

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
INAUGURAL FLIGHT OF LUFTHANSA /CHARLOTTE SERVICE
AUGUST 1, 1990
CHARLOTTE, N.C.

I am delighted to be in Charlotte today, at one of America's most outstanding and fastest growing airports.

It's hard to imagine that back in 1979, Charlotte had non-stop service to only 32 cities, including eight small cities. Last year, this city had non-stop service to 73 cities, including 16 small cities.

Today, it is my pleasure to welcome the inaugural flight of Lufthansa German Airlines to Charlotte. This is the third of four awards to a U.S. community made under the Department's Program for Expanding International Air Service Opportunities to More U.S. Cities. We welcome requests from other foreign air carriers.

The program is intended to spread the economic benefits of international air service to those U.S. communities that have not received such service in the past. It is open to communities when there is no non-stop or one-stop service between the cities as was the case between Charlotte and Frankfurt.

Let us hope that Lufthansa's service to Charlotte will be the beginning of a much greater expansion of the air services agreement between our two countries. We have begun to tear down the walls that prevent open skies around the world. We want an open skies agreement with Germany, and one that provides for an expanded pro-competitive environment for air service.

Welcome Lufthansa and thank you all very much for your fine hospitality.

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
MOTHERS AGAINST DRUNK DRIVING 10TH ANNIVERSARY
AUGUST 2, 1990
WASHINGTON, D.C.

Thank you, Micky (Sadoff, MADD national president), for that introduction and I thank all MADD members everywhere for allowing me to share your 10th anniversary celebration.

Like most speakers, I usually try to start with a little humor, but drunk driving is no joking matter. Instead, I want to share with you today some haunting words from my mail box last January.

A woman living near Chicago wrote me about a relative. In May 1989, her young cousin was on the way to her mother-in-law's to show off her three-month-old baby.

Her husband pulled the car far off onto the shoulder of the Stevenson Expressway in Chicago. He had pulled over legally. But a moment later, their car was struck from behind by a young man who was traveling at a speed of 70 miles per hour on the shoulder of the road, not on the highway.

The parked car flipped over and landed on its top, killing the three-month-old baby instantly, seriously injuring a second child, and leaving the mother with

such severe head injuries that it is still uncertain today whether she will walk or talk again.

The 22-year-old driver walked away without injury. Police charged him with drunk driving, driving on a suspended license, and tampering with evidence. It wasn't his first license suspension. There had been at least three others.

"I am writing to beg you, "the victim's cousin wrote to me, "to do all you can to change the drunk driving laws that currently exist in this country."

"Mr. Skinner, please do everything you can..." were her still haunting words.

Each one of you here today could give me your own version of this story -- with different characters and different circumstances. All our stories help to illustrate that regardless of how far we've come in ten years -- and we have come a long way -- we still have a long way to go.

As Secretary of Transportation, I give you this pledge here and now: we will continue to work until every drunk driver is off the streets and highways of our nation. As your 10th anniversary theme says, you in MADD, and we at the Department of Transportation, are "In It for Lives." And we are both in it for life as

well. We are with you for the duration, no matter how long it takes.

This organization has grown in ten years from a small group of people knocking on doors in California, trying to give meaning to one child's tragic death, to an organization of more than 2.8 million members and supporters in four hundred chapters.

You have been part of a great consciousness-raising in America. You dramatically increased public attention to drunk drivers through programs like the "Red Ribbon" campaign. I am one of those who have a red ribbon on my own car.

You have been effective in your court-monitoring programs to assure that laws are enforced and sanctions are applied. You have initiated victim assistance programs to rebuild lives devastated by drunk drivers and to enlist victims in the fight against drunk drivers.

We have been with MADD from the beginning. In fact, your national organization began with a meeting in NHTSA offices between MADD chapters on the East Coast and West Coast.

We have worked together with MADD and other activist groups on the President's Commission Against Drunk Driving.

We jointly supported the National Minimum Drinking Age Law and then worked to bring all states into compliance with it.

We worked together to encourage state legislatures to enact more than 1,000 drunk driving related bills. And we have encouraged the enforcement of these laws everywhere.

And the work goes on. Every day a new initiative is launched and a renewed commitment is made.

On July 25, NHTSA and the National Transportation Safety Board asked officials of 29 national organizations to join in a new coalition. We want to see these groups lock arms together in an active pursuit to get administrative laws passed across the nation to revoke drivers licenses.

Known drunk drivers -- those arrested and found to have illegal blood alcohol concentrations -- have been allowed back on our roads to drive again with a valid permit in their pocket until a court trial can be held. In too many cases, they drive drunk again and too often the result is a crash with innocent victims.

This situation has prompted 29 states and the District of Columbia to pass laws which allow immediate suspension of drivers licenses upon arrest. Now, NHTSA

and the National Transportation Safety Board have joined other national organizations to work for similar laws in the remaining 21 states. Laws like this in every state will once again send the message: "This senseless carnage on our highways simply has to stop."

On July 26, the Federal Aviation Administration adopted a new regulation designed to identify and ground pilots involved in alcohol or drug-related motor vehicle offenses that result in convictions or administrative actions.

Drunk driving on the highway indicates an attitude that we believe is not compatible with safe flying. The new regulation will remove pilots from the skies who demonstrate an unwillingness or inability to comply with state or local drunk driving laws.

Now, I can't think of a more appropriate way to celebrate the 10th anniversary of MADD than to kick off your National Designated Driver Program. It represents the strong and continued commitment of so many Americans to rid our highways of drunk drivers.

Your strength and support to the Designated Driving Program can make it second nature to party goers across the country. You have the human resources to organize designated driver community support teams.

You know how to contact restaurants to participate and how to conduct training for restaurant personnel. You know how to keep the program working and how to place special emphasis on high risk occasions such as holidays.

The Designated Driver Program will increase national emphasis on responsible alcohol use. The designated driver is something that makes sense to party goers of all ages. I've seen the designated driver logic work with my own children.

The Department of Transportation salutes you on the outstanding public service announcement we viewed a few moments ago. It will be a valuable contribution toward getting people to use the Designated Driver Program and save lives.

In this newest campaign, MADD can count on DOT support.

Your priority plan parallels our goals at DOT. Removing drunk drivers from our highways, and also drivers impaired by drugs, is a part of the President's National Transportation Policy. And like you in MADD, we will be working in support of checkpoints. I've seen the value of sobriety checkpoints at work in New York

State. We applaud MADD's sponsorship of a National Checkpoint Week in July 1991.

I am also delighted to be able to tell you today that California has qualified for both basic and supplemental funds under our Alcohol Traffic Safety Incentive Grant Program. California has qualified for nearly \$4.5 million. These grants will be available for five years, assuming that California remains in compliance with the requirements of the grant criteria.

I want to thank Governor George Deukmejian, Senator Pete Wilson, and the California highway safety leadership for their hard work in qualifying for this grant. We don't just hand these dollars out. We look hard for those who meet tough standards to combat drunk driving.

We must continue to work for enforcement of laws setting the minimum drinking age at 21. We must work for drug recognition training for police officers. The 1990s demand that we work together on special programs for young people, including provisional licenses, and license sanctions for offenders. We must work for open container laws and, in short, be ever vigilant for new ways to fight to rid our highways of drunk drivers.

For regardless of our progress, we still have 23,000 alcohol-related deaths every year. And one single life lost is one too many.

So, my message is congratulations. Happy birthday. May your second decade of existence be as productive and rewarding as your first. Together we continue to make a difference. I look forward to making the journey with you.

Let's get to work on the challenges ahead. Thank you very much.

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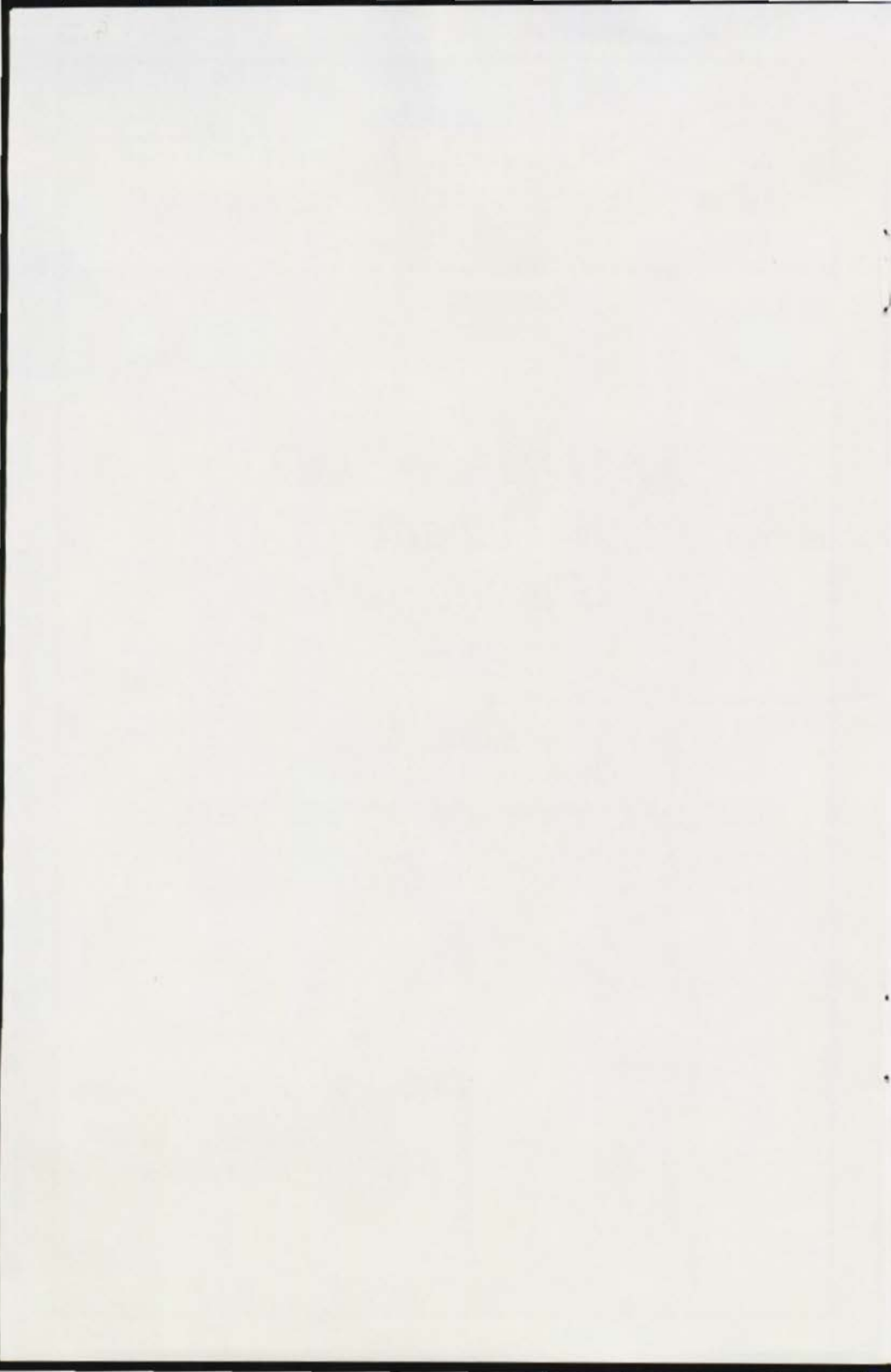
Let's get to work on the challenges ahead. Thank you very much.



SAMUEL K. SKINNER
SECRETARY OF TRANSPORTATION

***MADD and DOT:
A Decade of
Partnership***

Address to
Mothers Against Drunk Driving
10th Anniversary National Conference
August 2, 1990
Washington, D.C.



MADD AND DOT: A DECADE OF PARTNERSHIP

The Tragedy of Drunk Driving

Last January, I received a letter from someone who had worked with me in a Chicago law firm. She wrote to me about a young cousin who, in May 1989, was on the way to her mother-in-law's to show off her three-month-old baby.

Her husband pulled the car far off the shoulder of the Stevenson Expressway in Chicago. He had pulled over legally. But a moment later, another car struck their car from behind, driven by a young man at 70 miles per hour who was driving on the shoulder of the road, not on the highway.

The parked car flipped over and landed on its top, killing the three-month-old baby instantly, seriously injuring a second child, and leaving the mother with severe head injuries that make it uncertain whether she will ever fully walk or talk again.

The 22-year-old driver walked away without injury. *He was charged with drunk driving on a suspended license, and tampering with evidence. It wasn't his first license suspension. His license had been suspended at least three other times.*

The victim's cousin wrote to me, saying, "I am writing to beg you to do all you can to change the drunk driving laws that currently exist in this country." I still remember these words: "Mr. Skinner, please do everything you can."

Well, all of us here today have a message like that. For some of you, it has been much closer to home than it has been for others. But each of us in our own way

has been touched by a situation like that. There are legions of stories that testify to the problem of drunk driving. As we reflect on the problem, it is important to consider just how far we have come in the last ten years, and also on how far we have to go.

DOT's Commitment

As Secretary of Transportation, I have given my pledge to MADD, and to its sister and brother organizations, that *the Department of Transportation and the National Highway Traffic Safety Administration will do everything we can, not only to support your programs, but to place the problem of drunk driving at the very top of our list of priorities.*

As your 10th anniversary theme says, you in MADD -- and I would also include DOT -- are "In It for Lives." I would also suggest that we are in it for life. We are with you for the duration, no matter how long it takes.

MADD's Effectiveness

I also can't help but reflect for a minute on how far this organization has come in ten years. From a small group of people knocking on doors in California -- trying to give meaning to one child's tragic death -- to an organization today of more than 2.8 million members and supporters in four hundred chapters, you have come a long way.

You have been part -- a very major part -- of raising the awareness of the American people on the problem of drunk driving. You dramatically increased public attention to drunk drivers through programs like your "Red Ribbon" campaign. Those of you who have seen

my car around Washington -- my government car, as well as my personal car -- know that I have a red ribbon.

The only suggestion I have to make concerns the fact that those red ribbons wear out. It doesn't matter what weather you are in, they eventually wear out. So I hope that as we make people aware of drunk driving by using red ribbons, and get others to use them, we find a way to resupply those red ribbons. I don't have too much problem because I go to so many MADD events where I get a red ribbon on each occasion. I am worried about the rest of America.

You have also been effective in your court-monitoring programs to assure that laws are enforced and sanctions are applied. And the victims assistance programs you have initiated to rebuild lives devastated by drunk driving and to enlist victims in the fight are so very important.

I don't have to tell you just how important they are, and how vigilant you must be -- especially on the issue that deals with the driving privileges and the courts. The 22-year-old who was involved in that accident in May of last year still has not gone to trial. The case was continued again and again. I am told that it is now set for trial on August 20th.

I suggest that that case -- which got some publicity in the Chicago area, and I am sure will get a lot more attention than most cases because of my personal interest -- represents the kind of problem that exists all over this country. As the courts and the judicial systems of our nation are so crowded and clogged with cases involving other issues, in addition to drunk driving, *it is absolutely imperative that we keep up the vigilance and make the judicial systems and public officials*

throughout this country aware of just how important it is to have an effective deterrent program.

A Close Partnership

We jointly supported the National Minimum Drinking Age Law and then worked to bring all states into compliance with it. We worked together with you in encouraging state legislatures to enact more than 1,000 bills related to drunk driving. And we have encouraged the enforcement of these laws everywhere.

And so, as we look back on MADD's accomplishments, we must also look forward to the future. As the work goes on, new initiatives are continually launched and renewed commitments are constantly made.

Getting Drivers Licenses Revoked

On the 25th of July, NHTSA and the National Transportation Safety Board asked officials of 29 national organizations to join them in a new coalition. *We want to see these groups lock arms together in an active pursuit to get administrative laws passed across the nation to revoke drivers licenses.*

Known drunk drivers -- those arrested and found to have illegal blood alcohol concentrations -- have been allowed back on our roads to drive again with a valid permit in their pocket until a court hearing can be held. In too many cases, they drive drunk again, and too often the result is another crash with innocent victims.

This situation has prompted 29 states and the District of Columbia to pass laws that allow for immediate suspension of drivers licenses. NHTSA and

the National Transportation Safety Board have joined other national organizations to work for similar laws in the remaining 21 states. *Laws like this in every state will once again send the message: "This senseless carnage on our highways simply has to stop."*

I became involved in a case recently in which three pilots were charged with flying while intoxicated. As you know, the case received national attention and is currently on trial. A number of steps have been taken at both the state and federal level to deal with the problem of drunk flying. *Everybody should consider both drunk driving and flying absolutely unacceptable and intolerable. If everyone accepts that it is not safe to fly while drunk, why doesn't everyone accept that it is just as unsafe to drive while drunk?*

National Designated Driver Program

That's why the National Designated Driver Program that you have kicked off is so very important. I believe it represents a very effective way to make significant progress in ridding our highways of drunk drivers. I am familiar with the program because I, like many of you, have children who enjoy a good time.

My daughter, for instance, is now in graduate school and has told me on several occasions when she was planning to go out that she would be either taking public transportation or someone else would be driving who would not be drinking.

The Designated Driver Program works. It allows people to make choices and stick with them. It allows people to select someone to take care of the problem of driving without worrying. And that is why it is very important. We salute you for it.

Converging Priorities

We also salute you on the public service announcements that we saw a few minutes ago. They will be a valuable contribution toward getting people to use the Designated Driver Program and thus save lives.

In this newest campaign, MADD can count on DOT support. I am delighted to announce that shortly, as the result of a new initiative at the Department of Transportation, we will have our own public service announcements that will be prepared for us by one of our nation's leading advertising agencies. When these PSAs come out, they will be an excellent complement to your PSAs and to your Designated Driver Program.

Finally, MADD and the Department are in agreement in another program. And that, of course, is the Sobriety Checkpoint Program. We are delighted with the recent Supreme Court decision supporting the program.

I personally had an opportunity to see that program in operation in New York State. I have spoken to a number of the officers who work on that program. So I know it is effective. And I know it deters illegal activity.

California's Good Work

I am delighted to be able to tell you today that California has qualified for both basic and supplemental funds under our Alcohol Traffic Safety Incentive Grant Program. Over the next five years -- assuming that California remains in compliance with the requirements of the grant, which I'm sure you'll make sure they do -- they will be qualified for what I

think will be the largest single series of grants to any one state in the history of our Department.

Governor George Deukmejian, Senator Pete Wilson, and the California highway safety leadership have all been deeply involved in working to qualify for this grant. *We can't just hand these dollars out. We set high standards that must be met to combat drunk driving.* And I'm delighted that California has met those standards.

Continuing Priorities

It appears to me that as we look at the progress made over the last ten years, and we recognize the lives that have been saved, you can take great pride in what you've accomplished. But we must also remember the fact that more than *23,000 lives are still being lost every year on the highways of this country as a result of alcohol impairment. There is still enough work for all of us in our own way.*

I have the opportunity to participate at the national policy level in a very significant way. I have an excellent professional staff that is totally dedicated to this cause as their very top priority. You have people at the national level who are deeply involved. But I would be remiss if I didn't reflect on *where the success of MADD and DADD really is. And that's at the local level with mothers and fathers and brothers and sisters at every chapter in this country.*

I lived for many years in a community that was very involved in this program. First, there was MADD. Then came DADD, followed by SADD. They were actively involved. Hundreds of students were involved in the

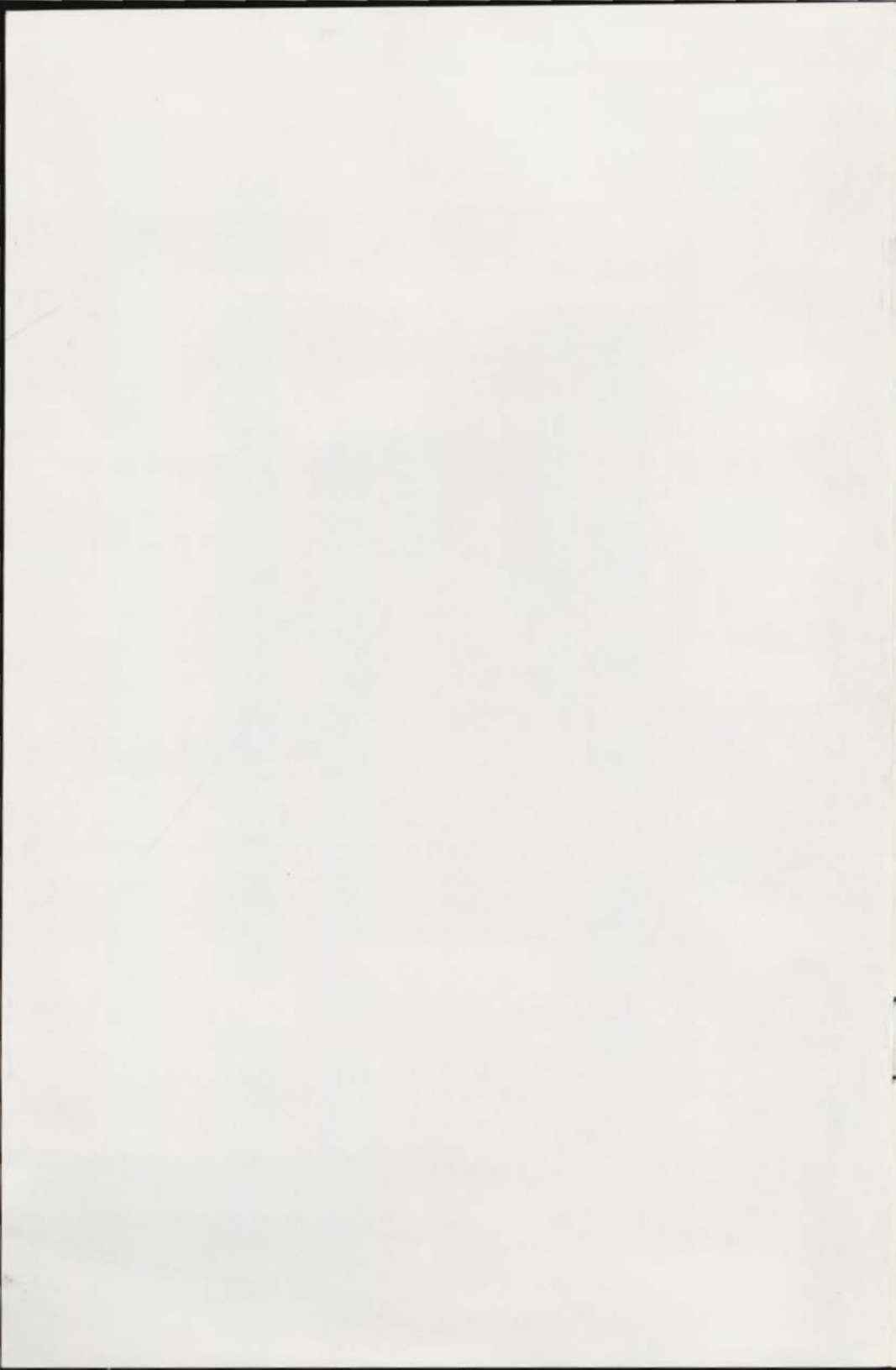
student program. Signs were posted on the streets throughout this community of some 25,000. And people were recognized for being actively involved in a program that works. And actively involved on a volunteer basis in a very significant way.

And when people see that, you know what happens? It becomes contagious. *People get excited about participating on a volunteer basis in a program that works.* And when the cause is so great and so important, it gives additional incentive. So as you go back to the field all over this country and begin discussions, please remember that there are people here in Washington who not only understand what you're all about, but recognize that you are the most important element in making this program work.

As leaders of your chapters, you have the opportunity to spread the message, to spread the enthusiasm, to encourage the volunteers, to make sure as we move into the 21st century that we take advantage of the latest techniques in communication, in education, and in technology.

Twenty three thousand lives is too many. One is too many. That should constantly be our goal. Thank you very much.





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SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
200TH ANNIVERSARY OF THE UNITED STATES COAST GUARD
AUGUST 4, 1990
GRAND HAVEN, MICHIGAN

What a wonderful day for Grand Haven and an outstanding tribute to the United States Coast Guard. Grand Haven is one of the busiest and most important areas of the Great Lakes.

Grand Haven is steeped in Coast Guard tradition. It was named by an Act of Congress -- "Coast Guard City, USA." Grand Haven has celebrated its unique relationship with the service since well before the turn of the century when a Life Saving Station was established here.

I am so proud of the Coast Guard, an outstanding branch of the armed forces with one of the finest and largest and best trained navies in the world and an equally outstanding air force. Yet, a branch of the armed forces that proudly measures its success in lives saved. Many lives have been saved on Lake Michigan.

Grand Haven appreciates that tradition better than just about any place I know.

The United States Coast Guard is rich with tradition. Revenue cutters were seizing contraband as early as 1793. The Revenue Cutter Eagle chased and captured french privateers during the Quasi War in 1798 and

1799. And the Coast Guard has fought bravely and courageously in every war that has threatened our nation's freedom and security.

But here in 1990, at the start of a third century of service to humanity, the United States Coast Guard begins anew. It's a new day and a new way. We have an outstanding new Commandant.

Admiral Kime has been on board a short time but has seized the opportunity and plunged full speed ahead. He faces challenges never encountered by a previous Commandant -- challenges in Congress to see that our men and women are funded to do the job, challenges in protecting our environment from oil spills and other dangers, challenges in search and rescue that never go away, challenges in enforcing marine law and challenges in the war to keep illegal and deadly drugs from our shores.

I have every confidence that the United States Coast Guard will meet those challenges in the finest way and will continue to regard Grand Haven, Michigan as a warm, special home port.

Thank you very much and good luck to you all.



Moving America Into the 21st Century

ADVANCE PRESS COPY

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Tele.: (202) 366-4570

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AMERICAN BAR ASSOCIATION
CHICAGO, ILLINOIS
AUGUST 6, 1990

A year-and-a-half ago, when President Bush took the oath of office, he declared that "the day of the dictator is over" -- that "men and women of the world (are moving) toward free markets through the door to prosperity."

Who could have imagined then that by the middle of 1990, the world would witness the collapse of the communist economies of Eastern Europe, and the emergence of free market political parties in the Soviet Union?

Last month marked the 200th anniversary of the death of Adam Smith, a man who would have been fascinated by the events of our day. "Where competition is free," Smith said, "the rivalry of competitors...obliges every man to endeavor to execute his work with a certain degree of exactness.... Rivalship and emulation render excellency...an object of ambition, and frequently occasion the very greatest exertions."

Adam Smith put his finger on the pulse of economic vitality -- competition. Whether it's his *Wealth of Nations*, or the just-published book, *The Competitive Advantage of Nations*, by Michael Porter of Harvard Business School -- the message is clear: competition is the key to economic growth and prosperity.

But competition can only flourish in a deregulated economy. Unnecessary and burdensome regulation can choke the ingenuity and incentive that competition breeds. This is a lesson that came through loud and clear in the 1980s. And it is a lesson that came home with particular force in transportation.

Nevertheless, we still hear voices calling for a return to the policies of the past. Some argue that the airline industry ought to be returned to the days when the



U.S. Department of
Transportation

- more -

government told airlines where they could fly, what kind of service they could provide, and how much they could charge. Others point to completely dissimilar industries as evidence that deregulation has not succeeded.

The fact is, deregulation has accomplished great things in transportation. And we will not turn back the clock. In fact, we intend to move forward -- to expand the frontiers of deregulation.

I'd like to review for you what deregulation accomplished for America's transportation industry in the 1980s, and what further deregulation can do in the 1990s.

In aviation, it can no longer be disputed that the market forces unleashed by the 1978 Airline Deregulation Act have proven to be a great success. For the most part, deregulation led to more frequent and expanded service at lower costs for most passenger trips.

That was the conclusion of the Department of Transportation's comprehensive Airline Competition Study, released earlier this year. Every other credible study of deregulation has confirmed those results.

We found that Americans now travel 65 percent more by air than before deregulation. But despite the increased demand, consumers are paying on average 20 percent less per trip, and about 90 percent of them travel on discount fares. Total savings for the American consumer are estimated to be \$100 billion.

In short, airline deregulation has revolutionized air travel. What used to be the preserve of business and the privileged, is now accessible to those with lower incomes. Countless families can now afford to travel together efficiently and safely.

That last point is very important. The Airline Deregulation Act loosened restrictions on routes, rates, and service; it did not deregulate safety. Safety is, and always will be, the Department's top priority. That's why, by the end of this year, we will have doubled the number of FAA inspectors in just six years.

Hand-in-hand with full airline deregulation came enhanced safety. Although the number of flights has increased about a third since 1978, the chances of being in an airplane accident have declined throughout the 1980s. Aviation is by far the safest way to travel today, and it has never been safer to fly.

What airline deregulation has accomplished domestically, must now be accomplished internationally. There is no reason why the citizens of the world should be denied the benefits Americans now enjoy. Therefore, we must move beyond the complex web of restrictive bilateral agreements governing the international skies.

The Bush Administration is doing its part to free the international aviation market just as our market was freed in the United States. But getting there will not be easy.

Number one, we must work within the bilateral context to establish liberal agreements with as many countries as possible. We have recently proposed the establishment of an unrestricted aviation regime to several of our major trading partners. Our "open skies" proposal is a major step in the development of a new,

more progressive era of international aviation. The United States is now party to 72 such agreements.

Number two, we are looking for new and creative ways to frame our relationship with other countries within a bilateral context.

Just last week, I participated in the inauguration of Lufthansa service out of Charlotte, North Carolina under our New Cities Initiative. This program brings international service to many previously underserved medium-sized cities. As I told the people of Charlotte, international aviation is no longer a luxury -- it is a cornerstone of economic competitiveness as our economy becomes increasingly global.

Number three, we're looking at alternatives to the bilateral negotiation process itself. This traditional way of doing business will continue to provide the forum for effecting change. But we may have to try new multi-lateral approaches to foster effective dialogue.

The Administration stands ready to conduct discussions in any forum -- formal or informal -- in which the prospects of creating a genuine market for international services can be advanced.

When I was in Europe this past spring, I met with commissioners of the European Community. My counterparts in transportation described their vision of the future of aviation for Europe and for the world. They spoke seriously about aviation liberalization, and about free and open skies. If it happens, it will mean competition within Europe, and then across the Atlantic, like we've never seen before.

Meanwhile, back in this country, we're determined to resist all forces calling for reregulation on another front -- the nation's railroad industry.

Ten years ago, the U.S. railroad industry was on its back, and dying. Bankrupt rail lines and poor, or no, maintenance were the norm. Some were already writing the industry's obituary. But the Staggers Act of 1980 brought the industry back to life.

Staggers removed numerous obsolete regulatory requirements regarding the pricing, service, and financial structure of railroads. It provided increased flexibility and spurred railroads to respond more quickly to the demands of the marketplace, and to compete more aggressively for traffic.

The industry spent much of the 1980s streamlining, restructuring, and upgrading to shape its systems for greater efficiency and responsiveness to the market. The explosive growth of short and regional railroads is a case in point. Small railroads have acquired almost 20,000 miles of lines since 1980. Two hundred new, small railroads have been created in recent years. The day will come when their route mileage will surpass that of the Interstate Highway System.

Today, a leaner, meaner U.S. railroad industry stands ready to capture the future and compete in a global marketplace. But some problems remain.

One reason Amtrak has been unable to achieve self-sufficiency is burdensome statutory requirements that must be repealed.

Amtrak, as well as freight railroads, must still contend with the Federal Employer's Liability Act. This archaic and outmoded system of injury compensation serves neither railroad employees nor their employers. It is simply bad policy to retain a fault-based system of employee injury compensation based on establishing fault when those systems were long ago rejected by virtually every other facet of American industry.

The Administration will introduce a bill in this Congress to repeal FELA. It is holding back the industry from increased efficiency, and from more effectively competing against the nation's truckers.

As for trucking, despite the partial deregulation of the industry in the 1980s, it is still bound by a maze of red tape that very clearly undermines the nation's competitiveness. We can put our finger on two issues in particular: full deregulation at the federal and state level, and uniformity of state reporting requirements.

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

If we do not act now, our economy will suffer. Recent studies have indicated that the economic benefits from total trucking deregulation would be as substantial as those from airline deregulation.

For several years, our transportation reforms have given us a leg up on the Europeans, here at home and in foreign markets. But that advantage is about to be negated. When the European Community abolishes virtually all economic regulation in 1992, the cost advantage that U.S. shippers enjoyed in the '80s could easily be lost because of the anticipated gains in European transport efficiency.

European Community goods will become less costly, relative to ours, in both domestic and foreign markets. That makes it imperative that we take whatever action necessary to maintain our competitiveness with European goods. We certainly won't be able to maintain it under the state of affairs we're operating under now.

At the federal level, for example, truckers must still file all their rates with the Interstate Commerce Commission. This creates a mountain of paperwork, as millions of rates are filled each year. This requirement is highly burdensome and serves no useful purpose.

At the state level, consider the fact that Texas intrastate regulation is so odious that Texas shippers are basing their distribution centers in places like Arkansas and Oklahoma rather than Dallas. Procter and Gamble finds it cheaper to ship Crisco 600 miles from Tennessee, to Tyler, Texas, than from only 80 miles away in Dallas. Procter and Gamble is moving the manufacturing of all its soap products from Dallas to Louisiana because of high Texas freight rates.

Texas is a worst-case scenario, but by no means the only example. It illustrates that complete deregulation of trucking is in the national interest. No less than 41 states now regulate intrastate trucking operations.

The federal government must work with the states in other areas, as well -- like the incredible burden imposed on the industry by the lack of uniformity in state paperwork requirements. We estimate that state paperwork requirements alone cost the interstate trucking industry between \$1 to \$3 billion a year.

Here again, one example serves to drive home the fact that uniformity is a must if America is to remain competitive in the global economy. Ryder System owns and operates more than 140,000 vehicles, the world's largest privately-owned fleet. Fifty six thousand of those vehicles are subject to interstate fuel taxes. To accommodate the various state requirements, Ryder has to acquire, distribute, and stick on well over half a million permit decals.

To get the job done, Ryder has seven full-time headquarters employees, and about 100 field people whose primary job is to take care of stickers. Ryder estimates that this costs the company \$3.3 million a year for 54,000 extra man-hours of work. And this doesn't include the cost of the decals or the actual fuel tax liability.

With uniformity, Ryder would have to deal with only 56,000 decals, one for each interstate truck. That represents a potential savings of \$2.5 million in administrative costs alone, according to Ryder's estimate.

The bottom line is that the current system is costing the U.S. trucking industry a ton of money. Add the \$1 to \$3 billion lost because of lack of uniformity to the \$3 billion lost because of continued state and federal regulation, and America is left with \$4 to \$6 billion in pure waste every year. As a nation, we've got to act, and we've got to act fast.

All told, the partial railroad and trucking deregulation enacted in 1980 is estimated to have saved consumers a minimum of \$20 billion a year, and as much as \$40 billion a year. That's as much as \$160 for every man, woman, and child in America -- every year for 10 years. And that's only partial deregulation.

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. And it will help ensure that consumers get the best service at the lowest possible prices.

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 the American people believe should take us into the future. This message came through loud and clear during our extensive outreach effort for the National Transportation Policy.

Deregulation isn't a cure-all. We understand that. Our Airline Competition Study, for example, pointed out pockets of problems caused by deregulation. And, in certain circumstances, some railroads may be able to exercise market power over shippers. Safeguards to protect these captive shippers should remain in place.

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's the guiding spirit of the Bush Administration's transportation policy.

And that's the spirit that will guide us as we seek to extend the transportation revolution that began in this country 12 years ago. We must cast aside those voices at the fringes who argue that deregulation has failed. Our challenge today is to consolidate our gains, and expand the benefits of deregulation across the entire spectrum of transportation in this country -- and, to the extent that we are able, around the world.

Thank you very much.



U.S. Department of
Transportation

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STATEMENT BY SECRETARY OF TRANSPORTATION
SAMUEL K. SKINNER
ON CONTINENTAL AIRLINES
August 9, 1990

In view of today's announcement of major changes in the ownership, management and board direction of Continental Airlines and its related companies, we would anticipate that the Department will undertake a normal review of the transaction to ensure that it is fully consistent with all legal requirements. We have already begun the process of requesting additional information as required by law. We will not comment further until we have had a chance to review that information.

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
CRAIG A. BENNETT/SANDY L. STOSZ CHANGE OF COMMAND
AUGUST 10, 1990
SAULT ST. MARIE, MICHIGAN

I am delighted to be with you this morning in Sault St. Marie. This beautiful area plays an important role in the mission of the U.S. Coast Guard on the Great Lakes.

That mission is rooted in a tradition that dates back to 1818. Today, the Coast Guard's North Coast operations represent a good balance among all its principal missions: from icebreaking to search and rescue and law enforcement, to marine safety, to environmental protection and port security.

As Secretary of Transportation, I am very proud of the United States Coast Guard. It is an outstanding branch of our armed forces, with one of the largest and best trained navies in the world, and with an equally outstanding air force. It is the branch of our armed forces that proudly measures its success in the number of lives saved. Almost 4,000 lives were saved last year alone.

Perhaps Alexander Hamilton best captured the essence of the U.S. Coast Guard when he created the new service as Secretary of the Treasury in 1790. He urged what was then called the Revenue Cutter Service

to show the qualities of "activity, vigilance and firmness, prudence, moderation, and good temper."

In the two hundred years since then, the Coast Guard has lived up to its reputation as among America's finest. And now, here in 1990, we begin a third century of service to humanity. It's a new day for the United States Coast Guard in many ways. First of all, we have an outstanding new Commandant.

Admiral J. William Kime has been at the helm a short time, but has already plunged full speed ahead. He faces a wide array of challenges unique to the history of the service: challenges in seeing that Congress funds his men and women enough to do their job -- challenges in protecting our environment from oil spills and other dangers -- challenges in search and rescue that never go away -- challenges in enforcing marine law -- and challenges in the war to keep illegal drugs away from our shores.

I have confidence that the Coast Guard will fully meet those challenges. The Change of Command that we are witnessing today demonstrates the reasons for my confidence.

Lt. Craig A. Bennett and Lt. Sandy L. Stosz were classmates at the Coast Guard Academy in the Class of '82. After eight years of distinguished service, Lt.

Bennett is headed for the University of Washington for two years. Lt. Bennett, we wish you and your wife, Susan, and your daughter, Natalie Jean, the very best as you pursue a master's degree in finance. We look forward to your continued outstanding service when you again rejoin the fleet.

With your departure, Lt. Craig Bennett, I can assure you that Katmai Bay and her crew will be in good hands with Lt. Sandy Stosz. Her service on my personal staff in Washington has been invaluable since I came to the Department of Transportation over a year-and-a-half ago.

I understand that the Katmai Bay is the first icebreaking tug of its class to be built and commissioned for the U.S. Coast Guard. In addition, Lt. Stosz will be the first female commanding officer of a cutter on the Great Lakes. So, Sandy, you are a first on a first, and I wish you the very best. You face challenging missions in an area of very harsh winters, but judging from your work to-date, I know your service here in Sault St. Marie will be outstanding. As everyone on my staff in Washington knows, Sandy has played an integral role on my team, and she will be sorely missed.

While the mission of the United States Coast Guard has changed over the generations, we can take great

heart in the fact that the qualities of its men and women have remained the same. Those qualities are best summed up by the Coast Guard's time-honored motto: Semper Paratus -- Always Ready.

The two former classmates we honor today -- Lt. Bennett and Lt. Stosz -- are living examples of that motto, and the qualities it represents. We wish them the best and Godspeed as they pursue their new assignments. Thank you very much.

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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
UNITED STATES TRANSPORTATION COMMAND
ST. LOUIS, MISSOURI
AUGUST 17, 1990

Good afternoon, and thank you for that warm introduction. I am very honored to be here to address the annual Air Force Association Briefing Session, presented this year by the United States Transportation Command.

I am also pleased to note the presence of General Johnson and Admiral Butcher, demonstrating their strong support for this Conference. During this time of national need, I would also like to express my appreciation to the men and women who are securing our interests in the Middle East.

Both your timing and your topic couldn't be more relevant today. TRANSCOM was formed three years ago to coordinate the global air, land and sea transportation efforts of the U.S. military during a crisis situation. The events of the past two weeks have dramatically illustrated the necessity for that unity, as well as the magnitude of transportation's role in maintaining national security in a changing world.

And the world *is* changing at a startling rate. The decades-old division of Europe is ending -- and the era of democracy-building has begun. Germany -- the

divided nation in the heart of a divided continent -- is now assured of unity as a free and full member of the NATO Alliance.

The Soviet Union itself is in the midst of a political and economic transformation that has brought forth unprecedented openness -- a process full of both hope and uncertainty. The coordination and cooperation of the two super powers in a united response to the threat of Iraq would have been unimaginable only a few months ago.

This reminds me of a story I recently heard. There is a story that peace has come to a land, and that biblical prophecy is being fulfilled at the Zoo, in a shared cage where the lion and the lamb literally lie down together.

Not believing this, an observer raced over to the zoo to witness this miracle. And there it was: A lion and a lamb resting peacefully.

Amazed, he asked the zookeeper how they accomplished this. The zookeeper replied: "It's really no problem. Of course, we have to replace the lamb several times a day."

The moral of this story is that, yes, we have entered a remarkable new stage in our relationship with the Soviet Union. But what matters now is how we *reshape*

our national defense, without neglecting the enduring great power realities that determine this country's security needs.

In that sense, a post-Cold War age focuses even greater pressure on the prepositioning of existing forces, and the importance of moving them further and faster in time of need. Prudence demands that we maintain our ability to protect vital national interests in Europe, the Pacific, the Mediterranean, and, as we have seen this week, in the Persian Gulf

As Iraq has demonstrated, the mobility of armed forces personnel and cargo is as important as ever and the need can arise suddenly, unpredictably, and from unexpected quarters.

Those of you here today know this already. You also know that the transportation of military personnel and equipment vital to national defense is primarily dependent upon the civilian sector. Our global responsibilities are simply too great and too diversified to depend on the military alone.

Let me therefore begin by giving you an update on the Transportation Department's role in deploying our forces in the Middle East, followed by a brief status

report on the various components of the civil defense transportation industry.

The hostile environment of the Middle Eastern desert has created an enormous transportation burden. Literally everything needed to defend our interests -- even food and water -- must be imported.

On the sealift side, the Military Sealift Command and MARAD have activated part of the Ready Reserve Force, some of which are steaming eastward at this moment with essential heavy cargo to sustain our forces in the Middle East.

The maritime labor unions have been involved in providing the hundreds of U.S. seafarers required within the activation period stipulated by the Navy. Although we did experience some problems with crew availability at the initial call up -- for instance, in getting chief engineers and radio officers -- we have not experienced any significant ship delays due to crewing.

The U.S. Merchant Marine Academy and State maritime schools have been notified, and they are identifying licensed graduates. We expect all shortfalls will be remedied by the time the last ship departs.

However, we may face manning problems in coming weeks if additional breakbulk ships are activated. This

points up the fundamental fact that the number of trained seamen has been declining for the last 50 years. Both MARAD and the Defense Department have concluded that within five or ten years, we will not have enough merchant mariners to fully crew the RRF in a national emergency. I will address this point later in my speech.

MARAD is also administering the National Port Readiness Program to expedite military shipments in a national emergency. The Agency has prepared emergency plans to ensure that port services and facilities are available to U.S. defense agencies during imminent or actual military situations. This program is in place, and the communications network for our essential mobilization ports is currently being tested.

Regarding airlift capacity, earlier this week, domestic airlines have been called upon to volunteer their civil aircraft to supplement DOD's transport planes needed in this current action. In interviews, military transportation officials left no doubt that their resources were being pressed by the demands of rapidly deploying troops to the Middle East.

As of this morning, Stage I of the CRAF was activated. Stage I is not expected to significantly effect any individual air carrier because the aircraft required

would be selectively provided by all participating airlines. And, no significant disruption is expected in commercial air travel. A Stage II implementation would obviously have a greater impact on our civilian economy, airlines, and traveling public.

On land, to ensure that essential surface transportation assets are available to move troops and supplies from bases to ports of embarkation, the Military Traffic Management Command has activated its Contingency Response, or "CORE," program.

This cooperative program provides the Defense Department with a means for acquiring priority transportation services. Members of CORE include industry associations and carriers, the DOT, other Federal civilian agencies, and of course, the Defense Department.

The DOT is proud to be a part of this vital effort to respond to this country's military needs in the Middle East. But the events in that crucial part of the world should also provide an opportunity to reexamine the longer term issues that have provoked our presence there.

The invasion of Kuwait is already having important economic consequences here in the United States, and much attention has been focused on the rising price of

crude oil. This has a powerful impact on all transport sectors, including the airline industry and on airline passengers.

Within hours of the invasion, the price of all fuel, including jet fuel, took a dramatic leap. Since the August 3rd invasion, jet fuel prices have jumped from about 58¢ per gallon to about 70¢ per gallon. As you know, jet fuel is the airlines' second largest expense, exceeded only by the cost of labor. Since most airlines do not keep large fuel supplies on hand -- typically no more than a day or two -- the cost impact is immediate.

Price levels seem to have stabilized at this higher plateau recently. If the current situation prevails, the industry could incur hundreds of millions of dollars in additional expenses by the end of this year.

At the moment, it is difficult to pin down the exact financial impact of higher fuel prices. The effect on the industry will depend on where the price ultimately stabilizes, the amount of those costs that the airlines can pass along to the passengers, and how much the airline companies have to absorb themselves.

Secretary Skinner and I met last week with top airline executives to assess the situation. I am pleased to report that the airline companies are on top of this situation. They have already begun implementation of full

conservation measures. Many of them have fuel conservation task forces established in the early 1970s that are triggered in times such as this.

There is no evidence of price gouging. In fact, the airlines have postponed their planned 5.3% price increase until August 27. The airlines are entering a period of traditional softening demand, and they do not feel that demand would support the increased ticket price.

The Department is working with the airline companies to see if there are actions which DOT and/or the FAA could take to increase fuel conservation in this period.

The Department has also established a working group under the leadership of the Office of Policy and International Affairs to address the issue of airlift capabilities to meet crisis level needs. This group includes all elements of DOT. It will define the range of "worst case" scenarios, ranging from natural and technological disasters through mobilization to general war. Current federal transportation response plans will be inventoried and assessed. We are working with the Defense Department, and expect a report shortly.

Let us now turn to the maritime sector. Of course, it is already known that the ability to carry on overseas

military operations for extended periods is almost exclusively dependent on sealift. The US maritime industry provides 80 to 90 percent of our sealift capacity -- and sealift will carry 95 percent of dry cargo, and 99 percent of the petroleum in any protracted overseas conflict.

U.S. sealift capability currently consists of the privately-owned U.S.-flag merchant fleet, the effective U.S.-controlled fleet, and, as we have seen, the government-owned vessels of the NDRF Ready Reserve Force.

At present, there are about 350 private U.S. flag ships operating in foreign and domestic trade, of which 275 would be useful in meeting sealift requirements. The effective U.S.-controlled fleet consists of approximately 140 militarily useful vessels. The NDRF includes 236 laid up vessels, of which 96 are Ready Reserve Force vessels, ready for deployment within 5 to 20 days.

DOT and Defense Department studies indicate that these forces are adequate for existing sealift requirements until the mid 1990s. But unless we take action to sustain current capacity levels, sealift capability will fall short of requirements after the middle of this decade.

This issue has been the subject of a maritime task force, established last December within the DOT. The task force has been examining all aspects of maritime policy, from shipbuilding and sealift to the various statutes designed to promote and support the U.S.-flag maritime industry. DOT personnel have participated and contributed fully to this effort.

Success hinges on finding solutions to problems in two vital areas. First, a means must be found for operators to obtain replacement ships at competitive world market prices. Second it is clear that the U.S.-flag fleet crewed by U.S.-citizen merchant seamen cannot compete in world trade without some form of direct or indirect operating assistance.

U.S. shipbuilding and ship repair capacity is critical to mobilizing U.S. strategic sealift resources. Currently, Navy and Coast Guard contracts are the only significant source of work, and account for more than 90 percent of the production work force in the U.S. active shipbuilding base.

But the aging of the world fleet and continuing growth in world trade are ample evidence that there may be a significant increase in civilian shipbuilding activity in the near future.

The DOT has been working with the U.S. Trade Representative and the State Department in an effort to reach international agreement on ending foreign government subsidies for shipbuilding by 1991. This would help create a "level playing field" and promote productivity in U.S. shipyards.

Another important way to address the problems with the U.S. merchant marine is to enforce cargo preference laws. Military cargo preference, in particular, provides vital cargoes to the operating fleet.

As you know, the Cargo Preference Act of 1904 requires that all military cargoes must be shipped on U.S.-owned ships. This very important statute, which the Bush Administration wholeheartedly supports, has one important effect: It makes the Department of Defense the single largest customer of the U.S. merchant marine.

There are allegations that DOD's market power and procurement practices have led to erratic pricing patterns, extremely low rates, and predatory pricing practices.

The transportation arm of DOD maintains that it is mandated under its guidelines to find the most effective cost of shipment. It seems to me that there is an intrinsic built-in incongruence of goals that need to be

addressed and clarified. Maintenance of a strong U.S. merchant marine demands this.

To those who criticize the utility of the RRF and call them useless clunkers, the recent events in the Middle East have shown the importance of this fleet to our nation's military logistical needs. MARAD will spend \$101 million to maintain the RRF in FY 90 and would like to spend \$126 million in FY 91. In its recent sealift study, the DOD proposed increasing the RRF from 96 to 142 vessels.

I mentioned earlier the initial difficulties finding appropriate crew for the RRF. Maybe this is a good time to look more closely at creation of a Merchant Marine Reserve. The idea to establish merchant marine officer training programs at state academies has been advocated by some over the years. Students would commit to a service obligation in a revived United States Maritime service following graduation.

Over time, such a program could produce a corps of several thousand trained officers to meet projected shortages. The idea is among the options being studied by the DOT Maritime Reform Task Force.

Regarding surface transportation, the DOT's Federal Highway Administration plays a key role in national defense-related transport. A 60,000-mile strategic

network of highways considered critical to national defense is currently being updated by the Departments of Defense and Transportation, and state transportation agencies. Detailed data on bridge and highway conditions in this system are being collected for DOD's use in evaluating defense mobilization and deployment routes.

The Department is committed to an appropriate level of federal highway construction aid in our pending Federal Highway Authorization bill, believing that we must maximize the capacity and efficiency of the surface transportation system, and develop more versatile strategies for both its civilian and military use.

The brutal aggression launched against Kuwait reminds us again that the world remains a dangerous place, with serious threats to important U.S. interests -- interests that can be protected only with military power backed by a transportation system ready to act without delay.

Public policy makers must evaluate out defense and transportation needs with a view toward assuring long-term security of our nation. We should not act hastily, but with reason and forethought. We must not under-emphasize the importance of transportation support for

the military. Hopefully, we will be a nation that heeds the warnings of this past week's events.

Recent developments have also emphasized that military and civilian teamwork is vital to meet this challenge and those to come. This gathering today represents that kind of teamwork. I appreciate your contribution to this effort, and look forward to working with you to achieve our shared goals.

Thank you and God bless you.



Moving America Into the 21st Century

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
MOTOR VEHICLE MANUFACTURERS ASSOCIATION/WESTERN HIGHWAY INSTITUTE
AUGUST 22, 1990
PARK CITY, UTAH

I am delighted to share the program with Congressman Norm Mineta, Chairman of the House Subcommittee on Surface Transportation. Norm is one of the most knowledgeable people I know on transportation and certainly one of the outstanding statesmen in Washington today. I value his judgment on transportation issues and seek it often.

Norm and I shared another program a few days ago at the Junior Statesmen Foundation dinner at Union Station in Washington. The thought crossed my mind at that time that Norm and I would be doing many public duos the rest of this year and early next year as we guide the 1991 Surface Reauthorization through Congress. I can think of no one I'd rather share the challenges ahead with than Norm Mineta.

Before I get into our assigned topic -- which is "The National Transportation Policy: Strategies for Legislative Action" -- I have a few somber words.

I ask all of you to keep the President of the United States of America in your hearts and minds as he continues to deal with the unrest in the Middle East and the threat to peace in the world.

I've known George Bush a very long time. I've been close to him for more than 12 years, and I know him to be the most down-to-earth, fairest, honest, most level headed guy in the world. He is going to do what is right.

President Bush has trained a lifetime for this job and this world predicament. There is no one on the face of the earth better qualified than George Bush to lead the free world to peace and stability. I know our nation will prevail because ours is the good and right cause, but I also know the President of the United States would very much appreciate your support at this moment in history.



U.S. Department of
Transportation

- more -

Of course, as everyone knows, we can count on members of the Motor Vehicle Manufacturers Association and the Western Highway Institute to be in the vanguard of serving America. I don't have to tell anyone in this room that the 18-wheeler is the workhorse of the American economy. Trucking is a quarter-of-a-trillion-dollar industry representing 5 percent of this nation's gross national product.

And year after year, the people who make the equipment and the supplies have manufactured safer and more productive trucks. You have been eager to work with the government and the trucking industry to build whatever this country needs for its economy, military, and safety considerations.

An example of this was the letter of invitation I received to this meeting in which Peter Griskivich asked, "What do you think the private sector should be doing to advance truck safety?"

Dick Landis, the FHWA Associate Administrator for Motor Carriers, is in the audience, as are several people from the National Highway Traffic Safety Administration, who will follow me on your program. I'll leave most of the safety questions to them. Suffice to say that safety is -- and always will be -- my highest priority.

Dick Landis will talk on driver fatigue, which is just one issue in a series of safety programs underway. The Department is also proud of the progress of the Commercial Drivers License Law, the Motor Carrier Safety Assistance Program, and a more comprehensive safety data system that will weed out the bad carriers.

Let me add that your planned October Symposium on intelligent vehicle highway systems is a good example of your sensitivity to safety concerns. You are right on target in your belief that modern technology, especially electronics applications, has tremendous potential -- and that IVHS may potentially save billions in concrete costs and accident costs. I applaud you, and I encourage you to keep up the good work. Test projects involving automobiles are already under way in Orlando and Los Angeles and for you to think about extending the IVHS concept to motor carriers is an excellent contribution to the future.

Traditionally, your two organizations have demonstrated the quality that has also spelled success for the President's National Transportation Policy. In one word, flexibility. In the world as it exists today we have to have flexibility to meet our challenges.

The National Transportation Policy is, in short, a charter for a new era. The great age of laying the foundations of America's transportation system is basically over. The foundation era in transportation must now give rise to the innovation era.

That is why flexibility is the watchword of the National Transportation Policy. Since its release in March by President Bush, the Policy has generated a national debate over our nation's infrastructure and how to prepare it for the 21st century. The Policy is intermodal in nature and provides a strategic framework for the national investment of time, of money, and of commitment.

The Policy has already provided the framework for reauthorization for our aviation program which we submitted to Congress this session and which has now passed the House.

The Policy is also the basis for preparing our reauthorization proposal for the highway, transit, and highway safety programs and other near term legislative initiatives.

Anyone as closely related to highways as this group knows highway needs. The question foremost on all our minds is where will we get the funds to protect our remarkable system and to construct what needs to be built? I don't have all the concrete answers today. It is a job that must be done. We will find a way.

Under the current federal-aid highway program, most federal-aid funds are apportioned to states in accordance with formulas that give weight to population, area, mileage, and relative costs or needs.

The states are responsible for determining how the money will be used within the legislated and administrative guidelines issued by the U.S. government. States have the option of further distributing these funds in the forms of grants in aid to local governments for use on eligible roadways under their jurisdiction.

Where the federal government is funding, operating, and regulating areas that are not necessary or appropriate, that involvement should be reassigned or eliminated. We know that state and local governments have already assumed greater responsibility in transportation. This can, and should, continue.

But I believe that the basic roles of the federal, state, and local governments will not change substantially in the post-interstate era. This will still be a partnership and the mission remains the same -- a highway system that will make the U.S. more competitive in the world market.

The most important change we anticipate at the federal level is a reduction in the number of categorical programs and an emphasis on a program of national interest.

Additional flexibility will be provided to state and local governments in making use of federal funds, particularly for those roadways that are clearly not of national interest. The states will continue to be the primary recipient of federal-aid money, with some funds being passed through to local governments for their use at the states' discretion.

At the same time, we must also ensure that there is a sound financial base to support our transportation system. The federal government in partnership with state and local governments, and the private sector, must see that the financial means are available to invest in America's future.

We seek to encourage a greater role on the part of the states, localities, and the private sector, in the preservation and development of transportation infrastructure whose primary importance is statewide or regional.

To help meet the needs we face, the National Transportation Policy urges greater flexibility for states and local governments to raise revenues. We also want to stimulate private investment and to encourage joint public-private financing of facilities where appropriate.

Accommodating increasing traffic demands and maintaining a reasonable performance level of the transportation system will require continuing and

substantial infusions of private capital. In this context, we are considering expanding the ability to use private donations, including cash and right-of-way, for the state's share of a project.

You are probably wondering about apportionment formulas and matching ratios. While a change in the federal share of the federal-aid highway programs may require the states to provide new funds, no final decision on ratios and program size have been made.

You are wondering about truck size and weight. Will you be building bigger and longer trucks?

That's a question that will be debated through the reauthorization process, I am sure. There are many studies in progress on this issue.

As you know, truck weight regulation is motivated by concern for protecting the pavements and bridges over which heavy vehicles travel, and the safety of the motoring public which must share the roads with commercial vehicles. Increasing the size and weight of trucks can reduce the unit transportation costs of the freight being carried. These productivity benefits can be offset by pavement and bridge costs and possible safety degradation.

As the volumes of truck freight have grown, trucks have also increased in size to take advantage of improvements in the highway system and vehicle technology. The physical characteristics of some parts of the nation's highway system, such as rural and non-primary roads, have not evolved as fast. It is these roads that would have the greatest difficulty in accommodating larger trucks.

Another productivity improvement is the streamlining of the regulatory structure within which carriers must operate. The transportation system depends on the services of providers that are efficient, competitive, and capable of adjusting to changing national transportation needs.

We must keep the transportation industry strong and competitive by removing barriers that impede productivity, or restrictions that favor one mode over another. The administrative burden affecting trucks and buses in such areas as vehicle registration and tax reporting requirements must be reduced.

In fact, one of the most important provisions of the National Transportation Policy is removing remaining regulations on the trucking industry and achieving uniformity of state licensing requirements. These two issues cut to the very heart of the economy of this country and must be dealt with sooner rather than later. The "meter is running" at the rate of between \$4.1 and \$6.2 billion a year in extra costs imposed on truckers -- and indirectly on shippers and consumers -- as a result of unnecessary state regulation and lack of uniformity.

In many ways, trucking issues are no different from others that face our nation. But in another respect, they are -- the need for safe, efficient, and reliable transportation provides access and ensures future mobility for a growing American population and changing economy.

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 and the most powerful economy on the face of this earth. Now

It's our turn. We must leave our legacy for future generations. We must be creative and innovative -- and use the latest technology and research and development. We must free the trucking industry to provide the very best links to those shores that take us to the world marketplace.

With the help of the Motor Vehicle Manufacturers Association and the Western Highway Institute, we will do just that.

Thank you very much.