transportation technology investment to record levels, and we already see benefits through such breakthroughs as global positioning satellites which allow safer and more efficient flight.
- * And the President is getting rid of outdated or unnecessary rules and cutting red tape and paperwork -- without compromising public health or safety. My department alone has already torn out about one in every eight pages of our sections of the federal regulations.

- * Finally, we've proposed a balanced budget plan that ends the deficit in seven years -- but which still protects our investments in vital areas.
- * It's crucial that we continue to support these priorities. *You* all know the importance of efficient transportation. Delays in shipping increase your costs, especially if you use "just-in-time" inventory controls.
- * We only have to look overseas to see the truth of this: *The Economist* recently reported that delays erode Indian exporters' cost advantage by around 30 percent. American businesses simply can't afford the burden that poor transportation imposes.
- * Transportation's importance is why the President increased investment in our highways, airports, and transit systems by more than \$2 billion a year -- and why he's maintaining that commitment even as he cuts the deficit.
- * The President's 1997 Transportation budget sets infrastructure investment at just under \$25 billion, including more than \$19 billion for highways and more than \$3½ billion for mass transit capital¹.

¹ This is capital -- infrastructure -- only. From *1997 Budget in Brief*: \$1.65B formula, \$1B rail mod and "bus-related," \$800M new starts, \$200M D.C. Metro.

- * That will help to continue the progress we've seen in so many areas -- such as LYMMO (*Limo*) -- your Downtown Orlando Transit Project -- and the LYNX system.
- * These transit projects will improve traffic flows in the central city while supporting the free movement of people so vital to any region's economy -- especially one in which tourism plays such a major role. We're looking forward to the downtown circulator's opening next year.
- * In spite of the higher levels of federal funding, we know that the federal government can't do it all alone. That's why we're using innovative financing techniques to cut red tape and attract private sector resources. We've already produced 74 projects -- in 35 states -- with a total value of \$4 billion.
- * We hope that Orlando will benefit directly from state infrastructure banks, which are the next generation of these strategies. These SIBs, as we call them, will use federal seed money to leverage private and other public dollars, and we've asked Congress for \$250 million to help capitalize them in 1997.
- * Florida is one of the first eight states we selected to participate in this program, and the state is considering using \$20 million in loans from its SIB to complete the eastern half of the Seminole Expressway -- which most of you may know as the Central Florida Greenway.

- * Together with toll revenues and funds redirected from old appropriations, the SIB would enable this project to cut congestion by routing through traffic around Orlando. We're waiting to hear from the state about whether it will direct its funds to this project. Innovative financing, possibly through the SIB, may also prove to be the key to making a Western Beltway a reality in the future.
- * The President's focus, like yours, is on the future. Optimistic, forward-looking, enthusiastic -- these words describe Orlando and its business community.
- * The fact that your Economic Development Commission has prepared a 50-year transportation plan -- one grounded in realistic assumptions -- shows that Orlando won't let the future take it by surprise. If any place can manage the challenges created by powerful economic growth, it's your region.
- * We share your confidence, and we at the Department of Transportation are ready to work with you and the state on ways to build on the President's policies and ensure the long-term economic prosperity and continued high quality of life that the Orlando area and its people deserve.
- * Now, I'd like to thank you for your attention -- hear your thoughts -- and take any questions you may have.

#

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
INFORMATION TECHNOLOGY OMNIBUS PROCUREMENT
WASHINGTON, D.C.
MAY 23, 1996

[YOU, MR. LADER, AND MR. KELMAN WILL ENTER TOGETHER. THEY WILL SIT IN FRONT AND YOU WILL MOVE TO THE PODIUM.]

Good afternoon. I'm Mortimer Downey, Deputy Secretary of Transportation. I'd like to welcome you to today's award of contracts under the Information Technology Omnibus Procurement -- which, to keep my remarks to a reasonable length, I'll just call ITOP (*eye-top*).

I'd like to take a moment to acknowledge our other speakers, both of whom have played key roles in making this a reality.

First, Phil Lader, Administrator of the Small Business Administration.

And Steve Kelman, Administrator of the Office of Federal Procurement Policy.

Steve and Phil have been crucial to this important step in making the federal government more efficient. It's the latest result of Vice President Gore's National Performance Review, and it brings to information technologies the same type of reforms that are making other areas of government work better and cost less.

Procurement -- the acquisition of goods and services -- is one of the major areas targeted for reform. The federal government is the nation's largest buyer of goods and services, and everyone's heard the purchasing horror stories -- the \$600 hammers, the nine pages of specifications for ashtrays.

These were the products of an outdated system that relied on rigid rules and procedures -- excessive paperwork -- overly-detailed specifications -- and multiple inspections and audits that cost more than they save -- in short, the kind of red tape that makes people throw up their hands in total frustration.

The result was measured not only in higher prices for the government, but -- very importantly -- in delays that prevent dedicated federal employees from getting the tools they need to do their jobs better and give the American people the service they deserve. It's another example of what the Vice President calls "good people trapped in a bad system."

There's no place where the frustration level rises higher than in technology, and especially in the information technologies that are so rapidly changing how we live and work.

Until today, federal employees haven't always been able to get the state-of-the-art computers, the software programs, and the support services they need when they need them. That's something no business focused on customer service would tolerate.

That's changing. Today, we're proud to announce that ITOP is revolutionizing the way in which the federal government procures information technology services.

The idea behind ITOP is simple: identify three broad areas of computer products and services -- combine them in a single procurement action to meet the Department's foreseeable needs over a multi-year time-frame -- and then go out and find the best suppliers of these goods and services.

The three areas cover the full range of information technology: systems engineering -- systems management and technical support -- and system security.

This action gives us the framework within which we can purchase up to \$1.13 billion worth of services and products over the next seven years from a list of 20 major approved vendors -- and a total of about a hundred contractors and subcontractors spanning the industry.

By taking this major action now, we won't have to repeat the lengthy, costly steps of developing new contracts each and every time we need a service.

Instead, we can order specific services or products already included in active contracts, and get far faster turn-around while still maintaining competition in quality and price. The focus will be on meeting the needs of government users, and not on the process itself.

This action also gives us the flexibility we need to respond to changes in our needs and in what's available in the marketplace, so we won't be locked into outdated systems as technologies evolve.

Nor is use of these contracts mandatory; we still have the ability to use other vendors and other contracting methods if it becomes the smart thing to do.

Before I close my remarks, I'd like to make three points.

First, at more than a billion dollars, this is not only the biggest such umbrella procurement ever taken by this department, but it's also one of the fastest -- just four months from start to finish, using tools like oral presentations and Internet access to all of the procurement documents.

I want to thank Phil and his staff and the SBA -- Steve and the Office of Federal Procurement Policy staff -- and the General Services Administration for their cooperation.

I also want to thank our DOT staff. This is just one of many innovative actions coming out of DOT's department-wide procurement reform laboratory, and we're proud of all of them.

It's also one of the first initiatives of our department-wide Transportation Administrative Services Center. This new, self-supporting entity has to compete, just like any business, for the right to provide our administrative services.

I want to thank Melissa Spillenkothen, our Assistant Secretary for Administration -- Luz Hopewell of our Office of Small and Disadvantaged Business Utilization -- and Diane Littman and Richie Lieber of the TASC for their efforts in getting the job done so well and so quickly.

The second point I want to make is that -- as part of this program -- we've made competitive, prime contract awards to a number of highly-qualified small and disadvantaged businesses -- Phil Lader may have more to say about this -- and that's reflective of President Clinton's commitment to nurture the businesses which provide most of America's new jobs.

I hope we've shown that efficient procurement doesn't have to mean less opportunity for these quality suppliers.

Finally -- and I don't want to step on Steve Kelman's lines -- other federal agencies have the ability to purchase services under these contracts, so its benefits will go well beyond the Department of Transportation.

In fact, we hope that it will serve as a model for purchasing reform throughout government. It's one of the first new acquisitions awarded under the new Federal Acquisitions Reform Act, and we thank Steve for his efforts in getting that bill passed.

Now, I'd like to invite Administrator Lader and Administrator Kelman to offer their thoughts on what ITOP means for the federal government and the information technology community, and then we'll announce the contract awards. Administrator Lader...?

[YOU WILL MOVE TO YOUR SEAT AT THE FRONT OF THE AUDIENCE. REMARKS BY ADMINISTRATOR LADER, WHO WILL INTRODUCE ADMINISTRATOR KELMAN AND THEN RETURN TO HIS SEAT.]

[REMARKS BY ADMINISTRATOR KELMAN. FOLLOWING THEIR COMPLETION, YOU WILL RETURN TO THE PODIUM. ADMINISTRATORS KELMAN AND LADER WILL MOVE TO THE CENTER OF THE STAGE.]

Thank you, Administrator Kelman. Now, we'd like to award the prime contracts. I'd like to ask each company's representatives to join us up here as its name is called.

[AWARDING OF CONTRACTS AND PHOTO OPS. YOU WILL JOIN ADMINISTRATORS LADER AND KELMAN AT THE CENTER OF THE STAGE AND RICHIE LIEBER WILL READ THE AWARDEES' NAMES AS YOU GREET THEM.]

[FOLLOWING COMPLETION OF THE AWARDS ADMINISTRATORS LADER AND KELMAN WILL RETURN TO THEIR SEATS AND YOU WILL MOVE TO THE PODIUM.]

We've talked quite a bit about the benefits this action has for the federal government and for America's taxpayers. There are also benefits for the contractors we selected -- not least, the fact that they don't have to spend time and money responding each time we need their services, since they're already under contract.

I'd like to give a few of them the opportunity to offer their views on this process.

First, Roger Mody of Signal Corporation. Would you come up here?

[MR. MODY WILL SPEAK BRIEFLY AND RETURN TO HIS SEAT. YOU WILL REMAIN STANDING BESIDE THE SPEAKERS THROUGHOUT ALL OF THESE REMARKS.]

Thank you, Mr. Mody. Now, we have with us Lisa Schlosser of Troy Corporation. Ms Schlosser?

[MS. SCHLOSSER WILL SPEAK BRIEFLY AND RETURN TO HER SEAT.]

Thank you, Ms. Schlosser. Finally, we have Jack Goldstein of SAIC. Mr. Goldstein?

[MR. GOLDSTEIN WILL SPEAK BRIEFLY AND RETURN TO HIS SEAT.]

That completes our program for today. I'd like to thank you all for coming. Now, I know that some of our speakers need to leave, but I and the others will be here for any questions you may have.

#####

REMARKS AS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
AMERICAN CHAMBER OF COMMERCE LUNCHEON
BUDAPEST, HUNGARY
MAY 29, 1996

Opening

Good afternoon, and thank you for that welcome. I'd like to bring you greetings from President Clinton and Secretary Peña. Building stronger relations between the U.S. and new economic partners such as Hungary is among their top priorities, and we're acting on that commitment.

In fact, while attending the European transport ministers meeting here in Budapest I'm meeting with my counterparts to expand opportunities for increased trade between our nations.

Today, I'd like speak with you about the President's commitment to expanded international trade, and how that links with our transportation agenda.

First, I want to speak about the benefits of free and fair trade, using aviation as an example.

Second, I want to speak about the importance of infrastructure to economic growth, and how the United States can assist Hungary in building the transportation systems it needs for its future prosperity.

The President's economic record

Let me set the stage by briefly reviewing the President's domestic economic achievements, partly because they show the powerful impact that pro-trade and pro-growth policies can have -- and partly because we just don't give enough attention to the progress that's been made.

The federal budget deficit is down by more than half, from \$290 billion four years ago to a projected \$130 billion -- or less -- this year, just as it was predicted.

Unemployment is down, and we have already created 8½ million new jobs. Inflation is also down, with the combined unemployment and inflation rate -- the so-called "Misery Index" that I remember all too well from the late 1970s -- at its lowest level since the 1960s.

Many other indicators, such as homeownership and new business starts, are up, often to all-time highs.

Much of this economic progress is due to trade, and to trade policies that have helped to increase exports, expand the economy, and create high-wage jobs. The reasons are clear.

Successes overseas

Over the past three years the President has concluded NAFTA, GATT, and more than 200 other trade agreements, an

unprecedented record of achievement that by itself has created a million new American jobs.

Under President Clinton, U.S. exports have grown by \$149 billion -- a full third -- and that has let us surpass Germany as the world's leading exporter.

The U.S. is once again taking the lead in key industries, overtaking Japan to again become the leading producer of automobiles and semiconductors.

And the World Economic Forum has ranked the U.S. as the most competitive economy for the third straight year -- a big jump from the number five ranking we held before.

The basis of America's international success

The President recognizes the connection between trade increases abroad and economic growth at home. That's why he's promoted an approach that's based on some facts of the modern economic world.

First, America's prosperity in the coming century will depend on our ability to take part in international markets.

We're limiting our ability to grow if we shut ourselves off from the rest of the world -- and especially from the promising emerging markets in Hungary and other Central and Eastern European countries.

Second, opening markets abroad is the best strategy for creating jobs, both for Americans and for workers overseas -- but we don't have to do it by shutting America's own markets to foreign competitors.

In the U.S., export-based jobs pay 15 percent more than other jobs. One in eleven Americans already produces goods or services for export, and that share can grow if foreign markets continue to open up.

Third, economic success depends on continued investment in those things that provide a competitive advantage. Improvements in education -- training -- technology -- and infrastructure are crucial to continued international success, and the President has made these his priorities even as he cuts the budget deficit.

Finally, expanding trade is a win-win proposition. Isolationism and protectionism have *always* led to economic stagnation, and our trading partners' prosperity has increased our own exports -- directly benefitting American companies and workers.

These principles have been the basis of the President's trade policies, and we've been applying them in the transportation industry.

Applying these principles to transportation

For example, the Hemispheric Transportation Initiative, which involves virtually every nation in the Americas, will help to increase economic efficiency through targeted steps in such areas as port congestion and intermodal transportation. It also will emphasize the introduction of market-based initiatives.

Among our other breakthroughs has been the Asia Pacific Economic Cooperation forum -- APEC -- which is leading the region toward greater transportation efficiency, reduced barriers to transportation exports, and greater investment in infrastructure -- with opportunities for U.S. businesses.

We've also strengthened relations with our traditional trading partners in Europe. The New Transatlantic Agenda -- agreed to just this past December -- will increase cooperation on transportation research to support the harmonization of existing and future automotive standards.

We've placed a high priority on trade promotion in transportation, and are vigorously supporting American companies bidding for overseas contracts.

That support often comes at the highest levels, as it did during Secretary Peña's visit to Asia last autumn, which helped to win contracts for dredging equipment in Vietnam, air navigational aids in Indonesia, and rail design and construction services in Malaysia.

We're also continuing our commitment to liberal bilateral agreements that can open up opportunities -- as in aviation, where open skies agreements permitting free and open aviation services between nations are creating dramatic opportunities. I'd like to talk at greater length about how this can benefit Hungary.

Open skies

In aviation, open skies agreements are our ultimate goal, and we've made especially great progress in achieving it with our partners in Europe.

In three years we've already signed three dozen bilateral aviation agreements with a number of nations here and elsewhere around the world.

A dozen of these are full open skies agreements in Europe, where we've signed them with such states as Austria, Switzerland, and all of the Scandinavian nations. All of these accords either are yielding immediate benefits or are laying the foundation for future growth.

Just last week, of course, President Clinton and Chancellor Kohl signed a new open skies agreement between the U.S. and Germany which creates the world's largest fully-open market for aviation.

In fact, it doubles -- to nearly 40 percent -- the share of the U.S.-European passenger market covered by open skies agreements.

The agreement allows U.S. and German carriers to fly to each other's countries, and to third countries, without restrictions on the number of flights, on their routings, or the prices they charge. That's going to create opportunities for consumers and flexibility for airlines, to the benefit of all.

Since Germany is -- after the United Kingdom -- our second-largest aviation partner in Europe, we hope that this agreement will greatly accelerate the momentum towards open skies throughout Europe.

Open skies and Hungary

We hope to move in the same direction with Hungary, building on the good relations which already exist. Delta currently "code-shares" with MALEV, and our governments have approved such arrangements between Northwest and KLM and United and Lufthansa.

We recently conducted informal exploratory talks with the Hungarians, and they're reviewing the results of those discussions.

Overall, we believe that open skies would greatly benefit both MALEV and Hungarian economic interests -- just as

relatively smaller carriers have benefited where open skies regimes have prevailed.

They've used new flexibility and access to U.S. markets to build close alliances with American carriers that enable them to maintain their international positions by exploiting their knowledge and position in their home markets.

Open skies agreements around the world are providing substantial benefits to travelers -- to shippers -- and to communities as well as to national economies.

Transportation investment

The President's open skies aviation and other trade policies are part of the broader issue of the role of transportation in sustaining economic growth.

I'd like to talk now about the partnerships we hope to form with Hungary and the other nations of Central and Eastern Europe to develop the transportation systems needed for that growth.

Efficient systems to move people, goods, and -- increasingly -- information are essential to improving the overall productivity of any nation's economy and its linkages to the world's markets.

Such investment is critical to maintaining efficiency in the economy. An efficient economy must be able to move people, goods, and information quickly and cheaply.

To cite just one modern example of the continuing benefits of this system, first-rate highways and economically-competitive railroads have allowed American industry to introduce "just-in-time" manufacturing techniques.

These have turned the stream of containers moving to factories by truck and rail into their "warehouses on wheels," saving billions of dollars of inventory costs.

This sort of economic return that transportation investment makes possible is difficult to quantify -- but it's clearly substantial and well worth doing.

The need for investment overseas

Competitive nations all over the world understand this link between transportation investment and long-term economic growth.

This worldwide movement to create modern, efficient highways, ports, airports, and railways -- with efficient links between them -- presents every nation with a simple choice: you must consistently improve your transportation system, or you'll fall behind.

In fact, *any* nation that wants to foster industry and business investment -- whether in domestic or global commerce -- must provide the modern transportation links such enterprises need.

It's been estimated that Central and Eastern European nations need \$40 to \$60 billion in highway construction alone over the next several years, with billions more required to improve railways, airports, and waterways.

If the promising systems under consideration in these nations are well-designed, adequately financed, and linked effectively to each other, then they'll sustain economic development well into the next century.

Well-planned investments will integrate national economies with each other from Albania to Estonia, deepen the ties between peoples -- and better link all the nations of Central and Eastern Europe to world markets.

Such transport links are extremely important, as we're learning from our experience with the North American Free Trade Agreement that links the economies of the U.S., Canada, and Mexico.

How the U.S. can assist

We in the U.S. have a wealth of experience to share -- not only in planning and building transportation systems, but in the

means of financing them, maintaining and upgrading them, and improving their safety and capacity with new technologies.

That knowledge provides the basis for cooperation in our mutual interest. Such cooperation is not a new idea. Indeed, it calls to mind the role America played after World War II, when it helped to rebuild war-torn economies.

But one significant difference in the 1990s -- and one you're all in a position to appreciate -- is today's greater reliance on the private sector.

In a reflection of today's fiscal realities, we look to private companies from the United States and throughout the world to make this happen -- and to make it happen *efficiently*. These companies have the knowledge, the skills, the experience, and the motivation to help emerging economies move forward.

Beyond infrastructure

Although I've focused on infrastructure, the challenges Hungary faces are not limited to that area alone. Emerging nations have needs in other areas that can be met by American companies.

For instance, American businesses produce some of the best transportation equipment in the world -- airplanes, motor vehicles, rail rolling stock, and the apparatus which sustains them -- everything from radar to rail signals to maintenance-of-

way equipment. They're also leading the way in creating flexible architectures for the Intelligent Transportation Systems that promise to revolutionize highway and transit travel.

We also can support growth by providing training and consulting services in fields as varied as the rationalization of unnecessary transportation connections, air traffic control systems, and cargo handling.

Impressive as they are, the capabilities of the private sector don't diminish the important role for government as a catalyst for change. In fact, we seek an active government role in bringing about new opportunities.

What the U.S. government is doing to help

Together with the traditional economic development arms of the U.S. government -- such as the Trade and Development Agency, the Agency for International Development, and the Export-Import Bank -- the Department of Transportation is lending its technical expertise whenever possible to support sustained development that will strengthen trade ties between our nations.

And we're organizing other efforts through the Trade Promotion Coordinating Committee, which brings together 19 federal agencies to further international commerce.

Our efforts go beyond trade promotion, and aim to support the investment Hungary needs. For example, we encourage the international lending institutions to support transportation-related investment.

We also want to work more closely with Hungary's government and with American and European companies and financial institutions to put together total packages for major transportation projects.

That means planning and engineering, financing, construction and construction management -- perhaps even facility operation.

In order to identify potential projects of mutual interest, we've encouraged U.S. embassies to obtain better information on transportation needs throughout the world and to communicate them to the Commerce and Transportation departments in a timely fashion.

And the Commerce Department has assigned its embassy officers to prepare Country Commercial Development Strategies, to identify specific investment, product, and service needs abroad.

We're also trying to overcome the barriers that can arise in international activities. One example is working with our counterparts overseas to develop construction and equipment standards that are compatible with ours.

This compatibility will not only foster economies of scale for producers, increased trade and business opportunities, and real enhancement in traveler safety.

Compatibility is institutional as much as technical, so we've also encouraged foreign government decision-makers and businesspeople to visit the U.S. for study tours to see first-hand how our market-responsive transportation system works -- and how our public and private sectors cooperate.

Closing

While we're interested in short-term results, we also want to keep our eye on building long-term benefits.

That means focusing on institution-building by assisting in standards development -- establishing procurement and contracting procedures -- organizing efficient public-sector transportation agencies -- and establishing market-oriented regulatory policies.

We see building the transportation infrastructures and economies of Hungary and other emerging economies as being mutually beneficial. These nations will gain the basis for long-term economic security.

The U.S. will benefit from new trading partners, and from the opportunities created for American businesses -- opportunities in which we'll support them.

In closing, I want to reiterate our commitment to working closely with Hungary and with American businesses here to further develop the links between our nations.

Now that yesterday's dreams of freedom and prosperity are today's realities, we look forward to cooperating with the Hungarian government and businesses from both our nations to sustain them. Thank you.

#