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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SOCIETY OF AUTOMOTIVE ENGINEERS
DETROIT, MICHIGAN
MARCH 1, 1990

Good evening. It is a great pleasure to join you for this important Congress and Exposition. The Society of Automotive Engineers plays a key role in keeping America out in front in transportation technologies of all kinds. So I'm especially pleased that your theme this year centers on "Engineering Innovation -- The Worldwide Challenge." That's exactly the situation the U.S. transportation industry faces today -- and will continue to face well into the 21st century.

The world has entered a period of profound change -- the scope and pace of which is unique to history. Last week, I attended a Joint Session of Congress that was addressed by the new President of Czechoslovakia, Vaclav Havel. He said, "The human face of the world is changing so rapidly that none of the familiar political speedometers are adequate."

It's easy for us in the transportation sector to take this change for granted, since change is our stock in trade. Like many of you here tonight, much of the industry lives and works on the cutting edge of technological innovation. But the dramatic change we're witnessing in the world today cuts across all sectors of human activity -- economic, scientific, political, commercial, military.

A few decades ago, who could have imagined that we'd be experiencing the kinds of change we are today? In science, basic research and technological development are expanding at a remarkable rate. Today's global trade and competitiveness far outmatch in intensity and scale that of any period in the history of commerce. All this means that we may well be embarking on an era of unprecedented global economic expansion -- and with it, unprecedented challenges.

The stakes are also high for each country in the global economy. Many factors will determine how well a nation copes with the pace of change, and with the onslaught of competition. But no one here tonight needs to be reminded of the critical importance of one key factor. And that's transportation. The nations that will lead the pack will be those with the safest and most efficient transportation infrastructures, and the most pioneering transportation industries. They'll be the countries that capture the future, because they best planned for the future.

That's what the forthcoming National Transportation Policy is all about. It will take a new look at our transportation initiatives. It will take stock of which policies are doing well, and which are doing poorly. It will chart a policy course that will ensure we have a transportation system that supports the full range of the nation's goals. It will be done in full partnership with state and local governments, and the private sector.

Our Policy is based on the fundamental assumption that an investment in transportation is an investment in America's future. But it is also based on the assumption that America's success in the world requires a long-term strategic approach. And in the most fundamental sense, that's why we initiated the National Transportation Policy in the first place. The country needs a comprehensive transportation strategy as it prepares for the 21st century.

Not one corporation represented here tonight would even think of facing the future without being prepared with a comprehensive strategy. Nor should the federal government. But such a strategy cannot be imposed from the top on down. It's not something that can be dreamed up in Washington for the benefit of the rest of the country.

That's why we conducted one of the most extensive outreach programs ever conducted by the government. At 117 public events in 43 towns and cities, we heard from the whole spectrum of American society: individual citizens, community groups, unions, researchers, academics, trade associations, corporations, and state and local governments. We also sought out the expertise of America's transportation pioneers -- the scientists, technicians, and engineers like those of you who comprise the Society of Automotive Engineers.

Of the six strategic goals we will lay out in our Policy, one will be of particular interest to you here tonight. It's our commitment to advance U.S. transportation technology and expertise. Technology alone wouldn't be able to solve our transportation problems. But in combination with sound management of capital and human resources, technological innovation can provide the solutions to many, if not most, of our transportation challenges.

In fact, technology is critically important to the future of U.S. industry across the board. That's why President Bush is committed to allocating about \$71 billion for research and development in 1991. This reverses a twenty year decline in R&D spending as a share of the federal budget, and demonstrates the great importance the President places on research and development. Over time, it will yield new knowledge, products, and processes that will enhance economic growth, spur U.S. competitiveness, and improve the quality of life of all Americans.

Basic research is also a top priority for President Bush. His support for all fields of science and engineering is underscored by his commitment to double the budget of

the National Science Foundation by 1993. This money directly supports America's best researchers and most talented young scientists and engineers.

The President's transportation initiatives also underscore his commitment to research as an investment in America's future. We're asking Congress for \$390 million for 1991, a seventeen percent increase for an array of important, innovative transportation technologies. This commitment must be combined with creative management and financing techniques to forge private-public partnerships.

New transportation systems could dramatically change the way we live. High speed rail or magnetically levitated trains are already in operation or under development in Europe and Japan. Tiltrotor aircraft may change the ways people move between relatively close cities, and help alleviate our need for increased airport capacity. A new generation of aircraft that travels at more than five times the speed of sound is on the drawing boards.

These new systems would supplement, but not replace, present-day systems. We will continue to look to technology to make current systems safer, more fuel efficient, more compatible with the environment, and more economical to operate. Taking us further in these directions will be advances in human factors engineering, microelectronics, computer technology, and new materials.

One of the Administration's top priorities is to encourage the development of intelligent vehicles and highways. This evolving array of advanced electronics and communications technology will contribute a great deal toward reducing vehicle delay, increasing highway capacity, and improving highway safety. Should we evolve into full scale automated highways, the benefit will be a more efficient, productive, and competitive America.

The SCANDI system now in use here in Detroit is a good example. Within 5 years, it could give Detroit drivers immediate traffic information over special navigation units in their cars. It could warn of a major accident on, say, Lodge Freeway, and then provide quick, safe alternative routes. This would be displayed on a small computer screen, or even given to the driver audibly. Many of you here tonight could be spared countless hours stuck in congested traffic.

A key concern, however, is how well drivers will be able to adapt to sophisticated IVHS electronic systems. Will drivers get too much information, too fast, or in too many distracting forms, and still be able to drive safely?

To answer this question, the Department is working with industry to develop a world class driver simulator. It will help us assess driver responses to a host of dangerous situations without exposing drivers to actual hazards. This is a critical step forward in one of the most important areas of transportation today -- human factors engineering. The development of future transportation systems will require a much better understanding of human capabilities, and the requirements placed on them by increasingly sophisticated equipment.

The individual person also plays a central role in the safety of America's aviation system. Human error has been identified as the chief cause of most fatal aviation accidents. This is obviously of great concern to both industry and government. The Federal Aviation Administration is undertaking a comprehensive human factors program involving both federal and private sector activities. This will involve pilot training, aircraft design and maintenance, and air traffic control communication.

Human factors engineering and IVHS technology are but two examples of how the country's enormous investment in research and development will help America prepare for a future of intense global competition. Our R&D initiatives will help build a great storehouse of technology from which our private sector can reap substantial dividends.

Why is this Administration so confident America will get a good return on its R&D investment? Look at NASA. We all know that many new technologies emerged from our ambitious space program. But how many are aware of the incredible benefits the country as a whole has reaped from this enormous enterprise?

Tens of thousands of products and processes now in use today are spinoffs of NASA technology. Each has enhanced in some way America's productivity and quality of life. From a super-effective ice removal system for aircraft, ships, or bridges -- to medical electronics for improved patient care -- to a low cost means of getting weather satellite information -- the list of beneficial NASA spinoffs is virtually endless. Even the roof covering the Pontiac Silverdome 25 miles from here was adapted from a special fabric developed originally for spacesuits -- at one-third the cost of conventional construction material.

Unfortunately, the economic and social benefits derived from NASA technology are difficult to quantify. But one study has given us a good yardstick. Researchers examined a handful of about 400 applications of technology reported in a NASA publication over an eight year period. Their very conservative estimate was that the NASA technology spinoffs contributed to the sales of new or improved products worth more than \$21 billion. The study found that the spinoffs created or retained 352,000 jobs. Federal revenues from sales were estimated at \$356 million.

The study revealed only a fraction of the value of NASA technology transfer, involving tens of thousands of spinoffs. So I think it is safe to say that American taxpayers have been adequately compensated for their sizeable investment in NASA over its 32 year history.

Does all this mean that the federal government is, or should be, the primary source of innovation in America? Of course not. NASA is the exception, not the rule. Federal spending does constitute about 50 percent of the total national investment in research and development. But the government is not the principal performer of R&D. Almost 90 percent of all R&D is performed by industry, universities, and other private entities.

This is the way it should be. And this is the approach of the National Transportation Policy. Our Policy wasn't formulated from the top on down, and our goals won't be accomplished just in Washington, either. They'll be accomplished primarily by people like you -- the people who have already made America's transportation system the envy of the world.

We're going to rely on the free market to the maximum extent possible. That's what got us to where we are today, and that's what will get us to where we need to be tomorrow. Where the market fails to account for all public costs in transportation -- such as safety or environmental consequences -- then federal policy can be used to correct imbalances, to improve the general public welfare. As usual, Abraham Lincoln put it best: "In all that people can individually do as well for themselves,

government ought not to interfere." That's the guiding spirit of the Bush Administration's transportation policies.

And that's why we're looking to those of you in the Society of Automotive Engineers to help prepare America for the economic battlegrounds of the next century. From you must spring the ingenuity and technological know-how that will enable America to compete -- and win.

As a major source of technical information and expertise, the Society plays an invaluable role in keeping America's engineers abreast of current technology. You have written more automotive and aerospace standards than any other organization in the world. This important activity coincides with the Administration's efforts to achieve greater standardization in international trade and transportation equipment and procedures. Standardization will help us become more efficient and competitive.

I commend you, therefore, for seeking out European officials so you can have input in their process of developing standards for the European Community of 1992. This is an area where we cannot be complacent.

On a more personal note, I commend the Society for its admirable work in promoting education and careers in engineering and transportation. President Bush has made community service a national policy, and your efforts exemplify several of the "thousand points of light" that he believes keep America strong. Last year's Methanol Marathon, which engaged students from 15 colleges and universities, was an important initiative that should help promote the use of cleaner fuels in motor vehicles. Your participation in this year's GM Sunrayce USA will likewise help to stimulate engineering research and education.

I'm reminded of the 21-year-old MIT student I met last January at Trans Expo in Washington. I was attracted to the solar powered car he had developed along with his friends. It could go 88 miles an hour. And he was very proud to show me his honorary speeding ticket.

I asked this young man, "When did you get interested in this?" And he said, "When I was much younger." And I asked, "When was that?" -- "When I was 16." This young man had been working on this creative, innovative, technological vehicle since he was 16 years old. When I think of this, I can't help but get excited about the opportunities available to young men and women today in engineering and in research.

If only we can fan the flames of that same kind of enthusiasm I saw in those young masters and Ph.D. students from MIT. But let me tell you: We've got a long way to go. America's young people are falling behind their counterparts the world over in math and science.

For example:

- o Only 40 percent of American 13-year-olds have the math skills to solve two-step problems. This contrasts with 78 percent of Korean students.
- o Less than 10 percent of these Americans understand measurement and geometry concepts, compared with 40 percent of the Koreans.

- o Only 35 to 40 percent of these young Americans can use scientific procedures and analyze scientific data. This compares with 70 percent of their Korean counterparts.

These are not isolated figures. Numerous studies point out the same deficiencies.

Less than half of these young teenagers go on to earn a year's worth of credit in high school chemistry, and only fifteen percent earn one year of credit in physics. No wonder the average American high school graduate is scientifically illiterate.

The end result is that the United States will face a shortage of nearly 700,000 scientists and engineers by the year 2006. That's if the percentage of American students earning B.S. degrees is not increased. But it's not too late to act. The college Class of 2006 is now in kindergarten.

But we're not going to wait until then. In his State of the Union address, President Bush laid out the goal that "by the year 2000, U.S. students must be first in the world in math and science achievement." The stakes are high. If we don't produce, I don't see how America will be able to sustain economic growth at home or compete in the world economic arena abroad.

America, however, has faced serious challenges before. And we've shown that we're more than able to meet -- and beat -- the competition. Like the President said: "I know this about the American people: We welcome competition. We'll match our ingenuity, our energy, our experience and technology, our spirit and enterprise against anyone."

The American spirit is still alive and well. A couple of years ago, we were all inspired by the amazing feat of two pilots -- a man, Dick Rutan, and a woman, Jeana Yeager -- that began in California's Mojave desert. These two Americans piloted their slender little aircraft through a typhoon across the Pacific, and around the world in seven days without refueling. Together -- along with Dick's brother, Bert, who designed the Voyager -- they were part of a modern day adventure unmatched since Lindbergh flew to Paris and Chuck Yeager broke the sound barrier.

In the wake of his historic journey, Dick Rutan struck the keynote of our philosophy of competitiveness. As he put it, they had to fill out only two pieces of paper in the six year history of Voyager. One was an application for airworthiness. The other, an application for a tail number.

Voyager did not originate at the Department of Transportation, nor from a federal grant. Its birth certificate was a restaurant napkin; its first blueprint a series of doodles by an aeronautical dreamer. Like Dick Rutan says, "What kind of world would there be if there was no daring?"

It's that question that prompts every generation to challenge the status quo, and to press beyond the boundaries of convention.

Government can't be shy from daring, either. We must move forward. We must compete globally. We must export technology instead of importing it. We must invest in infrastructure. We must think and plan strategically. These are the challenges I have taken on as Secretary of Transportation. And these are the

challenges the President spoke of in the State of the Union when he said: "It's time to act...It's time to act together."

Thank you very much.

OPENING STATEMENT OF THE HONORABLE SAMUEL K. SKINNER
SECRETARY OF TRANSPORTATION
BEFORE THE SENATE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION
WASHINGTON, D.C.
MARCH 1, 1990

Mr. Chairman and members of the Committee, I am pleased to appear before you to discuss the Department's budget request for fiscal year 1991. Before we talk about the budget, I want to tell you how much we have appreciated the care and commitment you have given to issues of this Department and to the quality of transportation in the nation. We look forward to continuing this spirit of cooperation in the year ahead.

Transportation plays a vital role in advancing our country's goals for economic growth, global competitiveness, national security and improved quality of life. To support these goals, this country must confront a range of transportation needs: maintaining and replacing an aging infrastructure; providing sufficient capacity to deal with congestion both in the air and on the ground; ensuring a safe, reliable and energy-efficient system that is also sensitive to environmental concerns, responding to the travel needs of individuals and businesses and ensuring a cost-efficient system. As President Bush has stated, such needs require us to invest now to improve the future as well as current conditions.

Last year I testified before this Committee on the importance of a ^{Strategic} national transportation ^{policy} strategy to help us address these transportation needs. We will soon unveil our policy in detail. However, this budget, with its emphasis on safety, infrastructure, research and development, increasing ^{the} state and local financial role through such means as passenger facility charges, and increased reliance on user fee financing, is consistent with our objectives in developing a national transportation ^{policy} strategy.

The FY 1991 budget for the Department asks this Committee to approve \$26.6 billion in appropriations and obligation limitations.

Our request is 8.9 percent above the President's Budget request for FY 1990. Compared to the enacted FY 1990 level, the budget includes areas of significant increase in each mode, but especially for the Federal Aviation Administration, the U.S. Coast Guard, ^{and} the National Highway Traffic Safety Administration. The areas of major reduction from FY 1990 enacted levels -- transit operating assistance to large urban areas, Amtrak and related railroad subsidies and highway demonstration projects -- are areas where the Executive Branch has consistently sought to reduce or eliminate

federal involvement and to strengthen local or private financial responsibility.

Before I highlight individual modal requests, let me summarize the major themes of the budget before this Committee.

We are requesting \$1.6 billion for direct safety programs, an eight percent increase over the FY 1990 enacted level, needed to carry out the Department's responsibilities to ensure a safe transportation system. This includes inspections, search and rescue, and safety grants to states. This also includes aviation security where we have proposed a 24 percent increase in security specialists.

Our request includes \$18 billion, or 68 percent of the Department's budget, for programs directly supporting capital investments in highway, transit and aviation infrastructure.

We are proposing \$776 million, a ten percent increase over FY 1990, to support the Department's drug enforcement activities.

Our request includes \$390 million for research and development programs, a growth of 17 percent to prepare us for the future and to help make the transportation industries even more competitive. This

includes testing of explosive detection equipment, promoting high speed rail systems and developing intelligent vehicle-highway technology to improve traffic flow and highway safety, all areas in which this Committee has also expressed interest.

Twenty point seven billion dollars or 78 percent of the Department's budget would be financed from user fees, up from 68 percent in FY 1990. We are proposing increased aviation fees and new fees in Coast Guard, Railroad Safety and Commercial Space Transportation.

Let me touch on some significant requests for the modes.

For the FAA, we are proposing a budget of \$8.3 billion, a 16 percent increase over the FY 1990 level. This includes \$4 billion for aviation infrastructure -- a 27 percent increase over FY 1990. Over the next five years, we propose a 78 percent increase in funding for aviation facilities and infrastructure compared to the past five years.

The centerpiece of the capital request is \$2.5 billion, a 45 percent increase over FY 1990, to continue modernization of the nation's airspace system and air traffic control facilities and to maintain certain equipment in the interim.

We request \$1.5 billion for airport grants. In addition, we are proposing to allow airports to levy passenger facility charges which will generate additional funds for aviation infrastructure.

For FAA Operations, we are proposing \$4.1 billion, a seven percent increase over FY 1990, including funds for increasing the controller employment level by 495, and adding 300 new safety inspectors, and 164 security specialists. Included in this request are funds to continue the pay demonstration and training initiatives and to keep pace with permanent change of station requirements.

We are proposing that 85 percent of the FAA budget be financed from the trust fund in line with civil aviation use of the airspace. The current user fee revenues are not sufficient to support these spending requirements. Therefore, we are proposing that the current user fee rate be increased from 8 percent to ten percent of the price of an airline ticket. Without an increase, the trust fund balance would be negative in FY 1994.

For the Coast Guard, we are proposing a \$3.4 billion budget, a six percent increase over the FY 1990 level. This includes \$229 million for marine environmental protection activities, a 7 percent increase over FY 1990,

and an 8 percent increase to \$731 million for drug interdiction programs.

The proposals for the Federal Highway Administration and the National Highway Traffic Safety Administration continue our efforts to meet highway infrastructure and safety needs. The Federal-aid obligation limitation is set at \$12.013 billion -- 6.2 percent above the FY 1990 President's Budget -- to continue the federal share of costs to maintain the physical condition of bridges and highways of national importance and to continue completion of the Interstate System. The highway budget also proposes \$13 million to accelerate our role in new highway technology to address congestion problems.

FHWA and NHTSA are jointly funding, in partnership with private industry and academia, the development of an advanced driver simulator to aid the improvement of vehicle crash avoidance capabilities and to enable us to consider human factors and safety needs in the development of intelligent vehicle highway systems. The budget includes \$3 million to support this project, which is consistent with the leadership in this area shown by this Committee for FY 1990.

For NHTSA, the FY 1991 budget requests a funding level of \$242.9 million, a \$12.2 million, 5.3 percent

increase over the FY 1990 level. In line with President Bush's commitment to reduce the extent of drunk driving, the budget proposes to double -- from \$4 million to \$8 million -- funding for incentive grants to states that adopt and enforce effective laws and initiate comprehensive drunk driving prevention programs. Our request builds on the efforts of this Committee to target federal assistance to reducing drunk driving.

For the Urban Mass Transportation Administration, our \$2.3 billion request recognizes broad support for transit and seeks to focus the federal dollar on the most cost-effective use. We request \$1.08 billion for formula grants for capital and operating assistance but propose to eliminate operating assistance to cities over one million in population. Our proposal of \$1.14 billion for discretionary grants would provide funds to help transit authorities address requirements to improve air quality and increase access to transit services for disabled persons.

For the Federal Railroad Administration, we are requesting \$69.6 million, including \$6.1 million to expand our research efforts to determine the safety requirements for magnetic levitation (Maglev) and high speed rail technology. This would also encourage the development and manufacture of advanced Maglev transportation systems in the U.S. We are also

proposing to increase railroad safety inspector employment by 9 percent to 361 FTE in FY 1991. Included in this staffing increase is a request for 12 trainee positions. By establishing a trainee program, we hope to address our mutual concern of meeting staff needs, especially as senior inspectors retire.

For the Research and Special Programs Administration, our \$27.5 million request will continue to support our safety and regulatory efforts in pipeline and hazardous materials transportation as well as other vital programs.

For the Office of Commercial Space Transportation, we request \$4.5 million to support the regulation of this new industry, as well as actions to encourage its growth.

In conclusion, let me say that I am convinced that the men and women of the Department of Transportation are hard working and highly professional. Likewise, I am also convinced of the infrastructure needs of this country. Our budget request for FY 1991 asks for the resources needed to support DOT employees in their work and to address the critical transportation issues of this country.

I would be pleased to answer the Committee's questions.

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
NATIONAL LEAGUE OF CITIES CONGRESSIONAL CONFERENCE
WASHINGTON, D.C.
MARCH 5, 1990

It is a pleasure for me to be here today, because I know that whenever the issue is transportation, I can always count on the National League of Cities to be right there on the front line. You've been very much a part of the National Transportation Policy development process, and I'm counting on your help in implementing it.

Last year the National League of Cities put its finger on the pulse of the future in an essay titled "Toward a workable local/federal partnership." But I think we have to extend that partnership to include the state governments and the private sector as well.

If we are to be successful in meeting the transportation challenges of the '90s -- and I believe we will be successful -- it will be due in large part to the fact that the federal government worked in full partnership with state and local governments and the private sector.

The nation's cities and the federal government have an equal stake in the performance and vitality of our transportation system. We, at the federal level, must take the cities as full partners, and the American people

have a right to expect that this partnership will work effectively on their behalf.

Moreover, you have accepted the responsibilities and burdens of helping to achieve national objectives while also delivering local services and solving local problems. Important innovations and successes have come from our urban areas. There's a wealth of talent and brainpower in the cities, and we intend to put it to work solving the problems of America's transportation.

In this full partnership of ours, you have a right to expect the federal government to support and assist local problem-solving efforts, not to hinder them. You have a right to expect federal officials to join the cities in undertaking policy directions and ways of governing that are responsive to both federal and local priorities -- policies that enhance capacities to govern.

But I also believe that many of this nation's great innovators and creative problem-solvers reside outside of Washington, D.C., and that recognition is critical to the continued success of this partnership.

Whether it's providing "reverse commute" service to move inner city residents to jobs in the suburbs, enhancing the mobility and safety of all Americans, solving the problems of congestion, or enforcing traffic laws, we must -- and will -- work together. While

working to solve the problems of inner city dwellers, we cannot ignore the needs of the cotton or soybean farmer who must get his crop into the city to the processor and the shipper -- to the marketplace. We cannot ignore the suburban homeowner whose quality of life must be protected from potential hazardous materials accidents. Nor can we ignore the trucker who is tied up in gridlock and cannot unload his goods at the grocery store.

The forthcoming National Transportation Policy will address all this and much more. That policy will be announced later this week, and this morning I want to give you a brief preview of some of the points of particular interest to the cities.

The policy will provide a strategic decision making framework in which our partnership can work. It is a long-term strategy. It is designed to improve our quality of life and ensure that America has the transportation system it needs to remain competitive in the increasingly global market.

It will recognize that local initiative is the linchpin for the future. The American people, especially at the state and local level, will support increases in user fees as long as they know they are going to be used for improving infrastructure close to home. I was interested in the

findings of a recent study by the National League of Cities. It showed that 69 percent of those cities of more than 50,000 people raised user fees in Fiscal Year 1989. Thirty-one percent imposed new fees. Still others tapped many other revenue sources.

Huntsville, Alabama, for example, approved a half cent sales tax last year to pay for nearly \$100 million dollars worth of road improvements over 10 years. Huntsville is not unlike many cities in America, except that its highways have been overtaken by economic growth associated with Army research and the NASA space program.

The message is the same in cities across America. People want improvements in the infrastructure. Polls I've seen say the American people will support increases in user fees as long as they know they are going to be used for transportation infrastructure. If you say "shall I raise your taxes at the state and local level," a much higher percentage of people say "no." If you say "shall we raise your gas tax and use all of that money to rebuild highways and bridges," the percentage of "nos" drops very significantly.

The American are tired of gridlock, decayed bridges and airport delays.

There's another message here too. I believe the American people get a better product when there is a significant state and local component, and if you collect user fees or taxes at the state and local level, you have more control. You don't have to worry about what's happening to the trust fund. And let me also say this: cities like Huntsville that go ahead on their own development programs now will be economically more attractive in the future.

The National Transportation Policy will address the needs expressed by the people of Huntsville. For one thing, it will encourage greater flexibility in the use of transportation funds at all levels of government; flexibility to shift surface transportation funds to best solve congestion problems. This means moving from predominantly categorical grants to broader, more flexible federal funding. It also means emphasizing integrated state, local and regional transportation planning, including efforts to coordinate land use and investment.

It will also suggest new and creative ways to apply the user fee principle. We intend to recover from users the maximum practical share of costs they impose. We also want to make it easier for other levels of government to levy user fees for transportation improvements.

The policy will work to relax restrictions on state and local governments to raise revenues and use them for transportation facilities and services -- including tolls on highways and airport passenger facility charges. It also favors incorporating indirect costs such as safety in user charges.

The policy will emphasize intermodal connections. It also will promote evenhandedness in the treatment of all parties and modes of transportation.

The policy will also address the needs of a young Northern Virginia mother. I read about her in an article called "The Gridlock Treadmill" in the Washington Post a few Sundays ago. She gets up at 4:15 a.m. every morning to drop off her two children at a day care center before making a 40-mile drive from Prince William County to work in Washington. The 40-mile drive on an Interstate Highway takes her one and half hours one way because of congestion. She has a 12-hour day on a good day.

How can we improve her quality of life and foster American competitiveness in the world marketplace? We must come up with the answer. The Department's own figures indicate that America is losing billions of dollars annually due to delays on highways and billions more due to delays at airports. Highway travel delays in

our major urban areas now total more than 2 billion hours annually. The costs in lost productivity are too much to pay.

The policy will call for building essential new capacity to relieve congestion in the air as well as on the ground. To meet long-term transportation needs, the nation must anticipate and plan for expansion of our current transportation system.

Adding new transportation capacity requires substantial investment, and a greater commitment from state and local governments and the private sector. In partnership with state, local and private interests, the department will support construction of new facilities and added capacity on existing facilities to meet needs in systems of national significance.

Our policy will encourage the best use of transportation assets we have. For example, high-occupancy vehicle lanes for buses and carpools on major commuting routes can carry three or more times as many people as a conventional highway. Even though more people are moving there are fewer vehicles, so traffic flows faster. This provides a benefit both to commuters and commercial traffic.

It will renew focus on technology and innovation. DOT will foster research, evaluation and demonstration

of promising new technology. We will also work with state and local governments and the private sector to develop such initiatives as intelligent vehicle/highway systems that integrate the latest computer and communications technology to improve the safety and efficiency of our highways.

Finally, the National Transportation Policy will set out the need to foster a sound financial base for transportation. In that regard, we will uphold the federal share of the partnership. The federal government is committed to fully using the funds that people have paid in user charges for transportation, for investments in transportation. We will keep the word "trust" in the transportation trust funds.

For example, later this month we will transmit to Congress, legislation for the reauthorization of the Federal Aviation Administration. It will provide for an increase of more than 70 percent in the FAA budget over the next five years compared with the prior five years. We're proposing an increase in aviation user fees to support our spending proposals. Taken together, our proposals would reduce the uncommitted balance in the aviation trust fund from \$7.6 billion dollars at the end of this fiscal year to less than \$3 billion dollars in 1995.

We must also tap the energies of the private sector. If we're going to benefit from the creative and competitive energy of the American people, we must minimize federal barriers to private participation in ownership, financing, construction, and management of transportation facilities and services whenever it makes sense.

We are already developing new ways to encourage further joint public-private financing of facilities and operations. The public-private toll road ventures which are springing up from California to Virginia are one example of what can be done.

You may find that the key which unlocks the door to transportation solutions is right at your doorstep -- the private sector. Options involving the private sector do more than simply nibble at the fringes of the problem. Take ridesharing as an example:

- In the Seattle area, transit counts for seven percent of the work trips, while ridesharing accounts for 17 percent;
- Nationally, carpools and vanpools carry over 19 percent of all commuters, or three times as many commuters as transit.

In many cities the private sector helps finance major transit capital programs. In Boston, a private developer leased the South Station, then rehabilitated it and added a downtown mall. He now maintains the space and rents it from the transit agency.

In Miami, a private developer donated the metrorail right-of-way which enabled construction of the Dadeland South Station.

In Denver, in exchange for an air rights lease above the bus terminal, the transit agency, receives a lease payment of \$400,000 dollars a year and a share of the profits.

We also can encourage joint development, which increases cooperation between the public and private sectors in planning, constructing, renovating and improving transit facilities. Under this program, the private sector can assist cities in "leveraging" federal dollars by contributing to the local match.

Joint development enables cities to use the marketing expertise of the private sector to achieve public sector objectives. It benefits transit agencies by financing and constructing station improvements. It can speed implementation. It can make transit more convenient and increase ridership. It can reduce automobile commuter trips. It benefits developers by increasing

rental values and benefits cities and other local governments by increasing property tax revenues.

A prime example of joint development concerns the Meadowlands in New Jersey. A developer is proposing to continue a project which will tie together several rail lines, thereby improving access to Manhattan and developments in the Meadowlands.

With the upcoming announcement of the National Transportation Policy, we will be turning the corner on addressing the nation's transportation needs. If we all get on board -- and if we all do our part -- I believe there will be better transportation for everyone in America, and for every city, town, village, factory, and farm in America.

The policy development process took a year. But we didn't stand still during that year. We undertook a number of short term actions already in the works. For example:

- As I mentioned earlier, the FAA reauthorization bill includes a provision allowing local airports to apply a passenger facilities fee to tickets to support airport development.
- We have adopted a program that can enable foreign air carriers to provide improved

international air service to more U.S. cities. Under our rule, foreign air carriers can provide service between their homelands and cities in the U.S. which currently do not receive any service to that foreign country. This initiative was in response to governors and city officials. Many of you felt -- and I agreed -- that your communities could realize the economic benefits from improved air transportation. By the time I leave office I want to have started down the path that leads to a more competitive aviation system for the entire world.

- We are planning a national highway traffic safety summit on April 1 with the nation's top law enforcement officers. This is patterned after the President's education summit in Williamsburg, Virginia last year. The purpose is this: the highway traffic death rate is at an all time low, and we intend to bring it lower.
- We are preparing to do studies on the potential of high speed rail corridors to reduce congestion.
- We have expedited funding to transit projects in which local authorities put up more than the usual matching funds.

- We have completed the most comprehensive airline competition study ever undertaken.
- We have initiated a complete review of maritime policy.

To make sure America remains competitive, we must move forward. We must do everything possible to make sure we can compete globally. We must invest in infrastructure, in jobs, in America's future. These are the challenges DOT has taken on. As President Bush said about the transportation policy in the State of the Union "It's time to act...it's time to act together." DOT has always counted on the National League of Cities. I am confident we can work together again.

Thank you very much.

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
BEFORE THE HOUSE REPUBLICAN CONFERENCE
MARCH 7, 1990
WASHINGTON, D.C.

- First of all, I want to thank you for the opportunity to come up today and talk about this vote.
- Before I begin, I want to take a minute to thank the leadership for all their efforts on this issue -- Bob Michel, Jerry Lewis, Mickey Edwards -- and the Public Works leadership, J. P. Hammerschmidt and Bill Clinger. We've all been working together since Day "one" on this issue, and I appreciate their involvement. It's made my job a lot easier.
- Let me take a minute to talk about how we got to where we are and why it is so important to uphold the President's veto of H.R. 1231.
- Eastern Airlines has had a long history of labor/management problems that precedes Frank Lorenzo's appearance on the scene. I want to emphasize that this should not be seen as a vote on Frank Lorenzo.
- The National Mediation Board was involved for over a year in trying to get labor and management together to resolve contract disputes with the machinists, and the Board was unsuccessful.

- The President decided not to intervene in this collective bargaining dispute, but the Democrats in Congress had other ideas.
- Soon after the strike began last March, Eastern filed for bankruptcy protection, and legislation passed the House to force the President to intervene in the dispute.
- The legislation that the President ultimately vetoed would require the establishment of a commission to investigate the dispute at Eastern. It would make recommendations for its settlement and make policy recommendations on maintaining the competitiveness of air carriers and on employee collective bargaining rights. All this to be done in only 45 days.
- When he vetoed the legislation back in November, the President noted that Eastern was trying to reorganize under Chapter 11 of the Bankruptcy Code, and intervention by Congress would significantly disrupt the chances for an orderly reorganization.
- He was 100 percent correct. In fact, if you haven't seen it, I recommend you all take a look at the letter David Shapiro, the court-appointed Examiner in the bankruptcy case, sent earlier this week to the

Speaker, and to our leader, Bob Michel. He is quite forceful in his insistence that the creation of a commission would be unwarranted interference. It would create so much uncertainty that the viability of the airline would be threatened.

- Progress is being made in the courts toward an agreed-upon reorganization plan. The pilots and flight attendants have abandoned their sympathy strikes, and are negotiating to return to work. The unsecured creditors committee has reached an agreement in principle with the airline, and Texas Air agreed last week to shift additional assets to Eastern.
- This progress will be jeopardized by additional outside interference.
- These are good, solid, substantive reasons to oppose this legislation and support the President's veto. Let me spend a moment on some of the political angles of this issue as well.
- It's clear that the timing of this vote is not coincidental. The strike is one year old this week and the Democrats are clearly trying to embarrass the President with this vote.

- This override attempt isn't really about an emergency board, or a commission, or for that matter, about Eastern Airlines. It's about organized labor trying to embarrass the President and make him look weak.
- We should all pause here for a moment -- do you really want Congress to become the forum of last resort for every major labor dispute in the country? If this legislation is enacted over the President's veto, it sends the signal that if you can't work out an agreement at the bargaining table, you can go ahead and get Congress in the act.
- The President is 10 for 10 in sustaining his vetoes, although the last one was too close for comfort (Chinese students).
- I'm asking you to support him and support me on this. Let's shut this thing down here on the House side this time and move on to more constructive endeavors.
- Thank you for the opportunity to come up this morning.

DRAFT OPENING STATEMENT FOR
THE PRESIDENT AT CEREMONY ANNOUNCING
NATIONAL TRANSPORTATION POLICY
WASHINGTON, D.C.
MARCH 8, 1990

We will be judged as a civilization by the kind of world we leave for our children. Our forebearers made an investment in the future that has provided us with a higher quality of life than they enjoyed. The institutions they created, the new technologies they developed, and the transportation systems they built formed the foundations for a society far different from the one they inherited. Now, in the last decade of the 20th century, it is our turn to invest in America's future. An investment in transportation is an investment in America's future, in its economic strength and vitality.

The National Transportation Policy announced here today will play an important role in helping us pass on to future generations the legacy we have inherited.

No industry in the nation is more important to U.S. economic growth and international competitiveness than transportation. It's an \$800 billion dollar a year business with \$5 trillion dollars worth of assets. Every household and every business in America, along with export trade and national security, depend on transportation.

Our transportation system must work efficiently to serve these needs in an increasingly global society.

An improved transportation system will enhance our productivity as a nation. Productivity suffers when people and goods are stranded in traffic or delayed at airports. A responsive, well maintained, and efficient transportation system means more jobs, economic prosperity, and an improved quality of life. For over two hundred years transportation has stimulated economic activity and brought the country together. America's many accomplishments have been supported by advancements in transportation.

The policy we are announcing today provides strategy guidelines for the 21st century. It signals a new era of responsible leadership that intends to build on the legacy of President Dwight David Eisenhower. Thirty-five years ago he put into reality a vision he had carried with him since he was a young man -- the Interstate Highway System.

President Eisenhower's goal in establishing the program to build the Interstate Highway System was to "Unite the Nation" in a way that only an effective interchange of people and goods can provide. The Interstate Highway system is now virtually completed, and we have extensive transportation facilities and

services in place in other modes. On the ground, over the waterways, in air and space, our mission for this decade and the next century is to build on those achievements, to ensure connections among all parts of the United States, and with the world. Our competitive success in a global economy depends on it. The Interstate system helped America forge its place of leadership in the world economy.

This morning we are going a step farther. We are leaving our mark on transportation and the economy. We doing our part to make America a better place for our children.

You will recall that the one thing I said about the transportation policy in the State of the Union last month was that it's time to act. And it's time to act together. The policy we announce today gives us a strategic framework, not only for fixing the roads, building new airports and making better use of the ones we have. It provides a decision making tool for much more than using capacity of the railroads, reforming maritime regulations, and unleashing the creative genius of American research and the ingenuity of our superior technology. With this policy we will do all those things and much more.

What sets us apart from previous generations is this policy's framework for a full partnership between federal, state and local governments, and an important fourth partner -- the private sector. We all have a stake in transportation. It must be a joint venture. Now we have an excellent blueprint for the task. But it is only a beginning. Now is the time to act and to act together.

STATEMENT OF THE HONORABLE SAMUEL K. SKINNER
SECRETARY OF TRANSPORTATION
BEFORE THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SURFACE TRANSPORTATION SUBCOMMITTEE
U.S. HOUSE OF REPRESENTATIVES
CONCERNING THE
NATIONAL TRANSPORTATION POLICY AND HIGHWAY, TRANSIT,
AND HIGHWAY SAFETY REAUTHORIZATION
MARCH 8, 1990
WASHINGTON, D.C.

Mr. Chairman and Members of the Committee:

We are pleased to have the timely opportunity today to discuss the National Transportation Policy which President Bush released today at the White House. This Committee is one that has a major interest in the National Transportation Policy and will have a large share of the responsibility for translating it into national legislation. This is the first National Transportation Policy since 1978.

Today, at your invitation, I have with me three of the Department's key administrators whose programs are encompassed in the Policy, Thomas Larson, the Federal Highway Administrator, Jerry Curry, the National Highway Traffic Safety Administrator; and Brian Clymer, the Urban Mass Transportation Administrator.

We initiated our National Transportation Policy development process a year ago, feeling that it was time to take a new look at transportation policies. We went out to the American people in more than 100 public

meetings. In essence, what we heard was a call for an improved transportation system -- a system with greater capacity and a sound financial base; a system that supports our national goals in the areas of safety, national security, environmental amenity, and accessibility for all.

The people we heard echoed the words of President Bush that "we are ready to make an investment in America's future." An investment in transportation is an investment in our future economy, in jobs.

The National Transportation Policy we unveiled today provides a strategic framework for that national investment of time, of money, and of commitment. It shapes the movement of passengers and goods in the 1990s and beyond.

Simply speaking, the National Transportation Policy is about using our common sense -- doing the right things with our limited resources -- focusing on systems of national significance and promoting national priorities -- improving mobility, the efficient movement of goods, providing jobs and improving the quality of life for all Americans.

We deliberately structured the policy to be intermodal in nature -- driven by the freedom of the marketplace and focused on moving America toward a

transportation system that promotes U.S. competitiveness both at home and abroad. Its long-range strategy guidelines emphasize increased private sector transportation investment and job-producing economic growth.

The policy has six major themes: one, maintaining and expanding the existing transportation system; two, providing a sound financial base for transportation programs; three, maintaining a strong and competitive transportation industry; four, ensuring public safety and national security; five, enhancing the environment and the quality of life for our citizens; and six, advancing transportation technology into the 21st century.

This document is not the conclusion of a project, but the beginning of a new era and an ongoing process in which you, of course, will have a major role. The Policy has given us a long-term vision for the future and a short-term decisionmaking framework for major initiatives. Let me give you some examples:

One, we soon will be forwarding the Federal Aviation Administration Reauthorization Bill to Congress. That bill includes an increase of more than 70 percent for the Federal Aviation Administration's capital and R & D programs over the next five years compared to the last

five, and a provision allowing local airports to levy a passenger facility charge to support airport development. And, yes, we are proposing an increase in the aviation user fee to support these increased levels of federal spending on aviation infrastructure. The Congress' willingness to enact such an increase will be an important demonstration that our national leadership is committed to meeting the nation's transportation infrastructure needs.

Two, we are using this policy as the basis for preparing our reauthorization proposal for the highway, transit and highway safety programs in 1991, and other near-term legislative initiatives such as eliminating remaining economic regulation of trucking. This policy is also the umbrella for a highway traffic safety summit on April 1-3, and oil spill initiatives to protect the environment and prevent another disaster such as Exxon Valdez.

Three, we have asked for a budget increase of 17 percent in fiscal year 1991 for research and development in areas such as maglev as an alternative transportation mode, and intelligent vehicles and highways that use advanced electronic and communications technology to facilitate movement of people and goods.

Four, we have adopted a program that will enable foreign air carriers to provide improved international air service to more cities. Further opening up the skies in international aviation will produce economic growth.

Among the 169 guidelines and 65 legislative objectives in the policy are long-term goals that will help to preserve transportation facilities currently in place; expand essential capacity; close the gaps in the transportation network; promote effective connections between rural and urban areas, between ports and inland points, and between modes; maintain the integrity of the trust funds, and ensure that all transportation user fees are spent for their intended purpose -- to improve transportation; and promote sounder management of our transportation systems.

Finally, the policy urges greater flexibility for state and local governments to raise revenues -- for example, collecting tolls on highways; and encouraging greater private investment in transportation.

The policy supports certain goals: We must eliminate remaining economic regulation of trucking and strive for uniformity of state regulations. We must remove inequitable labor requirements that limit productivity in the railroad industry. We must strive to maintain a high level of safety at all times in all modes. In aviation

safety, in highway safety, in boating safety, and the transportation of hazardous materials, the policy provides a framework for action.

In my mind, there is no question that improved transportation will improve our productivity as a nation -- that an investment in infrastructure is an investment in jobs.

Inadequate maintenance and inefficient use of the transportation infrastructure reduce the capacity of the system and contribute to congestion. Expanding capacity will certainly be necessary in some areas; in many other areas, we must make better use of existing transportation facilities. For example, with low-occupancy automobiles playing such a large part in traffic congestion in urban and intercity travel, we must take greater advantage of the potential of bus, rail and ridesharing if we are to reduce crowding, delays and gridlock.

I know that today is the kick-off of your Committee's hearings on the reauthorization of the federal-aid highway, transit and highway safety programs. Your Committee is interested in "proposals to meet the transportation needs of Commerce in the 1990s and the 21st century" and a "fresh perspective" on the transportation program at the end of the interstate

highway construction program. We trust that our National Transportation Policy will meet your expectations. Now let me briefly outline the Policy's principles that we intend to encompass in the Surface Transportation Reauthorization proposal.

Regarding highways and highway safety, the new program would:

- Make use of the Highway Trust Fund to address critical highway infrastructure requirements.
- Focus the federal-aid highway program on systems and projects of national significance.
- Provide federal funding incentives for preservation of highways of national significance.
- Require sound infrastructure management programs as a condition for federal-aid.
- Increase the state and local share on federal-aid projects.
- Allow greater flexibility in the use of federal trust funds for highway and transit purposes.
- Allow greater use of toll financing for federal-aid highways.

- Devote additional resources to research and development, including programs to improve highway safety through human factors research, and seed money for private sector or state and local research on new transportation technologies, such as intelligent vehicle/highway systems.
- Improve highway and motor carrier safety by targeting federal financial support and technical assistance to promote enactment and more effective enforcement of laws. I am talking about laws governing speed limits, driving under the influence of alcohol or drugs, truck driver qualifications and vehicle maintenance, and use of safety belts, child safety seats, and motorcycle helmets; and increase public awareness in those areas.

Regarding mass transit, there are changes that should be made in the current mass transit assistance program, and the policy will lead us toward them: increased emphasis on formula distribution and less reliance on discretionary allocation to permit more confident planning at the local level; an enhanced local commitment to mass transit; flexibility between highway and transit programs in a number of categories; and an appropriate emphasis on research,

technology and training to facilitate the development of the latest techniques and best trained people to provide safe, efficient, attractive, comfortable and convenient mobility for everyone.

To implement the National Transportation Policy for mass transportation, the Administration will develop legislation consistent with the following principles:

- Restructure the federal mass transportation assistance program to improve effectiveness and reduce reliance on the General Fund.
- Eliminate barriers to private sector participation in financing and operating mass transportation systems.
- Allow greater flexibility in the use of federal trust funds for highway and transit purposes.
- Increase the state and local role in managing and administering federal funds.
- Reduce federal operating assistance for urban transit.

Suffice it to say that I am very pleased to end an exciting day in the presence of this Committee. Today is the culmination of a lot of hard work and study by the Department's staff. We are eager to share our early

thoughts about the task that lies ahead for all of us. My colleagues and I will be pleased to answer your questions at this time and I look forward to working closely with all of you.

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OPENING STATEMENT
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
CEREMONY ANNOUNCING NATIONAL TRANSPORTATION POLICY
WASHINGTON, D.C.
MARCH 8, 1990

Recently, I read about a young Northern Virginia mother who gets up at 4:15 a.m. every work day. She drops off her two children at a day care center before making a 40-mile trip from Prince William County to work in Washington, D.C. The 40-mile drive on an Interstate Highway takes her one and a half hours one way because of congestion. She has a 12-hour day on a good day.

This woman's plight describes a chronic problem in U.S. transportation today -- congestion. Highway travel delays in urban areas now total more than two billion hours annually, costing billions of dollars in lost working hours and economic production. Twenty-one primary airports now experience more than 20,000 hours of annual flight delays, and by 1997, the number will grow to 33 airports.

Against this backdrop, we began our National Transportation Policy development process a year ago. We went out to the American people in more than 100 public meetings. In essence, what we heard was a call for an improved transportation system -- a system with greater capacity and a sound financial base; a system

that supports our national goals in the areas of safety, national security, environmental protection, and accessibility for all.

What we heard from the American people almost echoed the words of President Bush that "we are ready to make an investment in America's future." An investment in transportation is an investment in our future economy, in jobs.

The National Transportation Policy we unveil today provides a strategic framework for that investment of time, of money, and of commitment. It shapes the movement of passengers and goods in the 1990s and beyond.

Simply speaking, the policy emphasizes doing the right things with our limited resources -- focusing on systems of national significance and promoting national priorities -- improving mobility, the efficient movement of goods, providing jobs and improving the quality of life for all Americans.

We deliberately structured the policy to be intermodal in nature -- driven by the freedom of the marketplace and focused on moving America toward a transportation system that promotes U.S. competitiveness both at home and abroad. Its long-range strategy guidelines emphasize increased private

sector transportation investment and job-producing economic growth.

This document is not the conclusion of a project, but the beginning of a new era and an ongoing process. It has given us a long-term vision for the future and a short-term decisionmaking framework for major initiatives.

Among the 169 guidelines and 65 legislative objectives in the policy are long-term goals that will help to preserve transportation facilities currently in place, and expand essential capacity. We want to close the gap in the transportation network; to promote effective connections between rural and urban areas, between ports and inland points, and between modes.

We also want to maintain the integrity of the trust funds, and ensure that all transportation user fees are spent for their intended purpose -- for investments to improve transportation.

Finally, the policy provides greater flexibility for state and local governments to raise revenues -- for example, collecting tolls on highways; and encouraging greater private investment in transportation.

The policy supports certain goals: We must pursue the continued deregulation of the trucking industry and

strive for uniformity of state regulations. We must remove inequitable labor requirements that limit productivity in the railroad industry. In aviation safety, in highway safety, in boating safety, and in the transportation of hazardous materials, the policy assures our number one priority, which is safety.

Ours is a policy that encourages the continued growth of a new industry -- commercial space launch -- while seeking ways to give new life to a once mighty maritime shipping power by reforming federal regulatory requirements that prevent it from competing in world trade.

In my mind, there is no question that improved transportation will improve our productivity as a nation -- that an investment in infrastructure is an investment in jobs.

If we can maintain and enhance the safety and efficiency of our nation's transportation system through the implementation of this policy, we will have taken a giant step towards improving America's ability to produce and be competitive in the global economy. Like the President said: "I know this about the American people: We welcome competition. We'll match our ingenuity, our energy, our experience and technology, our spirit and enterprise against anyone."

Government can't be shy from competition either. We must move forward. We must compete globally. We must export technology instead of importing it. We must invest in infrastructure. We must think and plan strategically.

These are the challenges addressed by the National Transportation Policy. We submit it to the nation today as a roadmap to guide our way.

Thank you very much.



Moving America Into the 21st Century

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
NATIONAL PRESS CLUB
WASHINGTON, D.C.
MARCH 14, 1990

It is a pleasure to join you again today. I have just received word from the White House concerning the baseball strike. The good news is the strike is over. The bad news is that we're using the aviation trust fund to pay the players' salaries.

The last time I was here, I spoke to you about my paramount concern as Secretary of Transportation -- safety. My second priority has been to develop a comprehensive, integrated strategy by which the country can establish, and begin to put into action, a complete range of transportation objectives. We have accomplished that, and our National Transportation Policy will play an essential role in America's ability to remain productive and competitive in a growing international market.

When the President released the policy last week, I felt as though we had put in a good first quarter at the Department. Three quarters still remain, and our policy will guide us as we work on the upcoming transportation reauthorization bills. But let me step back a moment, and explain our reasons for developing this strategic approach in the first place.

It begins with the fact that the world has entered a period of profound change. I attended the Joint Session of Congress recently that was addressed by the new President of Czechoslovakia, Vaclav Havel. He said, "The human face of the world is changing so rapidly that none of the familiar political speedometers are adequate."

Who could ever have imagined the kinds of change we're experiencing today -- change that cuts across all sectors of human activity? In international politics, we're



U.S. Department of
Transportation

- more -

seeing the emergence of alliances and realignments that would have been unthinkable just a few years ago. In science, basic research and technological development are expanding at a remarkable rate. Today's global trade and competitiveness far outmatch in intensity and scale that of any period in the history of commerce. All this means that we may well be embarking on an era of unprecedented global economic expansion -- and with it, unprecedented challenges. In transportation, we must be prepared to meet those challenges.

As the President said last week: "No sector is more important to the American economy than transportation. As world trade grows even larger, as we continue our leadership in an increasingly global society, we will become even more dependent on transportation than we are today."

The nations that lead the pack in the 21st century will be the nations with the safest and most efficient transportation systems. They will be the ones that are the most innovative and the most creative in their transportation ventures. They will be the countries that capture the future, because they best planned for the future.

That is what the National Transportation Policy is all about. It is based on the fundamental assumption that America's success in the world requires a long-term strategic approach.

Let me give you an example of what happens when the nation doesn't plan ahead. Almost forty years ago, America gave birth to an exciting new technology that offered great promise for the future. It was the nuclear power industry that today supplies the nation with about 20 percent of its electricity. When the industry was conceived, everyone believed the federal government would have to find a way to dispose of large quantities of nuclear waste -- safely and permanently. But the government didn't get serious about this need until the 1980s, thirty years too late. As a result, an entire industry is now left hanging in the balance.

Fortunately, we have the talents of Admiral James Watkins at the Energy Department to lead the way toward a solution. He has inherited a problem that came about because the government never had a strategic plan. At the Department of Transportation, we're doing everything in our power to make sure the government doesn't leave a similar legacy in transportation. It really comes down to a very basic principle. One that's as simple as the Scout motto I learned early on in life: "Be Prepared."

The fact is, nations must be prepared just like individuals -- if they expect to meet with success. No successful corporation would even think of facing the future without being prepared with a comprehensive strategy. The federal government shouldn't either.

When we began thinking about a national transportation policy early last year, we started from the premise that it couldn't be imposed from the top down. We knew it was something that could not be dreamed up in Washington for the benefit of the rest of the country.

That is why we went out to the people, and conducted one of the most extensive outreach programs ever conducted by the government. At 117 public events in 43 towns and cities, we listened to the American people from every sector and from all walks of life.

What we have produced is not a centralized plan. It is a set of guidelines, not a set of specifics. It is not a budget document, although it was prepared in tandem with the Department's budget. Our strategy provides a decision making framework to help federal, state, and local officials, and the private sector, make long range plans for America's transportation needs.

The National Transportation Policy is, in short, a charter for a new era. The nation's transportation system is now essentially in place. Our interstate highway system is virtually complete. Our aerospace industry and vast aviation complex is the best in the world. Railroads span our continent like an intricate web. Modern seaports dot our endless shorelines. The great age of laying the foundations of America's transportation system is basically over.

Now we must embark on a new era of maintaining and modernizing, and expanding, what we now have. We must find new ways to use existing systems. We must develop new technologies and more innovative approaches to financing. The foundation era in transportation must now give rise to the innovation era.

Surface transportation can be made much safer and more efficient through intelligent vehicles and highways. This evolving array of advanced communications technology could some day give drivers immediate traffic information over special navigation units in their cars. It could warn of an accident on the road ahead, and provide drivers with quick, safe alternative routes displayed on a computer screen in their car, or even given audibly. Traffic signals would adjust to traffic conditions, regulating and redirecting drivers in the most efficient manner possible.

High speed trains and magnetically levitated railways are promising technologies we are only now beginning to tap. In fact, this afternoon I am flying to Europe to take a look at the high speed rail technology available in France and Germany.

Tiltrotor aircraft may change the ways people move between relatively close cities, and help alleviate our need for increased airport capacity. A new generation of aircraft that travels at more than five times the speed of sound may one day command the attention of our air traffic controllers.

This new transportation era calls for a new approach. In the past, the federal government took the lead in developing the nation's transportation system. The time has come for the federal government to share its leadership role -- not to transfer its leadership role, but to share it -- to create full partnerships with state and local governments and the private sector.

The National Conference of State Legislatures said it applauds our effort to "realign roles and responsibilities." "The proposed move away from inflexible categorical funding and onerous federal requirements has long been sought by the states," the Conference said. "State officials are best able to determine the needs in their individual states."

A partnership effort will better spur innovation. And all innovation -- whether in technology or financing -- is best fostered in a decentralized environment. That's why our strategy calls for more flexibility for state and local government, and the private sector. They have asked for it, and we will provide it.

Flexibility means that Washington must be willing to ease up on the heavy hand of government. It must let the marketplace do its work, and let state and local officials do their work more efficiently. In one respect, however, the federal government's vigilance in transportation will remain as strong as ever. And that is safety. Safety is, and always will be, the Department's top priority.

But we are determined to loosen Washington's continued regulatory grip on much of the nation's transportation system. More flexibility at the state and local level is essential to keep America competitive. It will help ensure that consumers get the best service at the lowest possible prices. This has been eminently demonstrated by the deregulated transportation market of the past decade.

The partial railroad and trucking deregulation enacted in 1980 is estimated to have saved consumers about \$40 billion a year. That is \$160 for every man, woman, and child in America -- every year for 10 years. And that's only partial deregulation. I will give you a couple examples to show why we must move on to full deregulation of intrastate trucking as well.

Procter and Gamble finds it cheaper to ship Crisco 600 miles from Jackson, Tennessee to Tyler, Texas than to serve Tyler from neighboring Dallas only 80 miles away. Morton ships its products 225 miles from Ohio to Flint, Michigan for 76 cents per 100 pounds. It could ship from nearby Manistee, but Michigan's trucking regulations have led to intrastate shipping rates about one-and-a-half times the Ohio-to-Michigan rate.

What deregulation can do for the consumer in intrastate trucking, it already has done in air travel. Americans now travel 65 percent more by air than they did before the deregulation of the airline industry in the late 1970s. And despite the increased demand, consumers are paying on average 20 percent less per trip. Total savings for the American consumer are estimated to be \$100 billion.

The Department's recently completed airline competition study showed that deregulation is working. And this Administration will work to strengthen an already competitive, deregulated environment by finding ways to enhance capacity in our aviation system.

Flexibility, however, is only one side of the coin. The other side is responsibility. Responsibility to help operate and maintain -- and expand upon -- what has been put in place. That means, in many cases, raising revenue in the form of user fees. All levels of government have a role to play in this. Contrary to some press reports, the Department is willing to take the heat by proposing increased user fees -- where appropriate -- to meet infrastructure and operating needs. We are doing it in aviation, in maritime, and in rail.

Are the states also willing to find new revenues to meet their transportation needs? Do they accept both sides of the coin -- responsibility as well as flexibility? The answer is yes. Let me read you the lead of a story that appeared in USA Today a year ago. "States -- worried about losing a source of highway financing -- are rushing to approve new fuel taxes before the federal government does the same thing, a 50-state survey shows." That was March 20, 1989, just as we were beginning our grassroots effort to develop our transportation policy

The National Conference of State Legislatures says "the financial base envisioned in the NTP would allow for greater flexibility in financing mechanisms employed by states. Equally important, it does not call for an increase in the federal gas tax." Monday's USA Today quotes a Missouri legislator: "If Congress adopts another tax increase," he says, "it will knock us out of the box as far as adopting another gas tax in Missouri."

He's exactly right. If the federal government were to raise the gas tax, it would preempt state and local governments from raising their gas tax. Why should we preempt them at this point when many of them want to do it themselves?

It should come as no surprise that 18 states have raised user fees over the past year. In the last three years, 33 states have increased user fees or created special funds for infrastructure. Nine states have raised fees twice.

New Hampshire will raise its gas fee two cents on April 1. Californians will vote on a gas tax increase in June. The Mississippi Senate has voted to increase its user fee two cents.

And what does the consumer think? The American Association of State Highway and Transportation Officials conducted a national survey to find the answer. It found that 50 percent of the public would vote for a 16 cent per gallon increase in fuel taxes if it were used to support the right combination of expenditures.

Four out of five adults in Minnesota said the same thing in a poll last month conducted by the Minneapolis Star Tribune and KSTP TV. They said they're willing to pay more in state gas taxes, registration fees, or bridge and road tolls to raise money for road repair and maintenance.

In Florida, 72 percent said they are willing to pay more in gas taxes to avoid the increased costs of delaying projects. "Acceptance of increased gas taxes will be enhanced," the poll found, "if accompanied by guarantees that the money collected is used only for roads, used in the same region of the state as collection, and local people decide exactly which roads would be targeted for the additional spending."

The Highway Users Federation says our policy is "favorable to highway users" and "acknowledges the need for significant expansion of the nation's highway capacity and recognizes the need for preserving existing roads of national importance." This is precisely why Washington must forge a new partnership role for the other sectors of government.

The consumer will benefit in countless ways. When their state and local officials have greater responsibility, they get better managed projects with much less risk of overruns. I know that when the federal government pays for most of a project, local officials don't manage it as well. They don't pay attention to it like they would if it depended on local funds.

If the local funding share is significant, the consumer gets a better product for one very simple reason. Elected officials don't want to go back to voting taxpayers and explain why they've mismanaged a project. If they can go back to Washington for a handout, they're not going to watch that project nearly as closely as if it had significant state and local funding.

So at this time in our nation's history, as we look to the future, the states have a unique opportunity to play a bigger role than they have before. They've asked for that bigger role. They've asked for greater responsibility and greater authority. And we intend to give it to them. But we're also going to ask them to come up with a bigger share of the funding.

Having said that, it is imperative to point out that the federal government's commitment to transportation has not slackened. In fact, our Policy calls for a new federal emphasis on maintaining infrastructure, investing in R&D, and expanding capacity in areas of national significance. In the Department's 1991 budget request of \$27 billion, two-thirds -- or \$18 billion -- is for infrastructure. That's an increase of 11 percent over last year's budget request. The federal investment will still be there. Our commitment is strong. Unfortunately, this fact seems to have gotten lost in the shuffle over the past week.

Another issue that is seriously misunderstood is our position on the trust funds. As the President has made clear, we are committed to spending transportation trust funds for transportation purposes. The balance in the highway account has not been growing. In fact, it has stayed about the same over the last 10 years. As we develop our reauthorization proposal, our commitment to spend the trust fund resources will remain firm.

As we enter the second quarter, so to speak, you will see us putting our Policy to work guiding us in strategic decision making on several initiatives.

One, next Monday we will send the FAA Reauthorization Bill to Congress. That bill will include an increase of more than 70 percent in the FAA capital budget over the next five years. It will call for spending down the funds in the aviation trust fund from \$7.6 billion to less than \$3 billion over the next five years. It requests an increase in federal aviation user fees. It also includes a provision to lift a federal ban on local airports that want to apply a passenger facility charge to support needed airport capacity development. This provision alone has the potential to infuse more than \$1 billion into airport development.

Two, our strategy will be used to begin preparing for reauthorization of the federal highway, mass transit, and highway safety programs next year. An integrated strategy will help focus the debate, and help prevent the inefficient and inequitable use of our limited federal dollars.

Three, the new transportation policy will provide the umbrella under which major highway safety issues will be discussed at a national traffic safety summit next month in Chicago. We will be bringing together the top law enforcement officials from all 50 states and the District of Columbia. We will see if we can work together to develop a legislative and regulatory agenda to solve issues like drunk and drugged driving.

Four, we are asking Congress for a 17 percent increase for research and development on an array of important, innovative transportation technologies. We are behind Europe and Japan in intelligent vehicles and highways, high speed trains, and magnetically levitated rail systems. If we're going to compete globally, we've got to be on the cutting edge of international research and development. Five, based on our strategic approach, we have adopted a program that will enable foreign air carriers to provide improved international air service to more cities in the

United States. Opening up our skies to international aviation will spur economic growth.

We must remove inequitable labor requirements that limit productivity on our nation's railroads. We will encourage the continued growth of America's new commercial space launch industry. New ways must be found to infuse new life into our once mighty maritime industry by reforming federal subsidy programs. And we intend to work hand-in-hand with our state and local counterparts to see that mass transit realizes its full potential.

We are going to rely on the free market to the maximum extent possible. That's what got us to where we are today, and -- based on what we heard during our outreach effort -- that's what the American people believe will get us to where we need to be tomorrow. Where the market fails to account for all public costs in transportation -- such as safety or environmental protection -- then federal policy can be used to correct imbalances, to improve the general public welfare.

Abraham Lincoln put it best: "In all that people can individually do as well for themselves," he said, "government ought not to interfere." That is the guiding spirit of the Bush Administration's transportation policy.

Our policy recognizes transportation as an integrated whole. It acknowledges that the United States needs all of its diverse modes of transportation -- and that all of them comprise one seamless system of national transportation.

Our policy strikes the appropriate balance to take the nation into the 21st century. I believe it will create new vigor in the transportation industry, and new hope for Americans stalled in gridlock and congestion.

The stakes are high. If we don't implement a comprehensive and consistent approach to our transportation challenges, I don't see how America can sustain economic growth at home or compete in the economic arena abroad.

Over the past few days, I have been asked several times: What will this policy mean for the average American? Well, if we do our job right, it will mean getting the most bang for the buck out of every hard-earned tax dollar going to transportation. It will mean getting to work, and back home again, much quicker and safer. It will mean more time spent at home with family, and more time at work producing to keep America strong. If we prepare for the future starting today, then we won't have to worry about the question of what ideas were lost, or what business deals did not close, because people and goods were not moved efficiently and on time.

America has faced serious challenges before. And we have shown that we're more than able to meet -- and beat -- the competition. As President Bush said: "I know this about the American people: We welcome competition. We'll match our ingenuity, our energy, our experience and technology, our spirit and enterprise against anyone." Ladies and gentlemen, with our National Transportation Policy, we will do just that.

Thank you very much.

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ADM. BUSEY: Good afternoon, ladies and gentlemen, and thank you for coming here to **FAA** headquarters this afternoon.

As you know, today the Presidential Commission on Aviation Security and **Terrorism** issued its detailed and thoughtful report on an issue that affects each and every American citizen. I want today to thank the commission for its dedicated review of these complex issues and what I understand are some 60 recommendations aimed at improving aviation security.

While I have not yet reviewed each of the recommendations, I have followed closely the commission's proceedings, and last week I met with the chairwoman to discuss the general areas of concern.

As you know, in the last year the FAA has done much to continually tighten the aviation security network. We adopted more stringent security requirements including enhanced screening of electronic devices and improved dissemination of threat information. We installed several explosive detection systems, both in the US and abroad. We increased the number of security specialists assigned to international locations -- ICAO, the **Department of State**, and the CIA. We developed stricter training and testing standards for airline security personnel. We requested \$26 million to fund our aviation security, research and development program for fiscal year 1991 -- a 100-percent increase in funding over this year. And later this year we'll begin construction of an explosive detection laboratory to support our R&D work and to evaluate promising technology for the detection of **explosives** and weapons.

More remains to be done if we are to counter every tactic that may be used by an international terrorist intent upon causing wanton destruction. The commission's recommendations are a welcome contribution to our efforts of the last year to enhance aviation security and to attack the global threat of terrorism in the skies.

Today, the Secretary of Transportation and I have ordered an immediate review of the commission's complete report and an analysis of the recommended actions. This morning, members of my staff and senior officials of the **Department of Transportation** met with the commission staff to begin that undertaking.

This joint working group will report to me, and I intend to implement those recommendations that meet the FAA's one essential criterion: to help eradicate airline terrorism. Although I've not completed an in-depth review of the Commission's report, I'll now be glad to try to answer any questions you may have.

Q Admiral--

ADM. BUSEY: Yes, sir.

Q -- one of the conclusions that's sure to be controversial is that, as Mrs. McLaughlin put it, that you shouldn't be squandering any public or private money on TNA -- should take, simply say that the machine doesn't work. What's your initial reaction to this very firm conclusion by the Commission?

ADM. BUSEY: Well, my initial reaction is that the Commission also acknowledges that the TNA technology is the only technology that we have in being today that has the possibility of detecting plastic explosives, Semtex and other similar such explosives. We have purchased six of these machines with taxpayers' dollars. We've put two of them in place in this country. A third is going in place in the UK as we speak. I intend to continue to press to place the other three machines.

The machine was specified to detect quantities of explosives -- back in the 1987 time frame -- quantities of explosives that were larger than the amount of explosives believed to have caused the Pan Am 103 tragedy. The machine can detect smaller quantities of such explosives, but with a higher false alarm rate. I believe that the deterrent capability of this technology is there and that we can deal with higher false alarm rates through other methods of searching, et cetera.

So after we analyze the details in the report -- after we receive the recommendations from the National Academy of Science, who has studied our research and development efforts over the last year -- after I receive that report next month, receive the results of another report that the Airline Transport Association has commissioned through academia, and after we receive the report of the congressional research advisory group, then we'll take a hard look at whether we want to make any changes to our present strategy.

Q Admiral --

ADM. BUSEY: Yes, sir.

Q The Commission members are quite critical of your agency for being reactive rather than proactive, for -- you've given us a list of your accomplishments since the downing of 103, and they're all sort of after the fact, too little too late. There is a suggestion that the FAA should not be in the business of airline security, that someone else should take that over. How do you react to that?

ADM. BUSEY: Well, as I understand, the Commission's report makes recommendations for changing the position of aviation security within the FAA, which tells me that they in their wisdom, as a result of their study, could not come up with a different way of providing security -- aviation security. I think we have the capability here within the FAA to do that job. We'll take a look at the recommendations, we'll make the changes that appear to make

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sense. I have not been hesitant to make changes in the organizational structure in the FAA in the 10-some months that I've been aboard, and I would expect to continue to make organizational changes.

But I believe that the label of being reactive is clearly a matter of perception, and in the eyes of the Commission, it perhaps has a certain amount of merit, but I'm also aware of where we in the FAA have been what I would characterize as proactive. In the past, our airport access rule here in the continental United States, for example, was certainly proactive, but we received a lot of criticism for putting that rule in place because we didn't study it and staff it thoroughly enough. I believe the FAA was proactive back in the mid-'80s in undertaking the technology investments that have led to the TNA device that's available today. One could judge that as being proactive. And of course, we've certainly seen that funding stimulate the development of this kind of technology in our industry.

So I think there are some things that we've done that in my judgment could be classified as being proactive, but for which we've also gotten a lot of criticism for not taking time to study it. So it's a fine line that we'll have to continue to walk.

Yes, sir?

Q In your judgment, what went wrong to produce many months of delay in the FAA's forcing Pan Am into greater security measures in Frankfurt and London?

ADM. BUSEY: I think the thing that went wrong is that we took the word of people in the management structure of Pan Am that led us to believe that they were fully aware of the discrepancies and the lack of compliance with certain standards that we the FAA had established. They had indicated to us that they were aware of these deficiencies and that corrective action would be taken. And it was only when I became aware in August of the latest inspection that we made that I became concerned that this information was not being articulated up the chain of command in Pan Am that I decided that it was time for a one-on-one discussion with the chairman of Pan Am. And the corrective action that I wanted to have in place was instituted in less than a week.

Q Would you characterize -- would you characterize the criticisms of the FAA in the report as being fair or not?

ADM. BUSEY: Without having studied the report in detail, I find it difficult to respond. I value the judgment that the Commission members and their staff brought to the study. As I said before, I followed their actions. I think we've been treated fairly.

I think the adjectives that have been used in the report, which characterize the FAA's performance -- I would have rather seen them

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a little more positive; but the fact of the matter is they are not. I don't like the adjectives that were used, and none of my FAA colleagues, throughout our 50,000-strong person organization, none of them liked the characterization either.

But I think our challenge is now to turn those challenges -- those charges around, use them positively to help us work forward, close the loopholes that the Commission points out, and move forward to continue to provide the best security that we humanly can to the American traveling public.

Q Admiral?

ADM. BUSEY: Yes.

Q The Commission estimates I think six months to a year to implement their recommendation. What kind of timeframe do you have?

ADM. BUSEY: I suspect that there are recommendations, in the 60 or so that have been made, that can be implemented much more quickly than that. And I would venture that the task force that the Secretary and I have put together will begin reporting back to us on a weekly basis, and I would expect to see some of the recommendations that we find positive, within our ability to do, without legislative support -- I think we can start instituting some of those changes within a matter of a few weeks. So, I think the estimate that was given of six months to a year is probably right on the mark.

Q Admiral, Senator D'Amato called the FAA's performance

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"nothing short of dismal." Do you have a reaction?

ADM. BUSEY: Yes, my reaction is similar to my response earlier. I don't like the negative adjectives, but they're a fact of life. They're there -- they're on the table. Mistakes were made. We think that we have -- that we've worked hard to put corrective measures in place over the last year or so, and we're going to continue to fix loopholes, as the threat indicates, as the lessons learned that we pull from these tragedies indicate that we should make fixes, and as we continue to get the guidance, not only from the commission, but also from the Congress.

Q Admiral, as a former senior military officer, do you have any thoughts on the nation's ability or willingness to respond militarily to acts of terrorism?

ADM. BUSEY: Well, I've left the military behind, for about a year. I find the challenges of this job that I have right now occupying 28 hours of every day.

Q This would be a harder question to answer if you were in uniform. Now that you are out of uniform, maybe you can speak to the question.

ADM. BUSEY: I think issues of **national security** are more appropriately answered by the White House. Yes?

Q One interesting concept that came up was the final (?) security manager for each airport. What do you think of that idea?

ADM. BUSEY: Well, all I know is what I've heard talked about. I have not read that part of the report. The idea immediately has a certain attraction for me, so I'm going to be very interested in reading the details of the commission's recommendations in that regard. As I understand, their proposal or their recommendation is one that an accountable, single person be located at each and every airport with certain authorities, based on threat information, to take appropriate actions. The idea has a certain appeal to me. We need to study it, understand it, and see how we would begin to implement such a procedure. Yes, sir?

Q Along these same lines, the commission also recommends that the new FAA security director report directly to you instead of to an associate administrator. What's your sense of that recommendation?

ADM. BUSEY: I've been aware of that recommendation for some time. We've had some preliminary discussions in that regard. Again, the attractiveness of that idea, from an organizational chart standpoint, certainly has merit. But actually, I think that would

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be an easy change for me to make because my director of Aviation and Security has, in my vernacular, been reporting directly to me ever since I've been on board anyhow. So, that would be a relatively cosmetic and simple organizational change to make, to serve, I think, to institutionalize better the relationship that I have with my security director right now.

Q Admiral, what happens to the TNA program now?

ADM. BUSEY: I'm going to continue to work hard to put in place the six machines that we procured. I mentioned that two of them are in place, one at Kennedy, one at Miami. We have an installation underway at Gatwick in the **United Kingdom** as we speak. We're negotiating still for a fourth and fifth location. The sixth location is yet to come. But I intend to put those six machines that the federal government has procured in place as soon as we can so that we continue to benefit from the experience we've been gaining since last fall on screening large quantities of baggage.

I then want to wait for the report, which is due next month from the National Academy of Science, one from ATA, from academia, and one from Congress, from their own body, to benefit from the recommendations that these three bodies will make, since it's just a matter of a few weeks, and then we'll consider what changes we may need to make to our employment strategy of explosive detection devices.

Q Admiral, do you believe that the equipment is not good enough as it is now designed?

ADM. BUSEY: I believe that the equipment, as it is now designed, is performing to the specifications that were called out several years ago, to detect with reliability and a low false alarm rate a specified quantity of explosives. We've learned, since the tragedy of Pan Am 103, we suspect that perhaps smaller quantities of explosive materials need to be detected. We need to learn whether this technology that is in place can be modified to give us the ability to detect these smaller devices, explosive devices. And the bottom line is that the TNA devices that we have in place today are the only capability we have to detect any quantity of plastic explosives. And, therefore, I feel a responsibility to deploy that technology to provide that additional measure of security to our traveling American citizens.

Q Admiral, do you agree in the Commission's -- the fifth paragraph of this report it says, "The Commission finds the US civil aviation security system seriously flawed." Do you think that that's still the case?

ADM. BUSEY: I don't believe that that's the case. And as I listened to the press conference that the Commission conducted at two o'clock, I believe that I heard several members of the Commission indicate that actions have been taken since Lockerbie, or since Pan Am 103's tragedy, that

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closes some of the loopholes. The system was flawed. Mistakes were made which led to Pan Am 103. The biggest mistake that was made that was an explosive device of some kind was able to be placed on that aircraft that led to that explosion. Therefore, our security system was not impenetrable; therefore, there were mistakes made.

I want to own up to those mistakes. I think we have taken actions over the last year to close loopholes. We've got a lot more work to do. We're going to take the Commission's recommendations and march forward as fast as we can to try to close the loopholes.

Q Well, just to follow up -- just to follow up, then. Aren't you concerned that the traveling public will read this executive summary and read a statement like that saying your security system is seriously flawed, and actually be deterred from flying and be worried?

ADM. BUSEY: They very possibly may. I have not read that, so I can't determine here while we speak of the context within which that's placed. I would -- I would suspect that the context is surrounding the time of the Pan Am 103 tragedy.

Q That's what it says, I know.

ADM. BUSEY: But, I think the Commission's report also addresses the corrective actions that have been taken. I think I heard members of the Commission indicate today that our US civil aviation security system is -- is the best in the world, that the US citizens traveling on US carriers should feel much more safe and much more secure than traveling on foreign carriers that do not apply the extraordinary security procedures that we insist that our international carriers operate under. So, I would like for the public to feel that we are doing everything humanly possible to close all possible loopholes.

There's no 100 percent guarantee. There simply is not 100 percent guarantee. But I would like the traveling public to feel that traveling on a US carrier internationally is a safe way to travel, and that if we cannot be confident that we're guaranteeing the safety of a specific flight, that flight will not go.

Q Admiral, did the Commission specifically ask that you transfer FAA Security Chief Ray Salazar?

ADM. BUSEY: The Commission did not specifically ask that I transfer former FAA Civil Security Director Ray Salazar. No one else ask. That was my decision.

Q One of the family members this morning described that transfer as a "mere slap on the wrist," and expressed frustration that stronger action had not been taken.

ADM. BUSEY: I had not heard that. I'm not aware of that. I have taken the action I have taken because I needed a senior

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manager in this other position. I have planned for many months to
do that. Mr. Salazar some time ago had expressed an interest in
this position. His capabilities and his qualifications fit him for
the post, and that's why I decided that he was the right person for
that position.

STAFF: We've got time for about one more.

Q Admiral?

ADM. BUSEY: I'll get to you.

Q Are there any other changes in structure or personnel
going on right now?

ADM. BUSEY: No other changes in structure specifically related
to the aviation security position underway, and I presume that's the
genesis of your question. There are no other changes underway right
now. I need to look at the report. I need to see what the
recommendations are, and I suspect that there will be changes in the
civil aviation security area just as there have been in procurement
areas and other areas since I've been on board.

Q Did Pan Am ever show the FAA the KPI (ph) report?

ADM. BUSEY: I'm sorry.

Q Did Pan Am ever show the FAA the KPI (ph) report?

ADM. BUSEY: I'm not familiar with what you're referring to.

Q It's an Israeli intelligence report.

ADM. BUSEY: I can't answer your question. I'm not familiar
with that.

Q Admiral, just one followup to that -- are you going to
replace Mr. Salazar, or are you going to wait and possibly revamp
that on the lines the commission has suggested?

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ADM. BUSEY: I have -- I've tasked Mr. Bolger to be the Acting
Director of Civil Aviation Security until I've had a chance to study
the commission's report and decide what the next step is that I
want to take organizationally in the civil aviation security area.

Q What do you expect to be the reaction of airlines in --

ADM. BUSEY: The reaction of airlines -- implementing new
procedures?

Q Implementing these new security measures --

ADM. BUSEY: Our experience --

Q (Inaudible.) You may expect slowdown in movement of
passengers.

ADM. BUSEY: Our experience with the commercial carriers that
we deal with when we establish security standards for them to follow
has been one of willing cooperation. We've worked very closely with
the security directors of the major carriers, the international
carriers, and I think our operation with them could best be
described as one working in a spirit of collegiality.

Q That wasn't always true between Pan Am and the FAA before
the 103 incident.

ADM. BUSEY: We've had our difficulties with Pan Am as I
articulated earlier. But my take today is that we have a very
cooperative relationship with Pan Am, and I don't expect that
airline or any other international carrier to react negatively to
any new civil aviation security procedures that we decide we need to
put in place as a result of the commission's report.

Q Admiral, just one more question. You -- does the
commission recommend -- I mean, you, for the first time, have
acknowledged that the plastic explosives that were used on the
Lockerbie plane could not have been detected by a TNA machine. Did
the commission's work in any way compromise security?

ADM. BUSEY: I can't say that the commission's work may have
compromised anything, and if I acknowledged explosive devices that
were on there -- you know, we all are assuming that that was the
case because we don't really know yet factually what specific kind
of material was there or the exact quantity. There's been
hypothetical estimates of the amount of explosives, but all of those
estimates seem to be that it was for a smaller amount of explosives
than the present TNA machine has been specified to perform to.

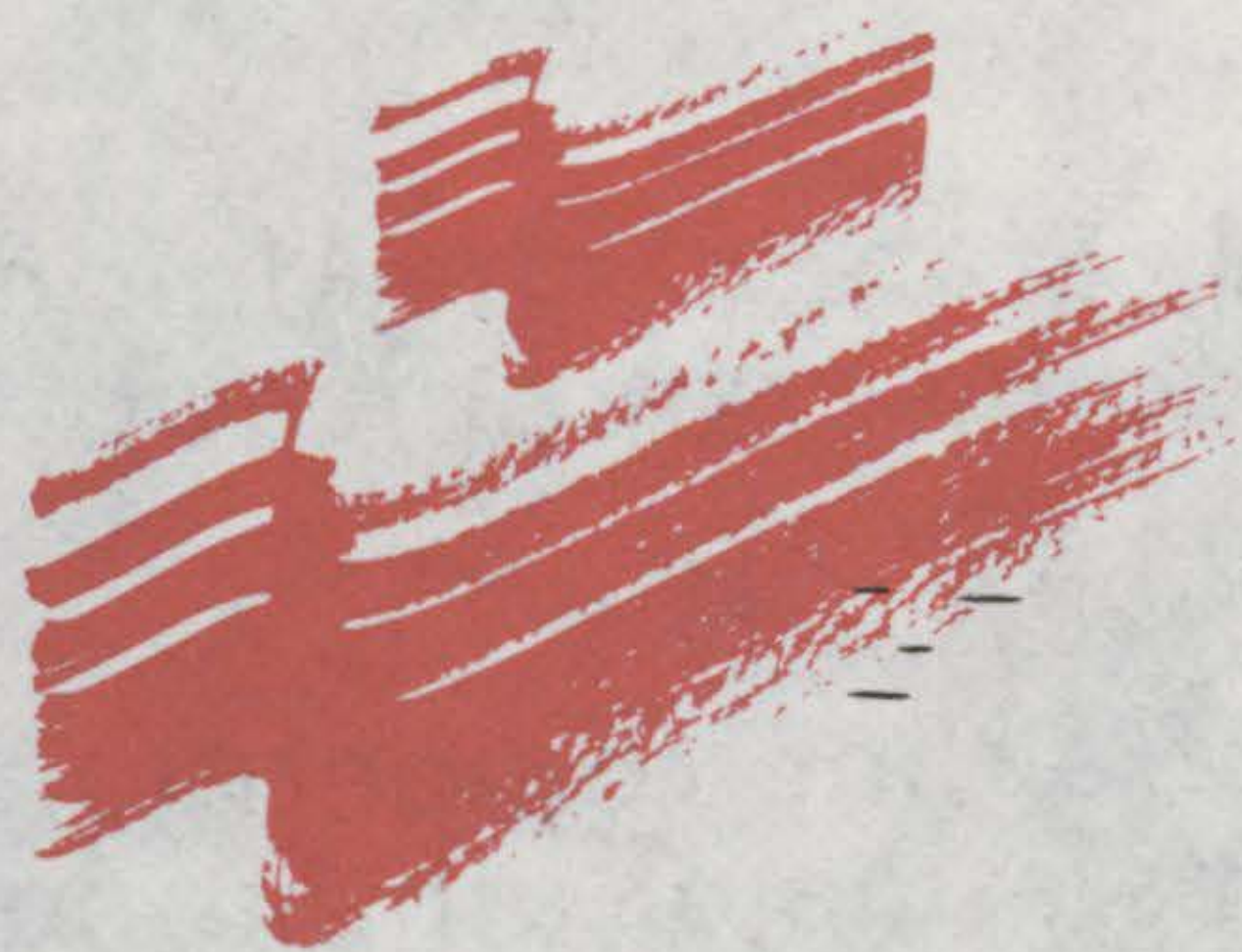
I have been concerned all along that the public discussion of

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these amounts of explosives has -- would have a negative impact on the deterrent capability of the TNA device. And I think that's what you're getting at. I don't see that anything has been compromised. The facts are out; they're in an unclassified way. And now, our emphasis is going to be to take the best advice that we can get from the scientific world -- these three bodies that I've previously mentioned -- and then re-strategize and decide what direction we're going to move in in the near term while getting all six of the machines that we have procured out into the system so that we can determine what's the best place for this kind of technology in our overall security system.

Okay, thank you all very much.

END



Moving America Into the 21st Century

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AIRPORT OPERATORS COUNCIL AND
AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES
MARCH 20, 1990
WASHINGTON, D.C.

When I think about how far we've come since I stood before you last year, I am reminded of a story about Sir Winston Churchill.

Following one of his speeches, Mr. Churchill took questions from the audience. A lady from the Temperance Union asked: "Is it true what I've heard about how much brandy you drink?" She said, "I've heard that if you put all the brandy you've drank in this room it would come up to your waist."

Mr. Churchill looked down at his waist, stepped back and, thoughtfully, looked down at the floor and said with a great sigh: "Ah, such progress."

Then he looked up at the ceiling and said "And yet so far to go."

That's what we have today in aviation -- much progress and yet so far to go. Today I want to talk to you about how we can work together to achieve more progress in the world of aviation.

Last year, the Department set forth on an ambitious agenda for the new Aviation System Capacity Task Force, citing the lack of capacity as a number one priority in aviation today.

We also announced a dramatic proposal to allow foreign airlines to offer service to your airports if our relationship with their host country was equally open.

In January, President Bush unveiled the FAA's budget. It includes sharply higher spending for expanding capacity, as well as increased Airport Improvement Program



U.S. Department of
Transportation

- more -

funds and authorization for Passenger Facility Charges. In his State of the Union address, the President pointed to the development of a national transportation policy as a high priority item.

In February, we unveiled the most comprehensive study of airline competition since deregulation -- and we pointed to the lack of capacity as a major inhibiting factor to furthering the benefits of deregulation by increased competition. For the past three months, we have witnessed a stimulating and heated debate -- which I believe is productive -- over airport privatization. At the same time, we've worked hard to help bring major new airports in Denver and the Northern Illinois-Northern Indiana region.

Two weeks ago, we presented the National Transportation Policy to President Bush in a ceremony at the White House. And I want to thank both the AAAE and the AOCI for your favorable response to that policy. Shortly after I became Secretary, I said that we'd have a National Transportation Policy in a year or there'd be dead bodies all over the DOT building -- including mine. Well, as you can see today, I'm still alive and kicking. We've stimulated a national debate over this nation's future infrastructure needs and how we'll pay for them. As this debate continues in the Congress and across the nation, I look forward to your continuing support.

I have been informed by Admiral Busey that both your organizations and the FAA have reached formal agreement on the capacity needs for the next decade. This is another example of the excellent working relationship that will bring dividends to air travelers.

So much progress, yet so far to go. Through it all, you've been our partners. People like Oris Dunham, Cliff Moore, Chip Barclay, George Howard -- and so many others -- have been instrumental to our progress to date, and to the future of air travel.

Our budget, the National Transportation Policy and FAA reauthorization have provided the framework for the subject I want to discuss with you today -- the passenger facility charge.

As Admiral Busey told you, we sent to Congress our proposal for Reauthorization of the Federal Aviation Administration and major reforms of the procurement process. Our reauthorization proposal contains the broad outline for the mechanics of a passenger facility charge.

Ever since my first day in office -- over a year ago -- when I was merely a Chicago lawyer, I've heard complaints about capacity problems from airlines, airports, consumers -- everyone.

Those of you who have visited me know I have this picture up in my office of an old cowboy with a chiseled face and week-old stubble -- and it says -- "There's a lot they didn't tell me when I signed on board this outfit." How true!!

I don't have to tell anyone in this room about capacity problems. You know the figures, and you told them to me loud and clear.

You said you needed more flexibility to control your own destiny -- to respond to the demands of the market -- to find a more permanent and reliable funding stream than the uncertainty of federal airport grant dollars.

You said you wanted a passenger facility charge. Well, we have worked as hard as we can, and will continue to do so, to see that you have one. Now, it's your turn. We have to face reality. Unless the people who want and need a passenger facility charge, get behind this proposal -- with full force -- we won't have one. Instead, the nation will continue to be plagued by capacity and congestion problems, which contribute to serious competition problems.

The world, particularly the transportation world, is so full of change, people are slow to accept a new idea until they fully understand it. So they end up opposing it right from the start.

There are those who see and enjoy their power and control over capacity dollars. Some believe their personal judgment about capacity needs should supplant market forces.

Well, we couldn't disagree more. As we said in our National Transportation Policy, local communities are best able to decide what's right for them. Local airport authorities -- whose capacity expansion plans for too long have been held hostage by the airlines and the federal government -- should have a greater role in solving our capacity crisis. But lest you think this historic shift of control will occur overnight, it won't.

To accept this responsibility, you will need to assure many people of your willingness to act responsibly. The airlines, the Congress and others -- including this Secretary of Transportation -- do not want Taj Mahals built. Nor do they want money collected for capacity enhancement sent downtown to solve city or county budgetary problems.

But I've been around aviation people long enough to know that we are not daunted by adversity. Most of us adopt the spirit of one of the best aviators in history -- Amelia Earhart. There's a story that Ms. Earhart crash-landed her plane in a field of cabbages one day. A reporter on the scene asked if she would fly again. Ms. Earhart said the incident didn't lessen her love of flying, but it certainly changed her taste for cabbages.

You have before you an historic window of opportunity. As a result of this Administration's proposal, I believe you have a better chance than ever before to see a PFC enacted. I believe there's a new, growing consensus that favors a modest fee, properly constrained to airport-related projects. Unfettered by federal red tape, it would produce significant revenue streams for locally conceived projects. It would assure that your badly needed capacity relief would not fall victim to delays, the federal budget process, or concern over the deficit.

PFCs would promote efficiency in airport financing. PFCs would give you better control over your sources of income. PFCs would improve your access to bond markets. PFCs would give you flexibility -- and when I say flexibility I mean it. Our proposal would keep federal involvement in your use of a PFC to a minimum -- just sufficient to assure that the PFC is serving aviation purposes.

As we stated in our reauthorization proposal, PFC revenue should be restricted to projects that "further the air transportation system." We do not need gold plated airports. We need runways, airports, taxiways, and other projects that further air transportation. With the help of our PFC advisory committee, we look forward to

working with the Congress to define specific kinds of projects allowable under a PFC regime. We're also committed to ensuring some kind of checks and balances to prevent airport abuse of these revenues.

Now, I want to make several points clear: First, we have proposed airport grant funding levels throughout the reauthorization period that would be higher than Congress has ever approved before.

Second, we are proposing that airports that choose to levy a PFC give up 50 cents in AIP entitlement funds for each \$1 of PFC revenue they earn.

Third, these foregone entitlement funds would flow into the discretionary fund to be available for capacity and safety projects.

Any reduction of current federal entitlement funds following the adoption of a PFC would be more than offset by PFC revenues. As a result, most major airports would be substantially better off with a PFC than with AIP entitlements alone.

For example, an airport enplaning 20 million passengers a year would receive \$46 million more annually than under the current program. An airport with one million enplanements would increase its revenues by \$1.5 million a year. Even an airport with 200,000 enplanements could gain an increase of more than 30 percent.

Airports initiating PFCs would continue to remain eligible to receive discretionary grants. Since entitlement funds freed up by PFCs would be available for discretionary grants, total funds available for airport improvement would increase. Increased funds would be available for both large and small airports. This proposal differs from previous PFC proposals by DOT. We are not "defederalizing" our grant program. Foregone entitlements will remain available to enhance the national system.

Also, the \$3 PFC that you hear is not a minimum and not a universal fee. Each airport will be free to choose a level that meets its needs.

Our PFC advisory group has given some thought on administration of this provision. The airlines deserve a lot of credit for exhibiting a cooperative spirit. While many have reservations, they have been willing to suspend objections to the concept and consider the design of the PFC. This is the very kind of team spirit that will help us accomplish our goal -- that of better service to air travelers.

But to those who say that our PFC proposal amounts to double taxation -- because passengers would be charged PFCs in addition to the tax on their tickets -- or that we shouldn't do anything until we solve the budget deficit and trust fund problems -- let me say this: Get out of Washington and take the pulse of the average traveler. He or she doesn't know and often doesn't care about an eight percent ticket tax or a trust fund with a declining balance. What travelers care about most is getting the biggest bang for the buck. They will be willing to pay \$3 more per flight due to a PFC because they know the collected money will go directly toward improved capacity, more service, less delay and more competition -- and it will under our proposal.

As repeated polls show, Americans are willing to pay more for transportation if they know that's where the money will be spent. But they didn't send us to Washington to continue the endless bickering over budget differences and trust

fund balances. They sent us here to come up with solutions, and the National Transportation Policy provides the guidelines to achieve those solutions.

- Let me tell you something else -- the federal government's budgetary problems show no great promise of disappearing overnight. As much as I believe transportation concerns are vital, the competition for limited resources is enormous.

We've got a savings and loans crisis. We have more than a \$200 billion pollution problem with high level radioactive waste. Drugs, foreign aid to new democracies, education, the environment -- you name it. No peace dividend will be big enough to take care of these pressing and costly problems.

Transportation, unlike these other areas, is uniquely well-suited to sustain itself through user fees. So let's put aside the rhetoric, which is of great concern to those inside the Beltway, but of little concern to those stranded on the runway. Let's work to PASS THE PFC!

Let me take a few minutes to talk about some other issues, such as airport security, privatization, joint use, and efforts to open up the skies to international travel.

I just returned from Europe yesterday, where I had the opportunity to review airport security in France and Germany. Two observations -- one, our major aviation partners have done much to enhance aviation security. Two, despite our progress, we can do much more here at home. Last Thursday the FAA announced a new program to ensure quality and vigilance by airline security personnel at domestic checkpoints to combat the threat of terrorism. We're committed to do more and with your help, we will succeed.

The National Transportation Policy focuses on the need to make use of existing capacity -- to promote efficiencies, to use the ingenuity and creativity of the private sector. Privatization is an option that we need to fully explore. The Department and this Administration generally are committed to encouraging privatization of transportation facilities. However, we need to see if there is a way to make it work within the current statutory and regulatory framework. Perhaps we even need to explore changing that framework.

At the same time, we must consider the effect of privatization on airport users. We must consider the impact of privatization on airports' future eligibility for federal airport grants. I am sure that the upcoming report of the task force subgroup on privatization will help us to crystallize these issues and reach consensus.

One of the brightest prospects for increased capacity and increased economic growth lies in joint use of military bases. Imagine the economic growth that could be created by reusing bases slated for closing.

Of the 86 bases currently being closed, the FAA identified 13 military facilities with potential for conversion to civil use landing areas. Improved coordination between the Department of Transportation, the FAA and the Department of Defense would aid in the FAA's ability to use and plan for possible additional civilian use of current and closed military facilities.

Finally, there are many airports represented here today with no capacity problems. Outstanding airports that are the hub of economic growth for entire

regions of the country. Airports that could benefit from international air service. There's a strategy in the National Transportation Policy for you too. It commits us to work in international negotiations to open up the skies around the world and let the free market work its magic.

On January 30, we implemented a program to permit foreign air carriers to expand service to more U.S. cities. It's a new opportunity for air travel outside the traditional horse-trading bilateral negotiating process. It allows foreign carriers to provide service between their homelands and cities in the U.S. that currently do not receive any service to that foreign country. We've had a number of applications for such authority, and we expect others.

Even where we do have to negotiate with other governments in order to expand air services, we have introduced a ground-breaking new concept. To major partners who are willing to join us in deregulating our bilateral aviation markets, we have offered access to any and all U.S. cities.

Finally, the Department, in cooperation with other agencies of government, is considering other ways to create more free trade in international aviation services. To derive maximum benefit from the economic changes that are likely to occur during the next decade -- to realize our vision of a freer system of international aviation by the year 2000 -- we must develop innovative ways to achieve that goal. We are looking at alternatives to the bilateral negotiation process and this policy is just one way.

By the time I leave this office, I want America to be well on the way toward building the transportation system it must have in the 21st century. I also want to have this nation started down a path that leads to a more competitive aviation system for the entire world and one that will lead to economic growth in each of your communities.

We've seen much progress, yet there is much more to be done. Let's work together and collectively push the throttle forward to lift our PFC proposal off the ground.

Thank you.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SENATOR D'AMATO PRESS CONFERENCE ON UMTA LEGISLATION
NEW YORK, NEW YORK
MARCH 26, 1990

INTRODUCTION

- Would like to thank Senator D'Amato for sponsoring this very important legislation.
- Greatly appreciate the Senator's support on a wide range of initiatives the President has put forward on drug testing.

D'AMATO ACCOMPLISHMENTS

- Senator has a substantial track record of drug-related legislation, with several victories to his credit.
 - First to introduce legislation making money laundering a crime. This is now federal law.
 - Written drug forfeiture legislation that calls for seized drug assets to be used for treatment and education, as well as law enforcement.
 - Author of federal death penalty statute for drug-related murders.
 - Particularly appreciate Senator's support for involvement of Coast Guard and Defense Department in drug interdiction.

DOT PRIORITIES

- At DOT, achieving a drug free transportation system in the United States is one of my highest priorities.
 - Legislation the Senator is introducing today is indispensable component to achieving this goal.
- American people have the right to expect and demand the safest and most efficient transportation system possible.

DRUG ABUSE ON THE JOB

- And Americans agree that drug use on the job is a serious problem across the board.
 - In December, Gallup found that 1 in 4 workers have personal knowledge of co-workers using illegal drugs on the job.
 - 1 in 3 say they know of co-workers using drugs before or after work.
 - In January, the National Institute on Drug Abuse reported that on any given day, 1 in 4 workers between ages 18 and 40 would test positive for drugs if there were nationwide drug tests.

PRO-DRUG TESTING STATISTICS

- Those are pretty dismal statistics. The bright side is that people want action taken, and support drug testing as a legitimate step.
 - 97% say drug testing at work is appropriate under some circumstances.
 - 94% think testing of transportation workers is a good idea.
- And a 1988 study by the National Institute of Drug Abuse backs them up.
 - Almost 12% of the men working full time in the transportation industry used marijuana during the previous month.
 - 10% admitted using cocaine during the past year.

PURPOSE OF BILL

- Bill that Senator D'Amato is introducing is essential to carrying out our commitment to ensure that the American people get the safe -- drug free -- mass transit systems they're entitled to.
- Legislation will enable UMTA to reinstate its drug testing requirements for sensitive safety employees in the mass transit industry.

- Regulations requiring drug testing for almost all transportation industries required compliance beginning in December. (RSPA rules become effective next month.)
 - Unfortunately, U.S. Court of Appeals struck the UMTA rule down on January 19.
- Ironically, decision came two days after an RTA train accident in Cleveland that injured 14 people.
 - Student engineer who was driving the train and his instructor were tested for drugs. One tested positive for cocaine, the other for marijuana.

BILL'S OBJECTIVES

- We have not abandoned or diluted our commitment that led to DOT's mass transit drug rule in the first place.
- This new legislation will provide clear statutory authority to reestablish our anti-drug program rule for recipients of federal mass transit assistance.
- There are two things the bill will not do:
 - Will not change basic mission of UMTA, which remains primarily a grant-making, not a regulatory agency.

- Will not give UMTA authority to regulate alcohol.
- In the meantime -- in order to ensure public safety -- we strongly urge all local mass transit systems to implement or to continue drug testing where they have legal authority to do so.

CALL TO ACTION

- The stakes are too high not to act in every way possible
- Studies show that drug abuse is an incredible drain on the nation's economy.
 - Estimated that \$60 billion a year is lost due to decreased productivity, accidents, absenteeism, medical claims, and thefts.
- The time is long overdue. We must take action now. I urge the Congress to act on this legislation as soon as possible.

DRAFT

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SENATOR D'AMATO PRESS CONFERENCE ON UMTA LEGISLATION
NEW YORK, NEW YORK
MARCH 26, 1990

- Would like to thank Senator D'Amato for sponsoring this very important legislation.
- Greatly appreciate the Senator's support on a wide range of bills the President has put forward on drug testing.
- Senator has a substantial track record of drug-related legislation, with several victories to his credit.
 - First to introduce legislation making money laundering a crime. This is now federal law.
 - Written drug forfeiture legislation that calls for seized drug assets to be used for treatment and education, as well as law enforcement.
 - Author of federal death penalty statute for drug-related murders.
 - Particularly appreciate Senator's support for increased involvement of Coast Guard and Defense Department in drug interdiction.
- As one of Administration's lead agencies in the battle to end drug abuse and drug trafficking, Coast Guard is only one of our many resources.

- Achieving a drug free transportation system in the United States is one of my highest priorities.
 - Senator's legislation is indispensable component to achieving this goal.
- American people have the right to expect and demand the safest and most efficient transportation system possible. And Americans agree that without random drug testing, it won't happen.
- Recent polls indicate the serious extent of drug use on the job.
 - In December, Gallup found that 1 in 4 workers have personal knowledge of co-workers using illegal drugs on the job.
 - 1 in 3 say they know of co-workers using drugs before or after work.
 - A month later, the National Institute on Drug Abuse reported that on any given day, 1 in 4 workers between ages 18 and 40 would test positive for drugs if there were nationwide drug tests.
- Those are pretty dismal statistics. The bright side is that people want action taken, and overwhelmingly support drug testing as a legitimate step.

- 97% say drug testing at work is appropriate under some circumstances.
- 94% think testing of transportation workers is a good idea.
- Many transportation workers agree.
 - Recent University of Florida poll shows that interstate truck drivers approve of DOT's regulations requiring drug testing.
 - Two-thirds approve of random drug-testing and 90% support mandatory post-accident testing.
- Senator D'Amato's legislation underscores our commitment to ensuring that the American people get what they deserve.
- Will enable UMTA to reinstate its drug testing requirements for sensitive safety employees in the mass transit industry.
- New regulations requiring drug testing in all transportation industries went into effect in December.
 - But U.S. Court of Appeals struck the UMTA rule down on January 19.

- Ironically, decision came two days after most recent RTA train accident in Cleveland that injured 14 people.
 - Student driver who was driving the train and his instructor were tested for drugs. One tested positive for cocaine, the other for marijuana.
- More recent SEPTA accident also demonstrates that drug abuse is found in conjunction with serious transportation accidents.
- We have not abandoned or diluted our commitment that led to DOT's mass transit drug rule in the first place.
- This new legislation will grant clear statutory authority to reestablish our anti-drug program rule for recipients of federal mass transit assistance.
- In the meantime -- in order to ensure public safety -- we strongly urge all local mass transit systems to implement or to continue drug testing where they have legal authority to do so.
- The stakes are too high not to act in every way possible
- Studies show that drug abuse is an incredible drain on the nation's economy.

DRAFT

- Estimated that \$60 billion a year is lost due to decreased productivity, accidents, absenteeism, medical claims, and thefts.
- The time is long overdue. We must take action now. I urge the Congress to act on this legislation as soon as possible.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
PETROLEUM MARKETING ATTORNEYS ASSOCIATION
WASHINGTON, D.C.
MARCH 26, 1990

- When I think about my past year at DOT, I'm reminded of a story by Winston Churchill.
 - Following one of his speeches, Mr. Churchill took questions from the audience. A lady from the Temperance Union had a particularly pointed one.
 - "Is it true what I've heard about how much brandy you drink? I've heard that if you put all the brandy you've drank in this room it would come up to your waist."
 - Mr. Churchill looked down at his waist, and then stepped back. Thoughtfully, he looked down at the floor and said with a great sigh: "Ah, such progress."
 - Then he looked up at the ceiling and said: "And yet so far to go."
- That's what I think when I consider the state of transportation in this country. We've got the best system in the world, but we face serious challenges.

- Just returned from Europe, where I took a firsthand look at some of those challenges -- airport security and high speed rail technology.
- Saw the kind of competition America will soon face.
- A united Europe will be a formidable competitor in just a couple years -- particularly a united Germany.
- Was at the Berlin Wall on the verge of the East German election. The excitement was intense.
- Reminds me of what Czechoslovakia's new President said recently: "The human face of the world is changing so rapidly that none of the familiar political speedometers are adequate."
- Our NTP was designed to help keep America productive and competitive in this rapidly changing world and growing international market.
- When President Bush released the policy earlier this month, he said: "No sector is more important to the American economy than transportation. As world trade grows even larger, as we continue our leadership in an increasingly global society, we will become even more dependent on transportation than we are today."

- Nations that lead the pack will be the nations with the safest and most efficient transportation systems.
 - They'll be the countries that capture the future, because they best planned for the future.
- That's what the NTP is all about. It is based on the fundamental assumption that America's success in the world requires a long-term strategic approach.
- No successful corporation would even think of facing the future without a comprehensive strategy. The federal government shouldn't either.
- NTP is a strategic decision making framework to help America's leaders in all sectors make long range plans for the country's transportation needs.
 - Not a centralized plan, but a set of guidelines -- not a set of specifics.
- NTP is, in short, a charter for a new era. The nation's transportation system is now essentially in place.
- Must embark on new era of maintaining, modernizing, and expanding, what we now have.
 - Must find new ways to use existing systems.
 - Must develop new technologies and more innovative approaches to financing.

- The foundation era in transportation must now give rise to the innovation era.
 - IVHS will help solve congestion and gridlock.
 - High speed trains and maglev show great promise.
 - Tiltrotor aircraft may change travel between close cities and alleviate need for more airport capacity.
- This new transportation era calls for a new approach.
 - In the past, the federal government took the lead.
 - Time has come to share leadership role -- to create full partnerships with state and local governments and the private sector.
- New partnership effort will better spur innovation.
 - Best fostered in a decentralized environment.
 - That's why our strategy calls for more flexibility.
- Flexibility means that Washington must be willing to ease up on the heavy hand of government.
- More flexibility is essential to keep America competitive, as demonstrated by deregulated market of the past decade.

- \$40 billion saved by partial railroad and trucking deregulation.
- Americans now travel 65% more by air, paying 20% less on average. Total savings has been \$100 billion.
- But flexibility is only one side of the coin. Other side is responsibility -- to help operate, maintain, and expand upon what has been put in place.
- This will mean raising revenue in the form of user fees.
 - All levels of government have a role to play.
 - Administration willing to take the heat by proposing increased user fees -- where appropriate
 - to meet infrastructure and operating needs.
 - Doing it in aviation, in maritime, and in rail.
- Are the states also willing to find new revenues to meet their transportation needs? Do they accept both sides of the coin -- responsibility as well as flexibility?
 - Answer is yes. 18 states have raised user fees over the past year.
 - 33 states over last three years -- 9 have raised fees twice.

- New Hampshire will raise gas tax 2 cents on April 1.
- Californians will vote on a gas tax increase in June.
- Mississippi Senate voted to increase user fee 2 cents.
- And what does the consumer think? Many polls show Americans are willing to pay increased user fees if they know the money will go to transportation.
- While we call for others to do more, the federal commitment to transportation has not slackened.
 - In fact, NTP calls for new federal emphasis on maintaining infrastructure, investing in R&D, and expanding capacity in areas of national significance.
 - This year's budget request for infrastructure funding is 11 percent higher than last year's request.
 - Two-thirds of our \$27 billion budget for 1991 is for infrastructure.
 - Want to boost funding for infrastructure and research by aviation 73%.
- Department is also committed to several initiatives that concern the petroleum industry.

- Pipeline safety is a top concern. Remains one of the nation's safest ways to transport hazardous liquids, and we are committed to seeing that it stays that way.
- Aware of a corrosion problem on the Trans-Alaska Pipeline, but are confident in Alyeska's response.
 - 9 miles will be replaced next year.
 - Pipeline poses no heightened risk to Alaska's environment.
- With 20% of America's oil flowing through the Trans-Alaska pipeline, no one here tonight needs to be reminded of how important petroleum pipelines are to the nation's economy and security.
- Last week's trade figures underscore the fact.
 - U.S. oil imports reached an all time high of 54% in January.
 - The American Petroleum Institute says domestic production has fallen to its lowest level in 25 years.
- That's why we're increasing our vigilance on pipeline safety.
- Requesting six additional pipeline inspectors in 1991 budget.

- In its rulemaking process, Office of Pipeline Safety now includes environmental impact costs in its cost-benefit analysis.
- Our Pipeline Inspection Priorities Program is a computerized data base that will enhance our ability to define systems requiring greater inspection and enforcement efforts.
 - Expect it to be in full operation by year's end.
- Last year's Exxon Valdez accident points to one area in particular where the Department is devoting considerable time and effort.
- President Bush put me in charge of the cleanup and the Administration's legislative response.
- Our yearlong effort is now in conference committee and addresses a broad range of oil spill issues:
 - Liability and compensation.
 - Oil spill prevention and response.
 - Research and development.
- Administration's goals are clear.
 - Legislation must be global in scope and fiscally sound.

- Support inclusion of two international oil spill treaties to provide America with swift and assured compensation for foreign tanker oil spill damages.
- Support double hulls on new vessels unless report by National Academy of Sciences reveals significant concerns -- and we agree with those concerns.
- Oil Spill Liability Trust Fund must have adequate balance to cover catastrophic spills.
- Regarding Exxon's cleanup effort, Admiral Yost has just returned from Alaska.
- Exxon demonstrated responsiveness and creativity.
 - Innovative techniques: hot water washing (Omni).
 - Huge procurements.
 - Elaborate communications system.
- That's what we've come to expect of American industry. And that's the kind of effort we'll need to tackle the global challenges of the 21st century.
- The stakes are high. If we don't implement a comprehensive and consistent approach to our transportation challenges, I don't see how America can sustain economic growth at home or compete in the economic arena abroad.

- America has faced serious challenges before. We're more than able to meet -- and beat -- the competition.
- As President Bush said: "I know this about the American people: We welcome competition. We'll match our ingenuity, our energy, our experience and technology, our spirit and enterprise against anyone."
- With our National Transportation Policy, that's exactly what we intend to do.

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
DENVER AIRPORT CHECK PRESENTATION
MARCH 27, 1990
WASHINGTON, D.C.

- I'm pleased to be here today at Hank Brown's office with members of the Colorado delegation and Mayor Pena of Denver.
- I would like to announce the next installment of the federal government's commitment to the funding of the new Denver International Airport.
- Last September, the delegation joined me at the Department for the announcement of a \$60 million grant for the airport.
- This year, I am pleased to announce that we will be able to provide \$90 million for this project of national importance.
- The new Denver airport will increase capacity and decrease delays throughout the country's entire airspace system.
- Since I came to DOT, I have said time and again that this country needs to expand capacity. This project is a giant first step in that direction.
- There are, however, many other worthy projects out there that need federal help. In fact, there may be as much as \$2-3 billion in potential demand. This

far exceeds our available funds, so we really need to leverage every single available federal dollar.

- Because of this, we've conditioned the letter of intent that we have all just discussed to require the imposition of a passenger facility charge at Denver -- once the law allows it.
- PFCs are going to give the whole system a tremendous boost.
 - Would be an option for airports that could produce a new stream of revenues for needed improvements.
 - Could generate \$1 billion, which could help reduce airline delays.
- PFCs do not represent "de-federalization."
 - Airports would continue to receive entitlement funds unless PFC revenues were at least twice the entitlements that an airport receives.
 - Entitlement funds that airports do return would go into the discretionary pot to assist projects like Denver.
- Denver will benefit from a PFC.

- At \$3 per passenger, PFC revenue stream for Denver would be about \$45 million. That's far greater than Denver now receives in entitlements.
- I want to make it clear that the nation needs PFCs badly. Frankly, without PFCs, the ability of the system to expand and improve is in jeopardy.
- As I said, this project is a giant step in the right direction. Planning of this project has been a cooperative effort between the federal government, the city and country of Denver, and the state of Colorado.
- That's why I'm pleased that so many of the key players involved are here today for this announcement.
- With that, I'd like to present to Mayor Pena and the entire Colorado delegation this check for \$90 million.



Moving America Into the 21st Century

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
INTERSTATE TRUCKLOAD CARRIERS CONFERENCE
MARCH 28, 1990
LAS VEGAS, NEVADA

I want to thank Conference President Bud Tollie and all of you for having me here today. I knew that truckload carriers were an important part of the industry, but I guess I didn't realize how important until I noticed that Duncan McRae, current chairman of the American Trucking Associations, comes from your organization. And another one of your members, Chester Stranczek of my home state of Illinois, is ATA chairman-elect. Your conference speaks for one of the largest segments of the "for hire" trucking industry and that is certainly a very strong voice.

Shortly after I became Secretary, I said that we'd have a National Transportation Policy in a year or there'd be dead bodies all over the DOT building -- including mine. Well, as you can see today, I'm still alive and kicking. With the President's announcement of our policy earlier this month, we've generated a national debate over this nation's future infrastructure needs and how we'll pay for them. As this debate continues in the Congress and across the nation, I look forward to the continued support of the trucking industry.

The National Transportation Policy is a framework for strategic decision making that will help us do what has to be done to make our transportation system productive and competitive into the 1990s and beyond. It will guide us in building and maintaining the nation's infrastructure, in providing flexibility to states and local governments, in bolstering the competitiveness of transportation industries, and in maintaining safety as our number one priority.

It also provides a strategic framework for dealing with long-term issues such as uniformity of state regulations and reasonable access. If we are to remain competitive in the world marketplace we must unleash the productive capacity of the trucking industry. And that means dealing with three issues that have been



U.S. Department of
Transportation

- more -

around a long time -- uniformity of state taxation and registration procedures, state economic regulation and reasonable access.

Before I get into a discussion of those issues, I want to say a few words about drug and alcohol abuse -- just to bring you up to date.

I know you understand that drugs and alcohol are a serious safety problem in transportation -- a problem which must be dealt with. We knew it before the NTSB study which found one-third of drivers in 182 fatal-to-the-driver truck crashes tested positive for drugs or alcohol.

A survey released in February by the University of Florida's Institute of Food and Agricultural Sciences showed that interstate truck drivers approved of the DOT regulations requiring drug testing. Of 1,300 drivers surveyed in 1989, 66 percent supported mandatory post accident testing.

I know the majority, the great majority of truckers are drug and alcohol free. You are professional drivers, owners and operators who value safety on and off the road.

Many in the Truckload Carriers Conference are members of family-owned companies and you use a lot of owner-operators where you can. One of your members told me that it was easier to think about a son or daughter getting behind the wheel of an 18-wheeler, knowing that everybody else out there is being tested. Truckers have the biggest stake in highway safety.

We appreciate the cooperation you have given us in implementing the new regulations requiring drug testing in all transportation industries. We've talked to many trucking company representatives at seminars we sponsored around the country to assist private industry in implementing this tough new rule. I know this rule hasn't been easy for you and I assure you of this: we will continue to work with you in every way we can. We both share the same objectives to get drugged drivers and alcohol abusers off our highways.

Alcohol abuse is another serious social problem in all sectors of American life. It claims at least 100,000 lives annually, 25 times as many as all illegal drugs combined. Transportation is not immune to this problem. Forty percent of the nation's highway deaths involve an intoxicated driver or a non-occupant with a blood alcohol content of over 0.10 percent.

The Department is exploring options on how best to address this problem. For numerous reasons, the solution to the alcohol abuse problem may be very different from that concerning other drugs and require separate action.

Last November, we began a preliminary fact finding process to see what the transportation industry and the public thinks should be done about alcohol abuse. Some of you provided comments. The comment period closed March 9, and we are reviewing those comments with an eye toward beginning a formal rulemaking process. We will keep you informed because we want your participation every step of the way.

Your members do business in 49 states and thus have to adhere to 49 different sets of state rules, licensing and permit procedures. Your members start with one tractor and trailer and that same equipment delivers the load -- be it 200 or 2,000

miles down the road. Unlike some other segments of the trucking industry, truckload carriers do not switch equipment or transfer cargo. You don't maintain a series of terminals to break up or add to loads. What you start with, you finish with. You need to keep your trucks and trailers moving. The National Transportation Policy speaks to you.

Listen to these words: "When a national transportation interest is at stake, particularly the flow of interstate and foreign commerce, state and local restrictions must not be allowed to block achievement of the national goals." This is a statement of our National Transportation Policy.

You need to be able to run your equipment in all states to achieve the productivity benefits promised you by the Surface Transportation Assistance Act of 1982. Anything less is unfair. Anything less denies the nation's shippers and consumers the most economical service with the best on-time delivery record.

That's why I find it absolutely incredible the length to which truckers have to go to comply with various state regulatory and registration requirements, fuel tax payments, operating authority rules, and Lord knows what else.

Equally incredible is the fact that this issue has been around for at least 15 years. The American Trucking Associations has worked on it. The Department of Transportation has worked on it. The National Governors' Association has worked on it. Some states made great strides toward uniformity, but others remain glued to the same position.

At present, more than 40 state governments impose economic regulations on motor carriers operating in the state, and the regulations are frequently inconsistent from one state to the next.

There are hundreds of examples of how the crazy quilt of state regulations cost carriers and shippers billions of dollars.

Because of state regulation of intrastate trucking operations, Procter and Gamble finds it cheaper to ship Crisco 600 miles from Jackson, Tennessee to Tyler, Texas than to serve Tyler from neighboring Dallas -- only 80 miles away.

Morton ships its salt products 225 miles from North Central Ohio to Flint, Michigan for \$.76 per 100 pounds, rather than serve Flint's needs from nearby Manistee, Michigan -- where shipping rates are \$1.07 per 100 pounds.

It's clear that remaining unnecessary economic regulation at the state and federal levels seriously jeopardize our ability to be competitive. With the coming together of Europe into one market and already stiff competition from the Pacific Rim countries, our industries must be able to ship their goods in the most efficient way possible.

In 1983, someone tallied up and discovered that to register a truck to run in all 48 contiguous states, a trucker had to file 87 applications, get 84 stickers and submit about 205 quarterly reports.

The more things change, the more they stay the same. Today, the American trucking industry pays between \$1 and \$3 billion dollars a year -- a good portion of which could be eliminated -- to fill out different forms for different states. This is an

area where productivity can be improved and the price of a product can be reduced. This is also money that could be put into new equipment, providing benefits both for the consumer and commercial traffic. Instead, it's wasted productivity and wasted profits.

The situation reminds me of a story about a meeting of Illinois voters which was called to consider an increase in school teachers' salaries. This increase would also entail a rise in taxes. A reporter singled out a person who seemed very much interested in schools and asked him to assess the general sentiment.

"Well," he replied, "as best I can see it, almost everybody's in sympathy with it, but hardly anybody is in favor of it." I suppose that sums up where we stand on uniformity of state regulations. Lots of sympathy, but little action.

This is 1990, the start of the decade of achievement, and we must -- and will -- have action now. We will move this issue off the dime.

That's why the National Transportation Policy seeks to ensure that state economic regulation of motor carriers does not conflict with federal economic regulatory policy for interstate commerce.

If the United States is to remain competitive in international markets, we can accept no less than uniformity for our trucking industry, and it must come sooner rather than later. I plan to work with Tom Larson, the Federal Highway Administrator to make that happen.

Those of you who have visited me know I have this picture in my office of an old cowboy with a chiseled face and week-old stubble -- and it says -- "There's a lot they didn't tell me when I signed on board this outfit." How true!!

Not only did they not tell me about Exxon-Valdez and the California earthquake. They didn't tell me about issues that hang around for years.

Last October, I told the ATA we are going to deal with the question of "reasonable access." We're going to do it without riding roughshod over valid highway safety concerns, and, I told the ATA, we're going to do it sooner rather than later.

While I don't have a rule to announce to you today, I'll discuss some concepts and directions that will let you know we mean business. I can assure you that our objective is to make our nation's system for distributing goods by truck more productive and efficient without reducing highway safety. We are not going to pass up a chance to enhance our international competitiveness -- at a time when action to make our nation more competitive in world markets is sorely needed.

Indeed, the National Private Truck Council conservatively estimates that the nation could save \$2.3 billion annually -- at a minimum -- in direct transportation costs if carriers and shippers were able to take full advantage of the productivity opportunities provided by the more efficient equipment authorized by the 1982 act.

The present regulation leaves it up to the states to define reasonable access. As a direct consequence, in their exercise of that authority, many states have imposed significant restrictions on the ability of the longer and wider vehicles to travel on off-Network roads.

Because of the myriad of restrictions that have been imposed on the operation of longer and wider vehicles, American business has frequently had to pass up the productivity gains that come with using 48 foot rather than 40 or 45 foot semi trailers.

As many of you know, after traveling 500 miles on the Interstate System, a tractor pulling a 48 foot semi trailer often is prevented by state or local requirements from traveling the remaining ten miles from the Interstate to the destination. The carrier and shipper often decide not to use 48 foot semi trailers in the future. Being forced to stop and reload the cargo into smaller semi trailers which the state or locality has not prohibited from traveling to that destination is not only too expensive, it can also be dangerous. As I pointed out earlier, truckload carriers simply can't stop anywhere and unload things such as equipment to build an oil rig.

Consequently, the parties end up being forced to use smaller, less efficient semi trailers for the entire trip and making more trips to move the same given amount of goods. Each and every time this happens -- and it is happening daily -- transportation costs increase, safety is diminished, and our nation becomes less competitive.

The DOT began a rulemaking in early 1987 asking for comments on whether we needed a federal rule to define "reasonable access." In 1987, Congress asked the Transportation Research Board to study the issue. Congress also asked DOT not to issue a final rule until we had the benefit of the TRB report which came out last July. I might add Chester Stranczek served on the TRB working committee for the report and the TRB did its usual outstanding job in researching the issue and producing the report.

During this period, DOT published several proposals, including one based on the TRB report. The closing date for comments on that proposed final rule was December 1 and the final rule is making its way through the bureaucracy at the moment. DOT greatly appreciates comments provided by your association and the trucking industry.

Now, you will recall that Congress also asked the DOT to "accord substantial weight" to the findings and recommendations of the Transportation Research Board.

The proposed final rule included many of the recommendations in the TRB report. It would involve review and certification of state reasonable access review processes by the FHWA. All of the states would be required to have their reasonable access procedures reviewed and approved by FHWA. The states would be required to adopt reasonable access processes based on specific federal criteria for evaluating access requests to terminals that are based on safety and geometric considerations of the requested access route in relation to the longer and wider vehicle.

The FHWA would approve other state processes that differ from the required criteria if they provide for reasonable access for the longer and wider vehicles and do not impose unreasonable burdens on the freight carriers and shippers. This reasonable access process leaves enough room to take into account any unique features of a specific state that deal with safety.

The bottom line is I can't tell you what's in the rule because I haven't seen it yet and it's not ready for release. That's as close as I can come to the issue without a rule to announce to you.

Just as the National Transportation Policy provided a framework for resolving issues so that transportation can be more productive and the economy more competitive, the policy is the umbrella for resolving infrastructure needs. It provides the framework for reauthorization of the FAA this year and reauthorization of the highway, transit and highway safety programs next year.

With regard to the highway and transit reauthorization, currently being drafted, let me just say this: We recognize the need to preserve the integrity of the Highway Trust Fund. We are very aware that 40 cents of every dollar collected in the trust fund comes from the trucking industry. The trust fund has served us well in the past and will be an important part of our future.

We are going to spend the trust fund in a responsible manner and for the purpose for which it was collected -- for transportation.

Under the National Transportation Policy, you will see us target federal highway resources on systems of national significance which you rely on.

You will see a reduced federal share of the cost of individual projects. You will see more states assuming more responsibility for the costs. They've asked for more responsibility, and we want to give it to them. Eighteen states have raised their fuel tax to finance highway construction last year and a number of states have similar plans in the works. They recognize they have more control over their own destiny if they fund the projects themselves.

You will see more leveraging, more state, local government and private sector involvement in building and running transportation. You will also see more creative financing mechanisms -- probably some ideas that people haven't even focused on. It is the objective of our National Transportation Policy to make sure that we are doing everything we can from a creative standpoint to build and rebuild the nation's infrastructure.

You will see strong federal encouragement of research and development not only in truck safety but in highway and bridge construction and in every mode of transportation. I believe research and development are absolutely necessary if we are to be on the cutting edge of technology.

When the earthquake hit Interstate Highway 880 near Oakland, California last year a number of truck drivers in the office of a nearby trucking company were looking out the door at the freeway. They were probably thinking about the loads to be delivered that night. Instead, they saw the top lanes of the highway collapse.

For an hour and a half, the truckers worked alone, pulling people from the wreckage. They even used a crane and stacked containerized trailers on top of each other so they could climb up to reach the victims. They rescued about 40 injured or trapped motorists. When firemen and rescue crews arrived, the truckers led them to those they'd been unable to free.

Such is the spirit of the people who drive the lonely road -- the people glamorized in the popular country song, "18 Wheeler," and the spirit of your entire industry. America can be very proud of the trucking industry. I am very proud that the President has asked us to work together on national policies that will move America into the 21st century.

In 1956 when President Eisenhower started the Interstate Highway system he had a vision of "uniting the states." The legacy he left us, "Interstates," helped to build the strongest economy and the most powerful nation on the face of this earth. And, I should add, it also helped us build a very strong trucking industry. Now it's our turn. We must leave our legacy for future generations. With your help, the National Transportation Policy will do just that.

Thank you.

REMARKS PREPARED FOR
SECRETARY SKINNER TO
CONGRESSMAN DEAN GALLO'S FUNDRAISER
MARCH 29, 1990
NEW JERSEY

Today, all over our land, we remember the birth of one of America's greatest sons, Abraham Lincoln -- a self-educated backwoodsman who became a lawyer, Congressman and President. Whoever would understand in their hearts and minds the meaning of America will find it in the life of Honest Abe Lincoln.

His spirit continues to live on. If you stand to one side of his statue at the Lincoln Memorial in Washington, you can see the profile of a man of strength and wisdom, and by standing on the other side, the profile of a man of compassion.

Abe Lincoln taught us the true meaning of "We, the people . . ." He made us understand that no man is good enough to govern another man without that other's consent. And he lived by his words. "I am not bound to win," he once said, "but am bound to be true."

In the spirit of Lincoln, America has carried forward the dream of democracy, guaranteeing political rights and freedom for all her citizens. And as our nation has matured, we have sought to meet more fully the obligations that spring from our national conscience. In

the history of mankind, there has never been a people who've strived harder or done more than we Americans to help all who are truly in need.

This Administration is committed to carry on that tradition. In the past nine years, under the leadership of Ronald Reagan and George Bush, America has once again become the economic wonder of the world. It is the land of opportunity to which people of all persuasions look as a beacon of hope, freedom and growth. We cut taxes, and other nations took notice. We cut regulations that hampered economic growth, and other nations followed our lead. We relit the flame of opportunity and created millions of new jobs for all Americans.

Now, as we enter the decade of the '90s, the decade of achievement as I call it, the burning question facing America is: will we now prepare the way to continue this legacy of opportunity into this decade and into the 21st century?

In the eyes of the Bush Administration, yes we will. Call it competitiveness. Call it a quest for excellence. Whatever you want to call it, in the year 2000 we want America still at the top of the charts, at the head of the class. In the year 2000 we want America to be number one -- and climbing still higher.

That is going to take some doing. We're going to have to roll up our sleeves and work harder and more efficiently. And we're going to have to be clear from the start about what is the right path, the right way to accomplish that goal.

There are many stories about Lincoln, and one in particular that describes the opportunity before us. As a young lawyer, Lincoln once had to plead two cases in the same day before the same judge. Both involved the same principle of law, but in one Lincoln appeared for the defendant and in the other for the plaintiff. Now, you can see how this makes anything above a 50-percent success rate very difficult.

Well, in the morning Lincoln made an eloquent plea and won his case. Later he took the opposite side and was arguing just as earnestly. Puzzled, the judge asked why the change of attitude. "Your Honor," said Honest Abe, "I may have been wrong in the morning, but I know I'm right now."

The quest for excellence has been underway at the Department of Transportation with the development of our strategic national transportation policy. It has been a great undertaking that challenged our various modes of transportation to work together to seek new opportunities, to be the very best in a strong and ever

competitive international economy -- an international economy that gives us both the challenge of competition and, as it grows and we grow with it, the promise of a century of prosperity ahead.

A couple of years ago, millions thrilled to the saga of two pilots -- a man and a woman -- who rode a typhoon across the Pacific Ocean. They piloted a small, untried graphite ship of the air all around the world. Together, they were part of a modern day adventure unmatched since Lindbergh flew to Paris and Chuck Yeager broke the sound barrier.

In the wake of his historic journey, Dick Rutan struck the keynote of our Department and this Administration's philosophy. The free market system is so conducive to pioneering that, as he put it: he had to fill out only two pieces of paper in the six year history of Voyager. One was an application for airworthiness. The other, an application for a tail number.

The free market system is the cornerstone of our national transportation policy. It taps the energy and initiative of the people who provide transportation services and facilities and the people who use them.

Maintaining America's position as the world leader in safe, efficient, environmentally responsible transportation is one of the President's top priorities.

He recognizes that the United States is entering a new era; that's why our national transportation policy is so important. It evaluates short and long-term transportation requirements and review ways of meeting them.

We need to look at the big picture and make sure the decisions made today will meet our transportation needs in the 21st century. If the nation's transportation system does its part to bring jobs, economic growth and opportunity to the citizens of this country, then we've done our part for the greater good of this nation.

Let me give you a quick preview of the five major themes that have been incorporated in it.

The national transportation strategy includes a number of new policy directions, including:

- a stronger partnership among federal, state, and local governments;
- new and creative ways to apply user fees, bringing more money and increased stability to our transportation funding;
- the removal of unnecessary government regulations;

- the stimulation of greater private investment in transportation;
- and a major thrust to develop new technology and provide more funding and support for research and development, both in the private and the public sector.

I believe this is the most significant strategy ever developed for transportation in this country. It is designed to ensure that America has the transportation system it needs to remain competitive in world markets and improve our quality of life. I think it can help build a better America.

Building a better America. That is what George Bush was talking about when, in his inaugural address, he said, "We live in a peaceful, prosperous time, but we can make it better. A new breeze is blowing, and a nation refreshed by freedom stands ready to push on. There is new ground to be broken, and new action to be taken."

Well, that ground has been broken and action has been taken by this President. As we enter the second year of the Bush presidency, the domestic economy remains strong while, around the world, dramatic and hopeful changes are taking place. In the international arena, the President heralded -- in his inaugural address

-- the historic era of freedom that was dawning: "The day of the dictator is over."

You know, it's funny. The leaders of the other party have always underestimated George Bush. Do you remember when he was down 17 points in the polls, written out of the race by the media, they said he was finished. Of course, when he gained the lead in the polls, the critics were quick to point out that his support was a mile wide but only an inch deep. And when he won the election with an overwhelming margin, they said he had no agenda, no mandate, no vision for the future of this country. Everyone predicted that George Bush's honeymoon with the American people would be over in days, not months.

Well, as you know, they were just plain wrong. According to the Washington Post, George Bush's approval rating is around 80 percent. He has given us peace and prosperity. He has taken bold steps both at home and abroad. As he told us, he has done it in a kinder and gentler manner and; read my lips, he has accomplished it with no new taxes.

Remember when the Democrats doubted the President's resolve to stop the flow of drugs and scoffed at the fact that he would come down hard on drug

kingpins. Well, today I think General Noriega would probably disagree with that.

Remember when the Democrats said that President Bush lacked an agenda? Well, the President has taken the initiative and demonstrated leadership by offering solutions to the problems of drugs, crime, day care, education and the environment. These are the issues of the 1990s. These are the issues you and I and every American care about.

Now think about it. What did the Democrats propose? Their only answer is that it's never enough and that we need to raise taxes. Their answer is like a broken record, only they haven't figured out that the American people have taken to listening to George Bush on CD.

Let me give you just one example of what I am talking about. When the President went on national television to announce his drug strategy last year, all you heard from every Democrat on the news media that evening was "We have the solution to the drug problem, we need to raise taxes and throw money at the problem."

My friends, you and I are Republicans because you know that it has been our ideas and our policies that have lead America to the level of peace and prosperity that we have today. It is our ideas and our policies that

have shown the rest of the world the path to freedom and democracy. Just think how much easier it would be, and how much better off we would be if we had a Republican majority in one or both houses in the Congress.

I believe that the elections both this year and in 1992, the re-election of the President, reapportionment, and a lot of plain old hard work in the political trenches, could provide us with a real opportunity to win such a majority. But to do that, we need not only your continued support, we need the type of men and women in the Senate and the House, as well as in the governors' mansions and state legislatures who know and share our philosophy and are willing to do what is right for America.

As popular as a President can be, it is tough to get legislation passed if you don't control at least one house of the Congress. The GOP has not had control of the House of Representatives in more than 35 years. When we did control the Senate, during the first six years of the Reagan Administration, everybody witnessed the change that we were able to accomplish. When we are given the chance to lead we can make a difference in the direction of this country.

But it is people like you who are the key to the future of this party. It is individuals like yourselves who give so much, not only in terms of financial contributions, which are important, but in terms of your time and energy. Whether you are a candidate or a volunteer who answers the phone or goes door-to-door, you are an integral part of any future success this party is going to have.

And nowhere is your effort more important or more needed than right now. History tells us that the party in control of the White House loses a significant number of seats in an off-year election. Our goal is to defy that fact. We must hold our own in the upcoming election, and we will be successful if we have your continued support.

When you think about it, we are living in a rare moment of history. We are experiencing throughout the world not only long-lasting prosperity, but spreading democracy. It is an exciting time to be alive, watching the freedom we take for granted spread like wildfire across Eastern Europe. None of this would have happened without the leadership of Ronald Reagan and George Bush.

I have personally known George Bush for more than a decade. As a result, I am not surprised with his high

public approval rating, nor am I surprised by the fact that during his first year in office, he dropped in on 87 U.S. cities, traveled 135,000 miles, won a mini-war in Panama and held three world summits. Nor am I surprised that he held 33 full-blown press conferences and 15 informal ones, gave 54 interviews and delivered 320 speeches. Those are records, my friends, not for the Guinness Book, but for the White House.

In all my years of politics and public service, I have found George Bush to be the most considerate officeholder I have met. When I say considerate, I don't mean just to me. Whether you are a member of the Cabinet, a third-level staffer in the White House, or a person he meets during one of his trips, he treats everyone with the same level of respect and understanding. Not only is he considerate of others, but he expresses real concern for their problems. It is those kinds of qualities that the American people want in their leaders, and they see those qualities in George Bush.

So why is he so popular? Why has his presidency been a success? I believe one word describes it: Leadership.

George Bush is dealing with the problems of today in the hope of building a better America for tomorrow. He understands the change that is taking place and he

understands how to manage these changes. He has demonstrated the experience and the traditional values needed to manage these changes. Our party represents these values, and that is why we continue to hold on to the White House.

George Bush also understands the importance of individual freedom. That is the philosophy of the Republican Party, that is what we are all about. While the Democrats offer the same old tired song of tax and spend, the federal government is the answer to all of our problems; the Republican Party offers opportunity, choice, individual freedom to succeed.

That message is reaching out to minorities in America. Many minority candidates have embraced the Republican Party and what it stands for, and they have won. Minority candidates have won Republican seats not only in Congress, but all across America. But we must continue to get out the message that our party holds the best hope for Blacks, Hispanics, Asian-Americans and others. The President and Lee Atwater certainly are committed to that effort, and to recruiting even more candidates for public office. With your help we can be successful.

We have the candidates and the issues, and the message. Now it is our job, from those of us in

Washington to you, the county, state and local party leaders around the country, to put forth the best possible campaigns.

We also have two extremely strong campaigners on our side -- George Bush and Dan Quayle.

I want to take a moment here to talk about the Vice President. Forget what you read in the press or what you hear from the comedians. Dan Quayle is proving to the American people what George Bush knew when he selected him to be his running mate -- he is the right man for the job.

Since taking office, Dan Quayle has traveled to 38 states and raised more than \$7 million for our party. He has never lost an election for public office and he understands the nuts and bolts of politics. I think he is doing outstanding work for this nation; witness his recent trip to Central America on behalf of the President, and he deserves a major vote of thanks from each and every one of us.

With George Bush and Dan Quayle, and with the understanding of all of us that campaigns are won or lost outside Washington, D.C., the Republican Party can defy history this year.

There is a story about a fellow who was always asking Abraham Lincoln to give him a job in government. And one day the news was that the customs chief had died, and sure enough, this fellow shows up and asks President Lincoln if he could take that fellow's place. To which Lincoln replied, "It's fine with me if the undertaker doesn't mind."

Well, no bureaucrat, politician, government expert or certified genius sitting in a federal office in Washington has ever been able to replace the economic miracle of free men and women working with their hands, hearts and their heads to build a better future for their families and for a stronger America. It is not the government but the American people who have made this country great.

As Republicans, we have shown the way in the 1980s. We have demonstrated to the world how strong, creative leadership can make the difference in a free country. But now is not the time to rest on our laurels, we must build on our successes.

You are the key to that future success. You are the leaders who will help move our party into the 21st century. By working together, we can guarantee the promise of a century of prosperity ahead.

Thank you.

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
COALITION OF NORTHEASTERN GOVERNORS
MARCH 29, 1990
OGUNQUIT, MAINE

- Membership in Coalition of Northeastern Governors is good training for managing the nation's business.

- John Sununu at President's right hand; inspiration and great assistance to members of Cabinet.

- Main message here today: We want to work with Northeastern governors, we recognize your special problems -- congestion -- and your opportunities unique to the Northeast -- high speed rail -- and other things.

- NTP: strategic decision making framework, not a centralized plan; set of guidelines, not specific.

- Generated national debate over future infrastructure needs and how we'll pay for them.

- Requires partnership.

- Involves flexibility and responsibility.

- This will mean raising revenue in the form of user fees.

- All levels of government have a role to play.

- Administration willing to take the heat.

- Proposing user fee increases in aviation, in maritime, and in rail.
- Polls show Americans are willing to pay increased user fees if they know the money will go to transportation.
- User fees only for purpose for which they were collected -- transportation
- NTP: Framework for Reauthorization of FAA.
 - Increase of 73 percent in capital funding over next five years
- PFCs: an answer to aviation capacity problems; Logan, JFK, LaGuardia, Newark.
 - PFCs would promote efficiency in airport financing, give airports better control over sources of income, improve access to bond markets.
 - Proposal requires airports that choose to levy a PFC give up 50 cents of AIP entitlement funds for each \$1 of PFC revenue they earn.
 - Foregone entitlement money would go into discretionary funding -- for capacity, safety.
- Block grants -- little publicized provision of FAA reauthorization proposal.

- Airport entitlement funds are apportioned to primary airports and to states for smaller airports.
- Except for three states in a pilot program, FAA makes funding decisions for smaller airports. In those three states, the states administer the funds.
- Department is proposing to add seven states to the state block grant pilot program; extend program to 1995.
- States should have authority to take over responsibility for programs that directly affect them if they can effectively administer them.
- NTP: Framework for Surface Reauthorization.
 - Now drafting proposed legislation
 - Many issues to be resolved. For example, time for a truce in the federal operating subsidies for mass transit; needs to be a truce everyone can live with.
- NTP: Encourages new technology.
 - IVHS will help solve congestion and gridlock.
 - High speed trains and maglev show great promise.
- High speed rail service: FRA grants to plan Florida, Las Vegas high speed rail.

- But did better than that for Northeast. Worked with a task force of CONEG and Amtrak over last several years to evaluate alternatives for Boston-New York service.
- Commend governors of Northeastern states for taking the initiative for solving a regional transportation problem -- and working with the private sector for financing of major elements.
- Whatever the agreement between Amtrak and the CONEG states on the services to be provided, the Boston-New York City market will benefit from an express rail service.
- Transportation mobility will be improved and some of the excess demand for air travel will be absorbed by diverting to the rail service some of the 40 percent of Logan Airport's traffic which now comes from or goes to other Northeast Corridor cities.
- CONEG and Amtrak have -- with help from FRA and UMTA -- put together thoughtful approach to making improvements in New York-Boston corridor.

- NTP: Environment

- Oil spill -- March 24th anniversary of Exxon-Valdez. In that year you've had several oil spills on the North Atlantic coast.
- Easier to prevent a spill than to clean it up.
- Liability and compensation legislation now in conference committee.
- Oil spill prevention and response, research and development.
- Double hulls.
- Oil Spill Liability Trust Fund must have adequate balance to cover catastrophic spills.

- Partnership -- working together -- need to work to keep user fees for transportation.



U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

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STATEMENT OF SECRETARY OF TRANSPORTATION
SAMUEL K. SKINNER
UPON THE PRESIDENT'S NOMINATION OF
REAR ADMIRAL J. WILLIAM KIME
AS COMMANDANT OF THE UNITED STATES COAST GUARD
March 30, 1990

"I applaud the President's nomination of Rear Adm. J. William Kime to be the next commandant of the Coast Guard, subject to Senate confirmation. Admiral Kime's long record of dedicated service makes him the ideal choice to carry on the Coast Guard's distinguished traditions. The retirement of Admiral Paul A. Yost leaves enormous shoes to fill, but I am confident Admiral Kime can fill them ably. I look forward to working with him in the coming years."

#

Bob Mart
366-5583

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 30, 1990

The President today nominated Rear Admiral William J. Kime, U.S. Coast Guard, to be Commandant of the United States Coast Guard for a term of four years. He would succeed Admiral Paul A. Yost, who is retiring.

Admiral Kime has been serving as Commander of the Eleventh Coast Guard District headquartered in Long Beach, California and served as the Commander of the Central California Sector of the United States Maritime Defense Zone, Pacific; and as Coordinator of the Pacific Region of the Office of National Drug Control Policy.

Admiral Kime was graduated from Baltimore City College in 1951; the United States Coast Guard Academy in 1957; and the Massachusetts Institute of Technology (M.S., 1964). Admiral Kime is married to the former Valerie Joan Hiddlestone.

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United States Coast Guard

Fact Sheet

Public Affairs Office, 2100 Second St. SW, Washington, D.C. 20593-0001 -- 202-267-2304

Rear Admiral J. William Kime
Commandant (Designate)
United States Coast Guard

Admiral John William Kime has been nominated to become the 19th Commandant of the United States Coast Guard. He is currently serving as Commander, Eleventh Coast Guard District, headquartered in Long Beach, Calif. He serves as the Commander of the Central California Sector of the U.S. Maritime Defense Zone, Pacific; and as Coordinator of the Pacific Region of the Office of National Drug Control Policy.

Admiral Kime graduated from Baltimore City College in 1951 and from the U.S. Coast Guard Academy in 1957. He received a Master of Science degree in naval architecture and marine engineering and the professional degree of Naval Engineer from the Massachusetts Institute of Technology in 1964.

Admiral Kime served in deck and engineering assignments in the Coast Guard Cutter CASCO before assuming command of Loran Station Wake Island in 1960. He served at Coast Guard Headquarters in Washington, D.C. in the Merchant Marine Technical and Naval Engineering Divisions. While at Headquarters, he served as the principal U.S. negotiator at the International Maritime Organization (IMO) in London during the drafting of the IMO Codes for Liquefied Gas Ships. Admiral Kime was in charge of the structural design of the Coast Guard's Polar Star class icebreakers. He also served as the first engineering officer in the Coast Guard Cutter BOUTWELL stationed in Boston.

In 1977, Admiral Kime was a distinguished graduate of the Industrial College of the Armed Forces and was again assigned to Headquarters as Assistant Chief of the Merchant Marine Technical Division, and as both technical coordinator and a member of the U.S. Delegation to the International Conference on Tanker Safety and Pollution Prevention in London. He assumed duty as Commanding officer, Marine Safety Office Baltimore in 1978. He was assigned to Headquarters in 1981 as Deputy Chief of the Office of Marine Environment and Systems.

From 1982 through 1984 Admiral Kime was assigned as Chief of the Operations Division of the Seventh Coast Guard District in Miami, where he was in charge of day to day operations in the Coast Guard's drug interdiction effort in the Caribbean. He was promoted to Flag rank in 1984. In 1986 Admiral Kime became Chief of the Office of Marine Safety, Security and Environmental Protection in Washington, D.C., a combination of two Offices he had previously headed. His duties in this position included heading the U.S. Delegations to the IMO Maritime Safety Committee and Marine Environmental Protection Committee.

Admiral Kime is a registered Professional Engineer, a member of Tau Beta Pi, Sigma Xi, ASNE and SNAME. His decorations include the Defense Superior Service Medal, the Legion of Merit, five Meritorious Service Medals with "O" device, the Coast Guard Commendation Medal, the Coast Guard Achievement Medal, three Commandant's Letter of Commendation Ribbons with "O" device, two Coast Guard Unit Commendation Ribbons with "O" device and the Coast Guard Meritorious Unit Commendation Ribbon.

Admiral Kime, a native of Greensboro, NC, grew up in Baltimore, MD, and is married to the former Valeria Jean Hiddlestone of Pontarddulais, South Wales, U.K.



United States Coast Guard

Fact Sheet

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How a Commandant is selected

The selection of a commandant is a three-part process.

The Secretary of Transportation recommends an admiral to the president. By law, the nominee must be a flag officer.

The president makes the nomination.

The senate must then approve the nominee.

In the latest case, Secretary of Transportation asked all flag officers who wanted the job to let him know. He reviewed the personnel jackets of those officers and selected a group to look at closer.

After that closer look, including personal interviews, the secretary recommended his choice to the president. The president then nominated that choice to be the commandant of the U.S. Coast Guard. Admiral Paul A. Yost, Jr. is currently the 18th commandant.

It is now up to the Senate to approve the president's nominee.

The Senate Commerce, Science and Transportation Committee holds the hearings.

The House doesn't have to confirm the nominee, but it usually holds an introductory type hearing.

The Secretary of Transportation's method of selection is not prescribed by law. Each secretary decides how it will be done, using his or her own criteria for selection.

However, once the process moves to the presidential level, it is written into law.

14 United States Code, Section 44 "The President may appoint, by and with the advice and consent of the Senate, one Commandant for a period of four years, who may be reappointed for further periods of four years, who shall act as Chief of the Coast Guard. The Commandant shall be appointed from the officers on the active duty promotion list serving above the grade of captain who have completed at least ten years of active service as a commissioned officer in the Coast Guard. The Commandant while so serving shall have the grade of admiral."

The law has been amended many times. Prior to 1960 a commandant could be selected from the ranks of commander and above. In 1960 that was amended to read: "captain or above." In 1972 it was changed to read: "above the grade of captain."