5.70

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SEMINAR FOR PROSPECTIVE WOMEN MANAGERS
SEPTEMBER 10, 1990
WASHINGTON, D.C.

- My second seminar with prospective women managers.
- One of my favorite events of the year.
- Like speaking to people with intelligence, dedication, ambition, hope and belief in the future.
- Last year I said if I am remembered for anything, I want it to be said that "Sam Skinner was a fair man."
- Worked hard to instill fairness and equity into the system at DOT. Job is not finished.
- A few thoughts of my own about management.
- Number one, to be good, effective managers, be yourselves, use your professional talents in the way you would naturally, and you will move ahead quickly.
- Number two, keep strong family values.
- Child care continues to have high priority this year.
- Jon Seymour took survey of DOT employees on child care needs, studied your responses.

- Department has opened 14 Child Care Centers.
- Will work with other agencies to provide child care centers.
- Doesn't matter how we do it as long as we meet your child care needs effectively.
- Resource and Referral Directory to DOT child care includes listing of child care facilities in every state.
- Efforts will not stop here. We know how important child care is to working women, especially women managers, and it should be equally important to male managers and working fathers as well.
- Number three, be flexible.
- NTP notes that workforce is changing.
- Majority of future work force will be culturally diverse -- more older people than today.
- Working with variety of cultures, separately and together, effectively using the talents and institutional knowledge of older people will be a management challenge women are qualified to take in stride.

- Finally, and this is advice I would give to all managers -- male and female -- keep balance between work life and personal life.

- Sometimes we get so swept up in carrying the issue of the day, so determined to achieve and to be the best, we sacrifice too much of home life or personal relationships.

- If carried to the extreme, might make us most successful manager in our profession, but an empty human being.

- So don't get so swept up in struggle for success that you can't enjoy success of the moment, which is life itself.

- Good luck to all of you.

- Hope you reach and surpass your career goals.

- If I have anything to do with it, you will have every opportunity.

- I encourage you to continue to be dedicated, flexible and not afraid of change.

- These are exciting times in government and there's plenty of opportunity out there for all of you.

5.69

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
TRANSPORTATION REFORM ALLIANCE
SEPTEMBER 11, 1990
WASHINGTON, D.C.

- Middle East and U.S. Transportation Command.
- Energy conservation efforts.
- Legislative activities guided by NTP.
- FAA reauthorization: PFCs, capacity, airport noise, security.
- Surface reauthorization. What's ahead?
- America's current infrastructure deficit = third deficit.
- Industry will play major role: high speed rail, maglev, IVHS.
- Competition must thrive to keep industry, nation strong.
- Must expand deregulation and liberalize internat'l aviation.

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
FIRST ANNUAL FAA AIRPORT CAPACITY CONFERENCE
SEPTEMBER 12, 1990
ARLINGTON, VIRGINIA

It's great to be back in the pulpit, preaching to the choir about the need to expand aviation system capacity. All of us here today know that we have to face the facts of system capacity. We have to face them together and face them now.

When I heard that Triple A. E. and AOCI were collecting reservations for this event, I remembered that this would be my third speech this year to Triple A. E. members, my second to AOCI members, and I don't know how many times I've talked to the rest of you, but I am sure it's more than once.

When I spoke to the AOCI-Triple A. E. conference in March I remarked how much progress we had made in the previous year, but how far we have yet to go. Well, it's mid-September and we are halfway there on getting a passenger facility charge. I know that capacity involves much more than the PFC, but it will give us so much leverage and freedom. It is an absolute must.

We were heartened that the House passed by an overwhelming majority, an aviation reauthorization bill that eliminated the current ban against passenger facility charges at the local level. The Administration

can support the House PFC language and -- as I understand -- most of you can support it too. Congressman Oberstar did an outstanding job and he certainly deserves credit for being one of the most astute men in Washington today.

I hope the Senate will show the same wisdom and move the legislation through quickly. It is vital to the American economy that the airports have this autonomy offered by a passenger facility charge. When that message gets through, I think they will move on the legislation.

We in this room know that we have to face the facts that there are $625 billion in backorders for new airplanes today. If we have congestion problems now -- what are we going to do when these new planes are ready for the skies?

We have to face the facts that we expect a 65 percent increase in passenger enplanements by the turn of the century.

We have to face the facts that capacity enhancement is essential to our national economic survival as a player in the international marketplace.

When Eastern Europe opens up we will lose markets abroad, lose business, lose tourism if we don't have

more air capacity, and if we don't get our act together now.

And, most of all, we have to face the cold hard facts that the Trust Fund alone can't handle the job that needs to be done. The figures simply don't add up and they aren't going to.

There is a great lack of predictability on the federal budget situation. That may be the understatement of the century. We have been held hostage to some degree by the budget situation.

The PFC is a way to generate revenue outside the Federal budget's control. If you look at budget increases, with demand as great as it is, we see there is not enough to go around. We must have a passenger facility charge as a long-range planning tool. We cannot afford to be shortsighted. We cannot afford to wait until reauthorization of the Federal Aviation Administration Act comes up next time.

I know there is not a person in this room who doesn't understand that capacity is the number one problem in transportation today be it in the air or on our highways. I want you to know that I understand that capacity is a multi-faceted problem. It's more than building new airports or changing the geometric configurations of runways to make them more efficient. Capacity involves

the air traffic control system, runways, taxiways, groundside terminals. Capacity involves the road and rail systems that support the airports.

Capacity also involves changing the en-route air space system to maximize use of existing airports. It is as essential to revamp the en-route air space system to make more efficient use of existing capacity as it is to build new runways. One doesn't work without the other.

In addition, we have many outstanding small or medium hubs whose only capacity problem is that they don't have a capacity problem. They have excess capacity waiting to be utilized to relieve the big 30. These airports must be used.

All these elements must go together in a synergistic miracle that will keep the U.S. aviation system the best in the world. It will go a long way toward ensuring that the U.S. economy is the most competitive in the world in the 21st century.

I still feel we are going to have to take this battle to the American people and sell the proposal and I'd just like to give you a few sales points I've picked up along the way.

Here's the message you have to get out to the American people. The passenger facility charge is a pro-consumer proposal. And that's exactly what it is. It will enhance competition. It will help eliminate congestion, which is key if we are going to compete globally.

It will give an opportunity for the aviation interests in this country to not only deal with the problems of congestion and competition, but also hone our competitive edge as we compete in the world.

When I was testifying before the House Surface Transportation Subcommittee Committee, one of the Congressmen asked me if there was another federal initiative similar to the passenger facility charge.

I said it was similar to a toll on a highway.

Recently, in Illinois we opened a new toll road, the first new toll road in that state in many years. What has happened is the people are getting to work quicker and the toll road is at its projected volume.

The revenues are meeting their targets. People are using the system even though there is an alternative that is more congested, but free. They are paying the tolls, and it has relieved the congestion problems in other parts of the system.

The PFC is a user fee. It is paid for by the people that are using the system. It is not, when you consider the price, even in this deregulated, competitive price-affected market -- it is not a figure that will dramatically affect whether a person flies or not.

I've seen poll after poll that shows that people who use the service don't mind paying when they know the money is going to improve the service. That's true of highways and it will be true of the PFC.

The American people understand this is a unique time in aviation. We have an opportunity. We have a President who is willing to move forward on creative approaches. We've had a void on capacity and congestion-relieving problems.

Let's break the logjam and let's rise above parochial interests. I'm beginning to see a lot of that taking place and I applaud it and encourage it.

The PFC will do more than enhance capacity and eliminate congestion at the major airports in this country. We will also make available substantial funding -- more funding than has ever been available before, to the smaller and medium-size airports all over this country. Then they, too, can begin to eliminate their problems, develop their facilities, and begin to

make their facilities competitive with the bigger facilities throughout this country.

There are those who say now is not the time to pass a PFC ... if not now, when? The capacity constraints will not go away by themselves and the Federal budget situation will not permit the level of expenditures we need to solve this problem. The PFC provides the best opportunity for meaningful expansion of our aviation system. Let's not allow short term pressures to destroy our strategic decision-making.

Keep in mind that we are simply lifting the prohibition against imposing PFCs. Airports will be free to impose a PFC whenever, and if ever, circumstances warrant. The legislation currently pending before Congress enjoys bipartisan support. We have come too far to get derailed now.

Thank you very much.

5.67

STATEMENT BY
SECRETARY OF TRANSPORTATION SAMUEL K. ST KINNER
MONTREAL PROTOCOL PRESS CONFERENCE
SEPTEMBER 12, 1990
WASHINGTON, D.C.

I am delighted to be here with Senators Alfonse D'Amato, Frank Lautenberg, and Nancy Kassebaum. I am here this morning to underscore the Administration's hope that the Senate will ratify the Montreal Protocols -- which modernize the Warsaw Convention -- at the earliest opportunity.

Before I get into specifics on the Protocols, however, there should be no doubt about what my highest priority is as Secretary of Transportation: it is the safety and security of commercial aviation. We must do everything possible to prevent accidents, and we must do everything possible to prevent terrorist attacks against the world's airlines.

But when, despite all of our efforts, an accident does happen, our hearts turn to the families and the loved ones of the victims.

We have become acutely aware over the last several years that the legal regime governing accidents in international aviation is terribly outdated and unjust.

Monetary compensation, of course, can never overcome the pain that the loss of a loved one brings. But it can prevent other terrible consequences when the

loved one was also the family breadwinner. And sometimes it is the only compensation that society can offer. We have with us today a representative of the families of the Pan Am 103 tragedy: Vicki Cummock. Joining her are Hans Ephraimson and Renay Bevins, representatives of the victims of KAL 007.

In too many cases, it has taken much too long for compensation to be made available. The families of the victims of KAL 007 have been in litigation for more than seven years, and have yet to receive a penny.

And in too many cases, because of absolute limits on carrier liability -- $75,000 for accidents that occur during flights to and from the United States, and even less when they occur on flights between some foreign countries -- those recoveries have been insufficient by any standard.

Ratification of the Montreal Protocols will fix the problem. Together with a so-called "supplemental Compensation Plan" established by the airline industry, they will provide quick, sure recovery of both economic and non-economic damages, without any artificial ceiling on the maximum award. In brief, the Protocols would bring about the following benefits:

- Americans in international air travel will have virtually no limit on the amount of compensation available in

case of an accident -- wherever and under whatever circumstances the accident occurred.

- Americans will be guaranteed the right to use the U.S. court system -- again, regardless of the circumstances or location of an accident.

- It would not be necessary for plaintiffs to prove fault, which is often virtually impossible in an accident that takes place during an international flight.

- Recovery will be fast, unlike the current system, where cases can drag on for years.

The Administration's strong support for ratification is shared by the President's Commission on Aviation Security and Terrorism, the Senate Foreign Relations Committee (which voted out the Protocols 13-2 on June June 21, 1990), the General Accounting Office (which did an extensive study of the Protocols), the American Bar Association, and the families of the victims of the KAL 007 and Pan Am 103 tragedies.

Ratification of the Montreal Protocols would be the just thing to do. It would be the compassionate thing to do. President Bush, Secretary of State Baker, and I urge the Senate to bring these treaties to the Floor and vote to give them advice and consent as soon as possible.

5.66

STATEMENT PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
PRESS CONFERENCE WITH ADMIRAL JAMES D. WATKINS
SEPTEMBER 13, 1990
BOSTON, MASSACHUSETTS

I am delighted to be here today to join Admiral Watkins and Michael Deland in launching this very important campaign.

Increased conservation and efficiency in the transportation sector is an important part of the nation's response to the recent developments in the Middle East. Transportation consumes 63 percent of all oil used in the United States. That means if we're going to stem the flow of insecure, imported oil, the transportation sector must do its part. And I'm convinced we can conserve energy without draconian measures that will adversely affect safety.

Therefore, I call on all Americans to do their part to conserve energy in their driving habits.

- We can all drive five miles an hour slower at all times, and observe speed limits.
- Americans with more than one car should drive the more efficient car as much as possible.
- We can all make certain that our tires are always inflated properly.

- Those who can, should use mass transit or a car pool whenever feasible.
- By planning ahead, we can combine our trips as we complete necessary errands.
- Many Americans can use a lower octane level of gasoline as recommended by the manufacturer.

These small steps by each American will reap big dividends for the country. All told, if everyone took these steps, the country could save well over 100 million barrels of oil a year.

This ad campaign will help get the conservation message out, and I'm confident the American people will respond.

5.65

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
GOVERNOR'S CONFERENCE ON TOURISM
SEPTEMBER 17, 1990
JACKSONVILLE, FLORIDA

I am delighted to be with you this evening for this important conference. I doubt if there's any industry more closely tied to transportation than the tourism industry.

Our country provides more diversity in tourism destination, products, and services than any other country in the world. Your industry brings into the United States $2.5 billion a year more than Americans spend abroad. Tourism has a higher positive balance of trade than any other U.S. industry, except aerospace.

But we can't rest on our laurels. With the world changing as rapidly as it is, tourism trends could easily follow suit. That's why your conference theme -- "Charting the Path for Tomorrow" -- couldn't be more appropriate.

It reminds me of the story about a cab driver who was driving around a family of tourists in Washington, D.C. As they passed the National Archives building, the 10-year-old daughter read aloud the inscription over the entrance: "The past is prologue."

The little girl turned and asked, "Daddy, what does that mean?"

But the street-wise cabbie looked back over his shoulder at the little girl. "Honey," he said, "it means you ain't seen nuthin' yet."

Well, I think the same could be said about the U.S. tourism industry, particularly here in Florida. My optimism stems from the fact that the world has entered an era of profound change.

New and powerful political winds are blowing in Eastern Europe and the Soviet Union. By 1992, the Soviet Union intends to privatize nearly two-thirds of its industry. In the same year, the European Economic Community plans to become a unified economic market. The Middle East may never be the same after the current crisis is resolved. Already, it has marshalled great unity and resolve within the international community.

What does all this have to do with the tourism industry? I believe a great deal.

The political and economic barriers that are falling around the world should lead to vastly increased trade and tourism. Opportunities should abound as never before. Nowhere is that more apparent -- at least from

our vantage point in Washington -- than in international aviation.

Our confidence that a new day is about to dawn in the highly regulated international aviation industry is based on the success of America's own experiment in airline deregulation that began 12 years ago.

Earlier this year, the Department of Transportation released the results of the most comprehensive study of U.S. airline deregulation ever undertaken. We found that it has been an astounding success. We did find a few pockets of problems, but overall it has been a great boon for consumers.

Americans today are receiving more air service to more cities at lower prices than ever before. Since deregulation, airline traffic has doubled and average air fares have dropped about 25 percent, saving the economy $100 billion and giving the tourism industry a new lease on life.

While deregulation can't take all the credit for Florida's thriving tourism industry, there's no question you wouldn't be where you are today without it. The number of visitors here has doubled since 1980. During the '70s, the ratio of auto to air traffic was

approximately 85 percent to 15 percent. Today, it's about 50-50.

No wonder more American tourists spend more money here than any other state except California. But even though 87 percent of your visitors come from other states, it's the 13 percent from abroad that I'd like to focus on this evening. In 1989, foreigners spent $44.5 billion in U.S. travel, double the amount they spent only four years earlier. That's one reason why I see a great potential for Florida tourism as we head into the 21st century.

Another reason I'm optimistic on foreign tourism is the fact that Florida is a linchpin of U.S. international aviation. Almost one-fifth of all passenger traffic entering or leaving this country involves Florida. In the latest five year period for which we have figures, Florida's foreign air traffic rose about 50 percent -- well ahead of the rest of the country.

You rank second only to New York State in volume of international traffic. And Miami is second only to New York City as the busiest international gateway in the United States. Only Florida can claim four of the top 20 U.S. gateways.

That's why I'm bullish on Florida tourism. At least that's half the reason. The other half is my vision of where international aviation is headed.

With the benefits of free markets so apparent and increasingly accepted throughout the world, I believe it's only a matter of time before consumers worldwide demand that their governments open up their skies. That's why -- to expand opportunities for U.S. industry and to benefit American consumers -- the Bush Administration is working hard 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 are working within the existing 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. We call it our "open skies" proposal. We consider it a major step toward a new era in international aviation.

Number two, we're not going to achieve our objectives without innovative approaches and new initiatives. Our "Expanded Cities Program" underscores that commitment and our willingness to try innovative ways of encouraging other countries to loosen up their own policies.

This program presents a new opportunity for air travel outside the traditional bilateral process. It allows foreign carriers to provide service between their homelands and U.S. cities that do not receive non-stop or one-stop service to that foreign country by U.S. carriers.

Our program is available to foreign carriers of homelands that have signed liberal agreements with the United States. It not only brings new services to U.S. communities, but stands as reward to those countries that have liberalized, and as incentive for those still considering liberalization.

Although the Expanded Cities Program is only nine months old, it has scored a number of successes. Swiss Air is now flying into Philadelphia, and KLM into Baltimore. A Chilean airline, Ladeco, is flying into Washington Dulles, and Lufthansa recently began service to Charlotte, North Carolina.

While the Expanded Cities Program offers improved international air service for particular cities, it does not compromise the federal government's ability to achieve more significant benefits under other initiatives. The redoubling of our efforts to establish more liberal bilateral agreements is a case in point -- especially when it comes to Florida.

The Department of Transportation has been vigorously pursuing Florida route interests throughout the world. In recent negotiations with France, the French indicated they would select Orlando as part of their new opportunities. A February agreement gave the Italians route rights between Rome/Milan and Miami. Mexico has agreed to permit the United States to designate two U.S. carriers between Orlando and Mexico. Saudi Arabia reached an agreement with us that allows their national airline to fly to Orlando.

In the near future, we hope to reach new or expanded air agreements with several of our Latin American partners which would allow increased service to Florida. As part of a balanced exchange, we have specifically offered Orlando to El Salvador, the Dominican Republic, and Guatemala. We intend to open discussions with Nicaragua which would also include rights to Florida.

The Department of Transportation has been increasing the scheduled authority of both U.S. and foreign carriers to fly international routes to and from Florida. During the past year alone, 16 U.S. carriers and 15 foreign carriers have received new scheduled international authority to cities in Florida.

The number of Florida cities receiving international service jumped from four to six in the last half of the

1980s. During the same period, the number of passenger airlines serving this state rose 25 percent. The number of foreign cities receiving nonstop service from Florida increased from 62 to 77.

Charter programs between Florida and international cities have been significant this year. Programs are being operated by six U.S. carriers between Florida and six foreign points. Twenty seven foreign carriers are operating programs between Florida and 13 foreign points.

The list of proposed new services is practically endless. I'll mention some of them quickly. American Airlines expects to begin service next year between Miami and Madrid. TWA and Delta have indicated that they are considering Orlando-Paris service. American and Pan Am have applied to start scheduled services this fall between Florida and Nicaragua.

As for foreign carriers, two from Nicaragua are adding new services to Florida at this time. Air France is interested in Orlando-Paris service. Alitalia expects to begin service between Italy and Miami in late October.

On May 15, the Japanese Ministry of Transport released a preliminary announcement of U.S.-Japan route awards to Japanese carriers. This included an award to All Nippon Airways to serve Orlando via

Washington, D.C. All Nippon has stated that it intends to operate the service in conjunction with a U.S. carrier.

I know you have a special interest in Japanese tourism. That's one tourist market no one can afford to ignore. The Japanese command 18 percent of the total business of the U.S. travel industry. And they appear to be devoting more time to leisure travel. With the tourism industry enjoying a $6 billion surplus with Japan, you are making a significant contribution toward improving our trade balance with this major trading partner.

But it will take much more than good air service to attract the Japanese, or anyone else, to vacation in the United States. Once foreign tourists gets here, they will want to get around as efficiently as possible. They're liable to wonder if they will get stuck in one of America's infamous traffic jams. Or they may want to know if we have the kind of high speed rail service that is available in Europe and Japan.

Whatever transportation concerns the foreign or domestic tourist may have, there's every indication Florida is moving to address them. Florida is on the cutting edge on transportation technology and initiatives in the United States.

For example, beginning in 1992, Orlando will be home to one of the most sophisticated new experiments in intelligent vehicles and highways in the United States.

The city will run a centralized traffic signal system that will communicate with ordinary cars equipped with a special microcomputer, radio, and video screen. That equipment will guide the driver in selecting the most efficient traffic route to take him anywhere in the area at any time of day. At his fingertips, the driver will have video maps of the area, traffic information, and route graphics explained by a synthesized voice.

Then there's the proposed high speed rail service along the Miami-Tampa-Orlando corridor, or the futuristic magnetically levitated train being considered to run from the Orlando Airport to the Epcot area. Whether it's smart cars, high speed rail, or maglev -- coupled with your dependable cruise business and the promise of international aviation -- Florida has every prospect of a dynamic future in tourism.

I wish you the best toward attaining your goal of 40 million visitors a year. Perhaps this could be the year.

Thank you very much.

5.64

TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
ORLANDO AIRPORT GRANT ANNOUNCEMENT
SEPTEMBER 18, 1990
ORLANDO, FLORIDA

- Delighted to be here with Governor Martinez.
- Here today to announce $28.1 million grant toward fourth runway at Orlando airport.
- Am presenting $10 million today for developing plans and specifications and for site preparation.
- Money comes from year-end FY 1990 discretionary funds.
- Also have approved letter of intent which is subject to Congressional review.
- Letter provides for an additional $18.1 million equally divided between FY 1993 and 1994.
- These funds will be used to acquire land for fourth runway system and for environmental mitigation.
- Estimated cost of fourth runway is $148.8 million.
- Happy to report that environmental finding was positive and was approved July 13.
- New runway will provide additional capacity, increasing instrument conditions operations from 90 to 110 per hour.

- When demand levels reach 450,000 annual operations, fourth runway will save airlines $1.4 million per year in delay costs. Won't take long at rate Orlando is growing.

- Will save passengers caught in delays immeasurable frustration.

- New runway will make Orlando among first in nation ready for triple independent instrument arrivals and departures procedures.

- If procedures are implemented, three aircraft can land at same time, resulting in even greater savings and advantage.

- Estimated opening date of runway is September 1994.

- Delighted to provide $10 million to give initial push.

- Orlando is on cutting edge of transportation technology and initiatives in the United States. I applaud your innovation and success.

Jan 5.63

WHITE HOUSE OPP LUNCHEON SERIES

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SPEECH BY

SAMUEL K. SKINNER, SECRETARY OF TRANSPORTATION

+ + + +

Friday, September 21, 1990

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Transcribed from tapes provided by the

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P-R-O-C-E-E-D-I-N-G-S

MR. UNTERMIRE: It is a great credit to our President that, perhaps unlike most of his predecessors, going back to Franklin Roosevelt, George Bush was actually acquainted with every member of his Cabinet before he appointed them. Many Presidents only shook the hand of appointees moments before stepping out on a platform to announce them.

This President doesn't need any such background since he knows many people. And there could be no better example of how George Bush's personal knowledge of confidence in and thanks for an individual than Sam Skinner because, in addition to his very eminent career in law, both as a federal prosecutor and in private practice of law, Sam was the main engine for the President's campaign in Illinois. Tremendous success.

And the engine, having choked all over the Land of Lincoln, headed due East as soon as the election was over, and Sam Skinner burst upon the Washington scene, as an example of how the enormous talent in the private sector and outside, way outside, the Beltway can come to the surface of this Administration.

So, rather than to hear me talk about Sam

Skinner, I'd much rather have him do it. And, with great pleasure, I give you the Secretary of Transportation.

(Applause.)

SECRETARY SKINNER: When Chase asked me to talk, he said I can choose the subject. And I guess from what I've said, I'm supposed to talk about myself, Chase.

Well, I couldn't say anything about myself that Chase didn't say. So I won't. And while I've been successful in some degrading processes that magazines undertake here in Washington, I can assure you that if that equates to a name from Chase Untermire, I'd much rather have a name from Chase Untermire than "Washingtonian Magazine."

Thank you very much.

I'm going to talk to you for a couple of minutes. I'm going to try something. Do I need this mike, Chase?

MR. UNTERMIRE: No.

SECRETARY SKINNER: Because if I don't need the mike, -- can you hear me back there? -- let's try not to use the mike. And if you want to move up closer, that's fine, too.

I thought what I would do is rather than

talk to you about the substance of transportation policy, which you might expect me to talk about, I thought I would talk for a few minutes -- because you're government personnel selected people and good people, I thought I would talk to you for a few minutes about our management style at the Department of Transportation, what I found in the Department, what I have done in an attempt to energize the 110,000 people in that Department, and what I hope to leave as a legacy, as each Secretary wants to leave a legacy, in that area because it's relevant to what you do in Number 2. It's very important, in my opinion, for not only that department, but for the government in general.

Probably more than any member of the President's Cabinet, I have an advantage that I have been able to take advantage of in my prior training. From 1960 to 1968 I was with the IBM Corporation as a salesman and sales manager and spent a number of years in what I consider to be a great organization and really all-state benchmark, more than any other organization in this country, as far as not only quality and product, but in the way they manage their people.

I just recently finished a book called

"Father and Son and Company," which is written by Thomas Rossi, Jr., the former Chief Executive Officer of IBM, talking about the relationship with his father, who founded the company, his taking over the company, and some of the lessons that he learned as a manager, some of the mistakes he made.

But also through that book it reminded me of some of the culture of IBM that I enjoyed for nine years before I went into the U.S. Attorney's Office as a lawyer. Now it is explained to me why I do some of the things that I do in the area of motivation of personnel.

I firmly believe that the culture that you set for an organization determines to a great deal how your people will react to what you want them to do on the policy side.

You can try to direct people to do something or order them to do something, but if, in fact, they don't want to do it, I didn't have to come to Washington to find out that there are so many people and so many ways to put forward your objectives in government, that you will really, basically, be unsuccessful.

Having said that, I also recognize that as a leader, more than in most organizations, in

government people who work for you are looking for an example. And they form, in my opinion, their judgments as to how much they want to support you, based upon how they feel about you and what you're doing and that if you have that kind of rapport with your people and they recognize what you're all about and how you feel about them, they accomplish a greater goal. You can many of the jurisdictional disputes for the common good.

Having said all of that, I came to Washington having never worked for the Department of Transportation, having never worked in Washington, having never been a (Inaudible.), and really felt very strongly that if it was good enough for companies like IBM, Xerox, -- and I could go on and on -- it ought to be good enough for the Department of Transportation.

And so we began a process, which you're going to see and hear a little bit more about in the next year, about changing the corporate culture of the Department of Transportation and, in particular, the attitude of the managers towards the employees.

I am bound to say that I love to take my work seriously and do, but I don't take myself too seriously. I think Chase and I have a lot in common

in that regard (Inaudible.) because he is more material.

(Laughter.)

SECRETARY SKINNER: But it is serious work that we do. We can make a difference. But if we become pompous and begin to focus on ourselves and, say, joking about ourselves, it is basically counterproductive.

Immediately people know the joke about your selling. The aura of the cabinet officer, really, you know, you could get down and really relate to them and talk to them about why they're doing what they're doing and why they can make a difference.

In the book I was telling you about, "Father and Son and Company," one of the things that I noticed there -- and it kind of shirts the attitude that I have -- is that, even though I'm the manager, I'm there to help the people to do their jobs. I'm almost an assistant to the supervisor of the system.

And my attitude is not they're there to help me, which they are to get what we want accomplished, but I'm there to help them and that I want to be at their sides through thick and thin.

Number 2, there's an attitude in Washington that I didn't see in the private sector,

have not seen in good conscience. That is: If you make mistakes, you're penalized excessively. There's an attitude I see that: The credit belongs to me; the mistakes belong to you, even though I knew you were making those mistakes.

I've tried to reverse that thinking. The credit belongs to all of us. If it's wrong, it reflects on all of us. At the same time, when you encourage people to make decisions, you've got to understand if they make decisions, they're going to make some mistakes.

I'm not going to sit here and listen to them. I'm not going to listen to all of the mistakes I've made, especially from Chase, but I've made some mistakes. And I would have done some things differently over the last few years. I know it. My people know it. We've talked about it, and we've learned from it.

My people have made mistakes. And they know it, and I know it. Yet, no one has been fired because they made a mistake. What frustrates me is they don't want to make a decision because they're afraid of making a mistake because they're afraid of the ramifications.

And so, therefore, you posture yourself

to get through this process without having made a mistake. The best way to do that is not to make any decisions (Inaudible.) in no substantive manner.

So I'm encouraging people to make decisions, and we're trying to get an attitude through the entire Department that if you make decisions and make mistakes, you don't throw the baby out with the bath water. You learn from those mistakes.

I also believe that as we go through this process, it's important that people be recognized. And there's not enough recognition. There's not enough recognition of people from day to day, including in the Department of Transportation.

No. 3 I have a new award that I call the "Way to Go Award," a Department of Transportation chain with a "Way to Go" hung on it. And I give those out on occasion. Some people (Inaudible.). It should be at persons. I've decided to go to "Way to Go."

And the "Way to Go" is my way of recognizing people for little things, for big things, and for major accomplishments, or for small accomplishments.

The last award is ready to go out today to the servant, the manager of the FAA tower in Haskin Field, Massachusetts, who showed up when we diverted

from Boston at the very last minute because we couldn't get in and had no transportation. Admiral Watkins and I were going to be stuck there hailing down a cab.

Up comes in a Bronco the FAA tower chief and asked him. He said, "I saw the Transportation limos on their way in. I didn't know what they were doing here, but I thought I'd better get out here and see if you needed any help." So Admiral Watkins and I got in the chief's Bronco, his Ford Bronco, and headed to the target point and were only about 15 minutes late.

It goes to people who have done such dramatic things as jumping out of the helicopter and bringing people in out of the water and saving lives. It has gone to people who have served in the Department for over 50 years and it has gone to brand new employees.

There's no formal process for this. It comes up through -- the recommendations come up from the department managers. I make some decisions on my own. I try to make as many of the calls as I can, and I try to award as many of those as possible. There are a few that are awarded outside of the Department, on occasion.

The first one, I might add, went to our President after his speech on drugs a year and a half ago. He's still not sure what it's all about. (Inaudible.) This guy is nuts. But he has it.

The fourth point is recognition for a job. Many people have never even met the Secretary, never been in the Secretary's office, don't even have the opportunity to be around any of the senior managers in government, even though they've worked for the government for years.

In addition to being the right thing to do, it's fun. There is nothing more fun for me to do than tell somebody "You've done a good job." And I do it with a great deal of excitement and a great deal of enthusiasm and, hopefully, it means something to them.

I remember -- you really don't know because they don't tell you at the time. But I remember when United 232 went into Sioux City, Iowa. And the FAA people jumped on the scene, got out to the scene, and literally were involved.

These were people not involved in air traffic control, just employees at the airport who got out and actually helped people get in an ambulance, and probably minimized injuries.

I had those people come in, including all of those people involved, and I gave them an awards ceremony in the Office of the Administrator, and gave them all an award.

About three months later, at the awards ceremony, annual awards ceremony, which is the best day in the Department of Transportation -- the most exciting day to me every year is the day I get to recognize the outstanding employees at the Department. Justice has an awards ceremony which is coming up.

As I saw them walking across the stage, I saw the entire crew, which was getting another award at that time for what they had done. (Inaudible.) That indicated to me that that recognition was (Inaudible.)

Another thing that we're trying to do is give more than lip service into something that Chase and I feel very strongly about. That's quality controls.

I've looked at our statistics. And we're basically at status quo. In spite of all of the efforts that we've undertaken or at least given lip service to, we're not penetrating to the degree we should.

I feel very strongly about that and have

(Inaudible.) As a young Assistant United States Attorney, I went out and tried a case involving discrimination with the Chicago Police Department and Chicago Fire Department, where there was no noise at all. We basically had (Inaudible.) grounds.

The point is, though, that's got to start with every manager in the system. It can't start with Chase Untermire. It can't start with Sam Skinner. It's got to be everybody involved. It's got to be part of the mainstream (Inaudible.).

So we're restructuring. In the process of restructuring, the way we look at human resources issues, but, in particular, in that area to make sure every manager understands that you're not a good manager, you're not a complete manager unless you are performing in an excellent manager management recruitment, supervision, promotion, advancement, as well as training.

We're trying to put an attitude through the entire Department to change the process, and we're having some -- fortunately, I have a number of good local administrators who feel as strongly as I do.

Finally, you've got to treat people with respect, not just by giving them an award every day, by recognizing, by saying "Hi," by giving them a

quality of life.

The Department of Transportation has the best athletic program, a train people program, from any of the departments that I've been able to find, but we had a lousy facility.

Nobody was willing to put into the health facility in our Department, you know, anywhere close to what is even an average standard. So we got the best people, but the worst equipment and the worst facility.

And shortly after I became Secretary, I found out how being Secretary (Inaudible.). When I had the health people down, one day we toured the facility. And I said, "It would sure be nice if we could find ways to upgrade this system." That wasn't a directive. That was an observation.

Before I had a chance to execute my observation, new equipment was flowing in. It was being painted. All kinds of changes were being made.

Since then we've upgraded the facility to not the top of the line, but it's a good facility with a great group of staff. And it is doing something for the quality of life for the people within the Department. That's important.

This week, the 1st of September, we began

our no smoking ban in the building, after about a year of preparing people for it with no smoking clinics and all kinds of warnings.

And while we have tons of people in the closet at the DOT headquarters building, which is the smoking area, it basically has been accepted within the Department, amazingly, because that is kind of a Big Brother kind of attitude of a lot of people. Yet, they've basically accepted it.

And that is (Inaudible.) help people deal with their difficult problems (Inaudible.) all of them. A byproduct we're going to get, hopefully, is they'll be there longer and better health (Inaudible.). And it is helping them deal with a very important issue.

It really started when I made the commitment to the FAA Administrator's wife that I would help him quit smoking, as she was trying to do. (Inaudible.) one a day, one cigarette a day. The point is I decided this is what we're doing.

I went up to Kodiak, Alaska in the Coast Guard, which I have the pleasure of working with, and found that we have our personnel in quarters in Kodiak, Alaska that would not come anywhere close to meeting with the housing and the code standards in any

section of Washington, D.C. They were living in various (Inaudible.)

And so as part of the selection process (Inaudible.), we're focusing on what we were going to do to upgrade the quality of life of these families who are so supportive to these Coast Guard personnel, the men and women who are out on the water, sometimes two and three months at a time. And we're working through the system areas like that.

I'm in the process of finding my own quarters from the Department of Transportation. That is not because I want to be in a new building, but that building won't be done until long after I've left, maybe long after I've left. It is because I think the atmosphere that you are in, the environment you are in, to some degree determines the way you approach your job.

And the building we're in (Inaudible.). I have a great office. Some of you have been there. Nancy knows it's a great office. The story is that one of my predecessors, John Bolton from Massachusetts, was nominated for the Secretary of Transportation. And his construction company was building the building on a low-bid basis.

There was some senator asking him, "Here

we have a conflict with you building the building you're going to be in as Secretary of Transportation." He resigned from the company, gave it to his brother. And his brother built him this beautiful office that I have for free. He gave it to the government.

But the rest of the building is substandard, and it has been for some time. And I believe there are a lot of good things we can do because our lease was up anyway. We can focus on them, if no more than to consolidate our people and put them in a building that has a higher quality.

A lot of this is foreign to government managers. They -- and I don't blame them. They just haven't had the kind of central experience and they haven't seen it work. They haven't seen what it can do to the culture of the people.

My new Assistant Secretary, Lee Phares, was commenting. I asked her how she liked it. She said, "I like it. It's really different." She says, "I've never seen a manager who's focusing on organization, personnel, and human resources. But you have." At the same time, you know, we're moving along on the substance. (Inaudible.)

What I want to do is leave behind as a legacy the institutional culture that recognizes

people, recognizes the importance of funneling fairness in the work force (Inaudible.). Number 3 is a fun place to work. We try to make it a fun place to work.

There's a reason out of the 7,000 entrants for the Race for the Cure (Inaudible.) Vice President and Mrs. Quayle sponsored over 1,000 of those from DOT. And there was no arm-twisting. It's just the fact that I held up all the paychecks until I saw the numbers.

But, you know, they had hats that said "DOT." They had shirts that said "Race for the (Inaudible.) ." All the managers and everybody else was out, some running, some walking, but everybody was there. That was a fun thing to do. We met at the Plaza afterwards for pictures and Cokes and anything else.

That's because people want to be proud. When they belong to something, there's this desire to be part of something. It's part of our American culture to be proud.

When the Race for the (Inaudible.) became something that DOT wanted to do, everybody wanted to be part of it. I think all 1,050 who signed up were there. (Inaudible.) a very good (Inaudible.), good

team-building.

The reason I'm dwelling on this -- unfortunately, it sounds like I'm talking about myself, and I didn't intend to do that. The reason I'm doing this is because I think it's important for you (Inaudible.) to make sure that you understand that there are different ways for doing things. There are different managers and styles.

But the time has come. We're moving into the Twenty-First Century. We approach government, the management of government, the same way it's been done successfully for over 200 years. There are a lot of great companies. I can pick on IBM because I worked for them.

But I remember when I was growing up, my parents worked for the telephone company. While it didn't pay as well as the other jobs, the Illinois Bell Company was one of the premier employers in Illinois.

The reason it was a premier employer is, number one, there was continuity, obviously. Number two, the telephone company was always there. You were part of a team. And when there was a storm or a tornado, all of the telephone company in Illinois, you know, actually zeroed in onto the area, pulled

together to bring that (Inaudible.). Number three, they took very good care of their retirees and their benefits and the way they treated people.

So it can go back. And I can show you other companies in history for years and years where they have done that.

I suggest that most of the great managers who are truly known as great managers of companies have similar attitudes (Inaudible.). And I don't know any successful manager for a substantial period of time who has really been successful who doesn't have the respect of the work force. And that makes the difference.

So when you go through the process of identifying new candidates and finding new candidates in a town that tends to be inside-the-Beltway mentality and that you're not worth a darn unless you've got eight years of experience in half a dozen places, -- I know lots of people who have done that -- I would hope that you would recognize that there also is a vast world outside the Beltway that has an awful lot of buildings, an awful lot of talent, an awful lot of experience, an awful lot of ingenuity and creativity with an excellent track record.

When they come to town, we should

encourage them to participate in government. We should recognize that if they've been successful with their endeavors in the private sector, 8 out of 10 times they're going to be successful in the government sector, that ratio of success is probably just as good, if not a little bit better, than many of those inside the Beltway, and that the difference, or the reason we hear people talk about Transportation and what we're doing there, what a fun place it is, is because what I found when I arrived was a mother load (Inaudible.).

I found a good Department handling the people who came to government to make a difference, who wanted to be led, who wanted to make a difference. They wanted something to be proud of.

There are people -- I didn't know one of my (Inaudible.) administrators until I came to this town, none. I'll stack (Inaudible.) against anybody in any department in government. That's thanks to Chase and Nancy, who have really helped me (Inaudible.) experienced outside-the-Beltway people. (Inaudible.) with the attitude that we take our work seriously by ourselves, recognize those who are really doing the job, make sure you prioritize what you want to do, and then work as a partner to

take the present responsibility.

And I think that is as much as any reason (Inaudible.) because I found good people, 110,000 strong, who really want to do that, who really (Inaudible.). They really want to feel that they're accomplishing something, that they are (Inaudible.). Those ingredients (Inaudible.). And many successful managers (Inaudible.).

When you hear about what we're doing over there and some of the things that we're doing, you'll see that the theme is that. It starts with the day care centers all over this country, which is just our business as well as the right thing to do, -- some men and women who have children feel comfortable with finding a place for them -- to making sure that the handicapped and the disadvantaged (Inaudible.).

The most exciting event I ever intended at the Rose Garden was three weeks ago, when President Bush signed (Inaudible.). Of all of the things that I've done, (Inaudible.) that probably was the most exciting. I think what that bill will do, it will unleash opportunities for a whole segment of society (Inaudible.).

So, Chase, having talked about myself for half an hour, (Inaudible.). Questions? Let's try to

make it as informal as possible. Chase, (Inaudible.).

QUESTION: (Inaudible.)

SECRETARY SKINNER: Good question. I'm trying to -- in the human resource area, I'm trying to bring all the managers. I'm not ordering them to do it. I'm trying to bring them in to why it makes sense to do it. I'm trying to get the culture.

In my talks I talk about what we want to do to have every manager in the system be manager. We're talking about the methodology and evaluation of personnel and methodology in what we recommend, but, basically, to convince them that: number one, it is the right thing to do; number two, it's not as hard; and, number three, that, you know, caring for your people is recognized.

Now, I recognize that it will vary from person to person, but if you can change and you can at least make them aware, especially in the early years with the first-line supervisors, that this is the way a manager is to react, he or she is to react, to his people or her people, that will stay with them, even though, you know, the next Secretary or the Secretary after that has got another rule.

You've got to get it at the ground floor from the very beginning, grow up with a new

generation. And that's what the process is. You can't do it by a message. You've got to do it by education.

And a lot of it deals with a system that would allow management training, letting them focus for a period of time. We've expanded the messaging, the amount of management training we're doing, the supervisory training of people, internally as well as OPM schools and others, in an attempt to give them a chance to learn how to be managers rather than do it on the job. That needs a little reordering of priorities and our budget. It's not that expensive. That's what we're doing.

And also communication. We're upgrading the way we're communicating, both internally and externally. People love to hear what's going on, and you've got to make sure you communicate.

So that's a good question. Other questions (Inaudible.)

QUESTION: Some people might be interested in knowing about the Cabinet as the Cabinet, --

SECRETARY SKINNER: Okay.

QUESTION: -- how it works and all of that.

SECRETARY SKINNER: Yes. Sure. Good

question.

Well, the Cabinet works very well. I doubt there are very few Cabinets in recent history that work as well as this one. And it starts with (Inaudible.).

President Bush is not a petty man. He's a magnanimous man, the most magnanimous man I've ever met in my life. He is a thoughtful person. He doesn't like pettiness. He doesn't like internal fighting. He doesn't like to think that people are fighting with each other for things that really don't make sense.

That doesn't mean to say that he doesn't respect them to disagree in his presence, but he doesn't respect them to be fighters. So that starts with him.

Number two, you know, George Bush has chosen people who are like him. He knew every one his people. He knows what they're like. He knows the way to approach some of the basic issues.

And I think some of you will agree. (Inaudible.) I don't think he did it -- I mean, Chase, he probably didn't do it consciously, but subconsciously, when it really came down to a decision, he said, "Well, I know that guy. And that

guy" -- he probably said, "In addition to everything else, he's a nice guy." Okay? That nice guy is a lot more sophisticated in a decision process than you think.

So, therefore, as you know, we meet with the Cabinet every couple of weeks. It's basically to get information. It's to bring everybody up to date. It's a communication device.

Decisions are made and policies are being made within the Department through the (Inaudible.) basis, through the Economic Policy Council, which half of the Cabinet sits on.

The rest of the policy comes from where the other half sits. And then it comes through the White House and the OMB. It comes up through a process. Those decisions then go to the President for a decision.

(Inaudible.) President's decision, if there's some disagreement, he ends up listening to both sides. (Inaudible.) We interface with the White House through, obviously, the Cabinet (Inaudible.) tasks assigned to them, but that's our interfacing with the White House.

The President, basically, with this process basically also believes that a lot of

decisions may be delegated to the Cabinet. He is not one who thinks that the Cabinet officers shouldn't be totally noted by OMB or the process.

Now, having said that, I think he also recognizes that he cannot have 14 departments going off on singular issues in different directions, having (Inaudible.) process.

That's what the OMB and the (Inaudible.) process is all about. It's worked well. I have no complaints with it. You don't hear people complaining about it, at least publicly.

But, basically, that is the President's balance, to make sure we have a unified policy across the board, that when the decisions be made in one department that have implications in others, that the other departments are consulted, their opinions are heard before a decision is made.

When you control that process, you obviously have a lot to say about government policy. But, on the other hand, I think that, frankly, (Inaudible.) is a very reasonable person to deal with as long as you've got your act together, you know what you're doing, you know why you're doing it, you're not going off, you (Inaudible.).

And if he believes that he has confidence

in what you're doing, you'll usually go through the process with him. More often than not, you can get your position across if it makes sense. Those of you who can't, there are probably 6 out of 10 (Inaudible.).

But those three vehicles are kind of the way it works. And then Governor Sununu, who is an extraordinary man, an extraordinary hard worker, and, believe it or not, has a wonderful sense of humor, beat me at (Inaudible.)

But he will involve himself, if he has to, on a very (Inaudible.). It's not very often. And if you get too far off the reservation, he does not hesitate to call you on the phone one on one and tell you that related to what you're saying, it's better for everybody else, but it might not be good for the President.

And the President and John Sununu have such a close relationship, so much respect for each other, that when John Sununu gets all of us thinking that he's the real power, (Inaudible.) talk of the day. John Sununu doesn't go off the reservation any more than any of the Cabinet. He knows exactly what the President is thinking.

The President is so involved with the

details of what's going on that any major decision, finding, Governor Sununu (Inaudible.) national debt, national security issues (Inaudible.) pretty well talked about. That process has worked pretty well.

I will say this as an observation. The honeymoon is very rightly over. With Operation Desert Shield that's going on in the Mid East, combined with the budget problems, which are (Inaudible.), what's happening in Congress with the savings and loan industry, the first two years are probably going to be substantially easier than the next two because not only has he had to make hard decisions, we now have scarce, limited resources and a lot of problems to solve (Inaudible.), where a major undetermined embargo is not going to solve the problem.

That's going to take a lot of (Inaudible.) and a lot of other (Inaudible.). This is not going to be an easy to do for the President. (Inaudible.) up to it. People tend to like him and they like the way the process works (Inaudible.).

Of course, he's got his secret weapon, and that is Mrs. Bush. And wherever I go, when we start to talk about what a great job the President is doing, then they talk about the person who is really respected even more than him. That is Mrs. Bush

almost unanimously. She's an extraordinary asset (Inaudible.) this country. (Inaudible.)

I only say this as a fundamental point, Chase, that this is not (Inaudible.). This is just an (Inaudible.). These jobs are tremendously draining. We really -- even mindful of domain, it's draining.

And to think of the drain it puts on people like Jim Baker, the President, they really operate on another (Inaudible.) level because, number one, you always have to be on your toes that you don't make a mistake. Every word you say except to your closest friends may be used against you or misinterpreted or anything like that so you can't (Inaudible.).

Number two, people will always listen to what you say. So you can't really slip one by.

Number three, there are unbelievable demands on your time. The balance people want to see, they have to see. Then after that come the social obligations. They are draining.

The President has been able to survive because he works out and is in great shape. Number two, he really has a good balance of some of that. That's why you'll never hear a Cabinet officer ever

complaining that George Bush goes on vacation for a few days, Jim Baker goes on vacation, (Inaudible.).

If you don't check out for a period of time and get away from it all, you'll burn out. It really is as much (Inaudible.) energy and ability to manage (Inaudible.).

Do you disagree with that, Ann? Ann works with (Inaudible.) the Coast Guard. She works with (Inaudible.). So she can kind of see what his schedule is. (Inaudible.) 10 to 15 meetings. (Inaudible.) sit back there and (Inaudible.).

Let me also say that, Nancy, while you're here, I really appreciate all the support that you've given us. We have a great relationship. Nancy knows the Department well because she used to work there. And we have a very good team in place. (Inaudible.)

I think we probably have more Bush people than most any percentage. And we have at least tried to get as many good people to work (Inaudible.) as possible, involved, (Inaudible.) very important, and make sure that the right jobs (Inaudible.). At the same time, we have been able to work with some exceptions with some people who have some special (Inaudible.).

There are disagreements. That has to be

expected. But overall, other than the tiny process that takes away from (Inaudible.). That's really a process rather than anything else.

Question? Another question? Good. (Inaudible.) Have you got a question? No questions?

QUESTION: (Inaudible.)

SECRETARY SKINNER: Last question?

QUESTION: (Inaudible.) first task in Washington, what was your philosophy of government coming in and has it changed and, to bring up a specific policy issue, regarding regulation and deregulation of the airlines?

SECRETARY SKINNER: No. My experience is the nine years that I've been with the private sector as a salesman and as a sales manager (Inaudible.) order an open, unregulated industry.

The best product, the best sales pitch, the best quality, the best availability, the best price (Inaudible.). And I grew up with that.

At the same time, I went to night law school because I had always wanted to be a lawyer, having grown up in the Land of Lincoln, in Springfield, Illinois.

When I went to government in 1968, (Inaudible.) IBM and I stayed with them longer than

we thought we would. I really was a prosecutor. And, you know, that's a completely different job than what I'm doing now. (Inaudible.) United States Attorney in Chicago.

And so there I was going to make decisions. I can't avoid them. The file is sitting on your desk. The statute of limitations is running. The investigation is complete. Do you investigate? I mean, do you prosecute or don't you prosecute?

You've got to make decisions. You've got to. And then your decision is going to be tested. You're going to have a trial before the United States District Court.

So while I learned the decision process and interfaced with the government to some degree, I really wasn't in kind of mode other than what we've talked about.

In the private sector, (Inaudible.) in Washington, I have worked with regulated companies. I've worked with unregulated companies. I have watched (Inaudible.) deregulation and (Inaudible.).

But I really had no philosophy, I don't think, that I looked at other than government, I firmly believed, had to be working on mass transit, that: number one, government cannot solve all the

problems; number two, there's a lot of inability in government to do it. We try to do something that really doesn't fit. Really, it turns out formally to be a disaster.

So I kind of was a non-interventionist then. I am now (Inaudible.) of deregulation. I believe that since I became Secretary. I believe that is one of the reasons the Reagan Administration was so successful.

I think that's one of the reasons we had the largest peace time probably we've ever had is that we for eight years got the government -- you know, started to dereg and stopped this locomotive coming down the track of rules and regulations with government involved.

And I know from my experience when I worked on the Hill for two years that there are a lot of people who don't understand that, who will never understand that, that have to have something to do, that have a (Inaudible.) budget and staff and everything else.

They are going to try to do something they can put their name on, whether it's (Inaudible.) ludicrous CAFE bill or something else. And that's because they now want something to go home. They want

a skin. They want a scalp, skin the scalp, to take home and say "This is what I've done in the United States Senate."

And they carve out a little area. All their staff keeps growing. And then they just try to make that an issue. And it really is form over substance.

So I don't think the congressional process works too well. That's a plus because the more they fight with each other, the more they fight for their jurisdiction, the more they fight for appropriations, and authorization, the more they fight between House and Senate, as well as Republicans and Democrats, the less that they've done.

As my mother said, no man, woman, or child is safe when Congress is in session. I believe that. But I think the whole process, congressional process, legislative process, is being reexamined because I sense a lot of frustration.

The people I hear from the most (Inaudible.) is Dick Cheney, who served in Congress for a number of years very successfully, rose leadership very quickly, public leadership in the House.

And now he has to deal with the House and

the Senate committees and his former colleagues. And he has very hard-core frustrations. I think you see that.

So, fortunately, with the President and a strong Chief of Staff, with vetoproof minorities in the Senate and the House, we've got a pretty good balance (Inaudible.). Heaven forbid we've lost that veto (Inaudible.) majority. The biggest thing we have to stop (Inaudible.)

(The tape was concluded.)

CERTIFICATE OF TRANSCRIBER

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
NATIONAL DEFENSE TRANSPORTATION ASSOCIATION
SEPTEMBER 25, 1990
EL PASO, TEXAS

Thank you for that introduction, (Major) General Wakefield. It is a pleasure to be with you this evening. I am especially delighted to be here to honor two of the most distinguished members of the defense transportation community, Mr. Ron Drucker of CSX and (Major) General John Piatak.

As an ex officio member of your board, my Deputy, Elaine Chao, can testify firsthand to the leadership of our honorees tonight, and to their contributions over the years to NDTA.

Almost two months ago the world witnessed one of the most shameless acts of aggression in modern times. When Iraq invaded Kuwait, the world responded with a resolve and unity seldom seen in international affairs. Leading that response, of course, has been the United States.

That response has required a wide-ranging and multifaceted diplomatic and military effort. And it has already taught us a number of important lessons. One of those lessons is the critical importance of our nation's military and civilian sealift capacity.

Without diminishing in any way the unique and essential role of airlift capacity, Operation Desert Shield clearly confirms that adequate and reliable sealift capacity is indispensable to national security in the post Cold War era. In fact, with the prospect of fewer prepositioned forces in Europe and Asia, sealift could well become even more important.

In the first month of Desert Shield, sealift delivery was nearly 50 percent higher than during the first month of the Korean War. The first SL-7 fast sealift ship to arrive in the Middle East delivered over 15,000 tons. While nothing can match the speed of airlift, the average C-5 transport plane would have to make 220 trips to deliver the same amount as one trip by an SL-7.

Supporting the Navy's sealift capacity are, of course, chartered merchant marine vessels, and the Ready Reserve Force maintained by the Department of Transportation's Maritime Administration. Together, these three arms of sealift have carried, and will carry, approximately 95 percent of the military cargo needed for Desert Shield.

Without question, sealift's civilian support -- including the Ready Reserve Force -- has proven itself an irreplaceable pillar supporting the overall structure of the United States Transportation Command.

That said, we must ask ourselves: How well have our airlift and sealift operations performed to date, especially the RRF? What lessons have we learned in the process? And what changes can we expect ahead? Those are the questions that I would like to touch on briefly tonight.

Operation Desert Shield involves the largest deployment of U.S. forces since the Vietnam War. It also constitutes the first occasion that the RRF has been called up for service on a large scale, and without advance notice, since its establishment in 1976.

Since August 10, through the Military Sealift Command, Transcom has asked the Maritime Administration to activate 45 ships. Most recently, three were requested to be activated last Friday. As of tonight, 39 vessels have been turned over to the MSC.

While there have been some problems -- and one delay is one too many -- the activation of the RRF so far has met our expectations, and has successfully completed the mission it was called upon to serve.

Some of the delays we experienced were due to equipment or crew shortages. Eleven were due in part to specific requests by MSC, such as fueling and loading during the activation process. This actually enhanced,

rather than detracted from, the mission readiness of the vessels.

Earlier this month, I visited Scott Air Force Base in Illinois. I was briefed on the performance of the Ready Reserve by the Commander of the U.S. Transportation Command, General H.T. Johnson, and by his deputy, Vice Admiral Paul Butcher. I have also spoken with the Commander of the Military Sealift Command, Vice Admiral Francis Donovan, about the RRF.

Based on those talks, as well as the daily progress reports I receive, I can state unequivocally that the activation and operation of the Ready Reserve have exceeded the expectations of both Transcom and the MSC.

The problems that have been experienced have not significantly slowed the movement of military equipment to support Operation Desert Shield. I am therefore very pleased with MarAd's performance in meeting Transcom's needs.

Nonetheless, we did experience some problems, but we can learn from them for the future. Number one, ship managers who operate U.S.-flag vessels have performed efficiently. Those who do not operate commercial vessels have proven less effective. Number two, while enough shipyard labor has generally been

available, some shipyards were pushed to their limits by multiple activations.

Number three, I am proud of the U.S. merchant mariners who have rallied to support our armed services. Every ship sailed with a full crew, except for one, which was only one crew member short. But we did experience minor delays in getting some required crew members on board -- particularly radio officers and licensed assistant engineers.

One circumstance must be kept in mind in assessing labor's response to this breakout of the RRF. Many ships were called up with no advance warning on a weekend during August, when more Americans are on vacation than any other month, including seamen.

The issue of finding a good fit between labor and ships points to one of the important lessons learned from Desert Shield. The reality is that more and more seamen today are working on diesel-powered ships. As these become the norm, steam-powered RRF ships are becoming less and less familiar to the nation's mariners. This situation may require carefully designed training programs to improve this fit as time goes on.

Another reality of today's merchant marine marketplace is the decreasing demand for radio officers in today's satellite communications environment. If the

industry continues to move in this direction, then MarAd and MSC will have to adapt the Ready Reserve to today's satellite capabilities, or face a critical problem.

Perhaps the biggest lesson of Desert Shield is the fact that Congress has shortchanged the nation's Ready Reserve Force. It is very clear that Congress's failure to fund the RRF fully in 1990 has hindered the Force's ability to activate as required in national emergency.

For Fiscal 1990, the Administration requested $239 million. Congress funded $89 million -- in effect taking the "Ready" out of the Ready Reserve Force. This has led to the following consequences.

Number one, it prevented the addition of any new vessels to the RRF fleet, including two planned roll-on, roll-off ships. Number two, lack of proper funding required that $7 million worth of necessary maintenance had to be deferred. Number three, MarAd was unable to perform any test activations over the past year. In fact, about 60 percent of the RRF ships requested by Transcom for Desert Shield had never been test activated due to lack of funds.

The shortage of Ready Reserve funding does not bode well for the future. Ideally, ships should be broken out every one to two years. MarAd's recent budget requests have assumed a breakout every five years. Congress,

however, has not provided enough funds for even that schedule. Funding has been kept so low that the readiness status of many RRF ships is not realistic.

We have asked for $225 million for Fiscal 1991. This is not ideal, but it is adequate to allow us to break out ships often enough to ensure increased readiness. As of tonight, the Senate Appropriations Subcommittee has recommended full funding, but the House has not.

Without increased funding, it is clear that we will never attain the Defense Department's goal of a 142-ship Ready Reserve Force by 1994.

Before touching on what lies ahead, I'd like to offer a few words on the civilian airlift component of Desert Shield. Like the RRF, for the first time in its 38-year history, the Civil Reserve Air Fleet was activated. To date, we have had a remarkable response from the 20 or so commercial air carriers that are involved in the airlift.

Since they began on August 17, the CRAF airplanes have flown over 400 missions -- a tremendous accomplishment, since each mission involves a 48-hour turnaround. The airplanes have delivered more than 50,000 troops and over 18,000 tons of cargo. They have flown nearly four million passenger miles.

What have we learned from CRAF? It has established the effectiveness of the program. And it should be continued. The organizational and policy interface between the Departments of Transportation and Defense, and within Defense, has worked well. Early in the operation, we found we needed to improve communications between DOT, DOD, and the airline industry. That was fixed.

Overall, Desert Shield's civil airlift support has worked very well. And it has proved most beneficial in getting DOT and DOD to better work together on programs and procedures related to national security.

Looking to the future, however, our most pressing question is: What changes lie ahead for MarAd and the Ready Reserve Force? Let me offer a few observations.

There is an obvious need to reassess the nation's current maritime policies, both statutory and regulatory. Our overall policy as it exists today is inadequate, and Desert Shield has done a good job focusing attention on this fact. We simply cannot allow the maritime industry to shrink to the point where our national security is jeopardized.

To coordinate pertinent policy developments with the Defense Department, we have established a National Transportation Policy Working Group on Defense

Transportation Capacity and Needs. That group is also examining ways to facilitate the coordination of defense policy and strategy between the Transportation Department's modal administrations.

Six months ago, a DOT task force began exploring ways to reform our maritime policy. That interagency process is ongoing, so I can't divulge details, but I can give you a general idea of the direction our policy is headed.

First of all, it is obvious we must deregulate the maritime industry substantially if it is to survive and prosper. The industry is burdened by numerous outdated and rigid regulations that serve no one -- not the industry, not our international trade interests, and not our national security interests. A good dose of competition can do for maritime what deregulation has done for the aviation industry.

As I've already mentioned, the possibility exists that we could experience a shortage of qualified mariners to man the RRF in a future emergency. We will therefore need to look at new ways to address this possibility. One idea being considered as part of our maritime reform proposal is a possible merchant marine reserve.

We intend to step up our efforts to eliminate foreign practices and subsidies that distort the maritime

marketplace. To deal with high U.S. crewing costs, we are also considering the continued subsidization of operators.

However our maritime policy shapes out, one thing is certain. Operation Desert Shield has shown this country just how critical the civilian transportation component is to America's defense mobilization. We must also bear in mind that Desert Shield is not a full mobilization. It does not fully indicate how well our civilian sector would perform in the event of a full scale national emergency.

The time has come to resolve this nation's maritime policy once and for all. The Administration and Congress must renew their efforts to work together and press forward to find solutions. We must make certain that the United States has the sealift capacity it needs to meet any possible national security requirement.

Thank you very much.

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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO
NATIONAL DEFENSE TRANSPORTATION ASSOCIATION
SEATTLE, WASHINGTON
SEPTEMBER 25, 1989

Thank you for that kind introduction. I am delighted to be here to participate in this annual forum where government, military and commercial transportation leaders can exchange information -- and help each other understand the magnitude of transportation's role in maintaining the national security of the United States.

As you know, TRANSCOM was created two years ago in order to integrate airlift, sealift and surface transportation within the Defense Department -- after years of studies, reports, hearings, and the rest of the classic Washington decisionmaking process.

The decision to create TRANSCOM is traceable back to a worldwide mobility exercise in 1978 called "Nifty Nugget." Many of you here may remember that "Nifty Nugget" was the first full mobilization exercise in the United States since World War II.

This exercise demonstrated the simple fact that the organizations responsible for each transportation mode

-- land, sea, and air -- were professional and competent, and could do their jobs in isolation from the others. But when multiple modes of transportation were required, these organizations could not coordinate their efforts.

Today, this organizational defect has been corrected, and the Navy's Military Sealift Command, the Army's Military Traffic Management Command, and the Air Force's Military Airlift Command are under the operational control of TRANSCOM.

Let me pause at this point to bid farewell to General Duane Cassidy, CINC TRANSCOM, who is to retire soon from U.S. TRANSCOM, and commend him for his outstanding leadership of the U.S. TRANSCOM in the past two years and, in particular, for bringing sealift capacity problems to the forefront of our nation. I would also like to extend my hearty welcome and congratulations to General H. T. Johnson for his new command.

Any military leader knows that the capability of our armed forces is directly dependent on moving them rapidly and efficiently. That is also common sense to most people. What comes as a surprise -- but certainly surprises no one in this room -- is that the transportation

of military personnel and equipment vital to national defense is primarily dependent upon the civil sector.

Let me therefore share with you a brief assessment of the various components of the civilian transportation industry today, and their capability to respond to a national emergency.

It wasn't too long ago that our aviation sector was closely regulated, where prices were high, service was limited, and airlines had little incentive to compete. Congress ended that era with passage of the Airline Deregulation Act just over ten years ago and the resulting benefits have been truly astounding.

The American passenger enjoys the world's cheapest and most flexible air travel. More people are flying to more places than at any time before, and they are flying at times more convenient to their personal schedules. Between 1978 and 1988, passenger enplanements rose from 275 million to 449 million, an increase of 61 percent. Total air cargo shipments are up by 100 percent since 1975. In calendar year 1988, there were 37 million flights in national air space.

This enormous growth has not been accommodated without strain. Under difficult circumstances, the

system has done fairly well, but demand will exceed supply unless new aviation capacity is built. That is why continued investment in the air transportation infrastructure is essential, both for the benefit of the U.S. economy and in order to meet necessary military airlift demands.

There is a specific program to help coordinate civilian and military aviation requirements. Under the Civil Reserve Air Fleet (CRAF) program, the Secretary of Transportation allocates to the Secretary of Defense civil air carrier aircraft. Participating in the CRAF program are approximately 30 civil air carriers providing 475 aircraft. For the cargoes we will airlift overseas in a defense emergency, the CRAF aircraft will provide 95 percent of the troop lift capability and 28 percent of cargo lift capability.

In addition, the FAA has the ability to greatly increase the airspace capacity to support DOD's accelerated movement requirements through regulation of the ratio of civil to military flights. Regulation can range from a simple priority assignment system -- with minimum interference to normal traffic -- to application of the Wartime Air Traffic Priority list, resulting in almost exclusive use of airspace for military purposes.

Our railroads are also integral to national security. In 1975, the Department of Defense requested that the Railroads for National Defense program be inaugurated in coordination with DOT's Federal Railway Administration.

Under the RND program, a Strategic Rail Corridor Network was initiated in 1976. STRACNET is an interconnected network of rail corridors important to national defense, consisting of 33,000 miles of mainline rail and 5,000 miles of connector lines. A Class I main line is part of each STRACNET corridor, situated to serve DOD installations and activities requiring rail service. FRA maintains ongoing review of all rail lines to assure that the best civil rail lines are both identified for defense purposes and are maintained to appropriate standards.

Our highway network also plays a vital role in national defense. The Defense Strategic Highway Network (STRAHNET) consists of 43,500 miles of interstate highways, 16,500 miles of other strategically important highway corridors, and 7,000 miles of roads linking the highways with major defense installations.

Because there has been a great deal of discussion lately about our deteriorating infrastructure, let me talk a bit more about our roads and bridges. There is a clear need for construction and repair of the nation's highway and bridge infrastructure. The problems are vast.

For example, the total backlog of accrued bridge repair and construction in the federal aid system could be as much as $72 billion through the year 2005. Congestion and deterioration in many urban areas is also on the rise -- with all its implications for both the health of the economy, and the movement of defense-related personnel and supplies in a national emergency.

The Department is committed to an appropriate level of federal highway construction aid, but this country must change its emphasis from simply building roads to maximizing the capacity and efficiency of the surface transportation system and developing more versatile strategies for its utilization. We must also look at the full range of financing ideas at the local government level and in the private sector.

I now want to talk about the transport mode which will carry the greatest amount of cargo during wartime: the maritime industry. Here, the news is not good.

The three key elements required to provide sealift are in decline: the number of ships; trained personnel to operate them in wartime; and the industrial base required for shipbuilding and repair.

Because of intense competition in the international shipping industry, there are currently no large commercial vessels under construction in the United States, and only 12,800 merchant mariners are actively sailing -- a two-thirds decline since 1970. The United States is the most powerful trading nation in the world -- yet only four percent of our trade is carried on U.S.-flag vessels. The U.S. merchant marine now ranks eleventh in total number of ships and eighth in overall cargo capacity in the world.

More critical than ranking, however, is the question of whether today's U.S. merchant fleet would be adequate to provide the immediate support for military sealift contingencies. Right now, there is a real and significant concern.

The Department of Defense -- with the help of the Department of Transportation -- has reviewed the adequacy of the U.S. merchant marine to meet future sealift requirements. As the result of this study, three consecutive Secretaries of Defense have expressed their concern that the continuing decline of the U.S. and allied fleets poses a threat to national security.

Currently, a statement of national sealift policy is being drafted. This policy statement recognizes that sealift is essential to our defense strategy and to maintaining a wartime economy. It directs that, in peacetime, we must promote the readiness of the US. merchant marine to meet these requirements. The policy statement is in final review status at the White House.

The recognition of the importance of sealift capability is a vital first step. But an immediate question arises: How do we assure the availability of the capacity identified as essential? First and foremost, this kind of assurance must be found through a revitalized U.S.-flag operating fleet.

The Merchant Marine Act of 1936 established the operating-differential subsidy, or ODS, program as a

means of offsetting the higher costs of U.S. operators -- thereby assisting them in competing with foreign-flag operators. Since passage of the Act, however, the nature of the U.S. industry and the foreign competition it faces has changed dramatically. Today, the ODS program simply does not provide adequate incentives to make the fleet competitive in the world market.

As a result, the Reagan Administration in 1987 proposed legislation to reform the ODS program for the U.S.-flag liner industry. The bill would have provided a one-year window for operators to enter a new ODS program that would greatly expand operating flexibility, authorize worldwide acquisition of vessels, improve cash flow in the payment of ODS, and make other improvements in existing law.

The bill generated several major concerns and was opposed by industry and by various elements on the Hill. As a result, the bill did not move beyond the hearing stage. A major problem at the time was that industry itself had failed to reach a consensus on what ODS reform should include. We now understand that five major subsidized and unsubsidized liner companies have reached agreement on the scope of ODS reform.

We hope to receive details on the industry's approach within the next two weeks.

In the meantime, the Department is nearing completion of a revised ODS reform bill that addresses many of the issues raised in opposition to the last bill. From our general knowledge of the industry proposal, we believe there will be a good deal of common ground for negotiating a mutually acceptable approach to ODS reform.

However, ODS reform will not solve the sealift problem alone. Here's where the DOD can be of help. ODS reform can only support commercially viable ships. Given the fact that the large containerships are the most commercially viable part of the U.S.-flag fleet, there is a role the DOD can perform to increase our ability to containerize unit equipment, and I encourage you to address this issue.

The second way in which to ameliorate the sealift problem is to enforce our cargo preference laws. Military cargo preference, in particular, provides vital cargoes to the operating fleet.

The Cargo Preference Act of 1904 requires that all military cargoes must be shipped on U.S.-owned ships.

The Department of Defense is the single largest customer of the U.S. merchant marine.

Thirdly, operating under the regulations established by U.S. procurement law, the Military Sealift Command has long used a form of competitive negotiated procurement to buy ocean shipping services. This combination of concentration of market power and procurement practices has frequently led to erratic pricing patterns and extremely low rates.

It is important that DOD and DOT work together to determine what impact the DOD cargoes are having on the financial health of the merchant marine and, if necessary, seek ways to improve the procurement and pricing practices.

Fourth, the Ready Reserve Force is a key element of the strategic sealift program. It is structured to provide quick-response ship availability to transport unit equipment, and initial resupply for forces deployed anywhere in the world during the critical initial period before active commercial ships can be marshaled.

The RRF is particularly important in providing the types of ships that are critical to moving military equipment -- but are no longer adequately available in

the active commercial fleet. Examples of these ships are Ro/Ros, LASH, and self-sustaining general cargo ships.

The RRF ships are maintained in a high state of readiness and are intended to be available within five, ten, or twenty days. Recently, there have been delays in activating these vessels during exercises.

In 1988 and 1989, there were five failures in breakouts. To keep things in perspective, there were fourteen successful activations during this period -- but it is clear that these breakouts must be improved. The Navy and the Maritime Administration need to work more closely together to improve the success rate.

Certainly, we need to increase activations to ensure that readiness standards are achieved -- and that these ships can be counted on as long-term sealift assets.

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 workforce in the U.S. active shipbuilding base. The construction of commercial ships ended in 1987.

The Shipbuilders Council of America has submitted a Section 301 petition alleging that U.S. yards could be more competitive if the U.S. government used existing domestic trade laws to eliminate foreign shipbuilding subsidies from the world market. This would help create a "level playing field" and increase productivity in U.S. shipyards. While prospects for success of the petition are uncertain, SBC is to be commended for its innovative approach. The Department of Transportation has supported SBC in this effort.

The fundamental dependence of the military on the civilian sector for transportation is yet another reason why this country should -- indeed must -- have a National Transportation Policy that will educate the public and ensure a healthy, growing, and responsive network.

Although the specifics of this comprehensive policy will not be released until early next year, it is clear already that the subsystems of air, land, and sea must be better coordinated to meet both our domestic and international security needs.

That is why it is so important that you are here today. The agendas of the various panels during your meetings

this week are based on an acknowledgement that national security is a crucial function of the transportation infrastructure. You will be exploring transportation and its relation to national security from several different perspectives. This is exactly the type of analysis that needs to be laid on the table and applied to the policymaking process.

In order to lead with ideas, government policymakers have to have information -- up-to-date and timely information from the best in the business. The federal government cannot unilaterally solve these transportation problems. It is only through cooperation among federal, state, and local governments and the private sector that the resources will be found for safe, efficient, and affordable transportation.

In closing, I'd like to turn to my favorite philosopher, Yogi Berra, who is known for such unforgettable aphorisms as: "It's like deja vu all over again." "Baseball is 90 percent mental. The other half is physical." Or, at a point similar to the one we confront today, he said: "We are faced with insurmountable opportunities." Well, we are faced with insurmountable opportunities

There is much to do. Today, more than ever before, our domestic transportation system has the power to shape the terrain on which this country competes in world markets and protects our vital national security interests.

In the past, the system served this country effectively because our leaders set the right agenda, and people from government and industry had the commitment to follow through. Together, we can -- and will -- do it again.

Thank you very much.

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U.S. Department of Transportation

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Tele.: (202) 366-4570

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
NATIONAL DEFENSE TRANSPORTATION ASSOCIATION
SEPTEMBER 25, 1990
EL PASO, TEXAS

It is a pleasure to be with you this evening. I am especially delighted to be here to honor two of the most distinguished members of the defense transportation community, Mr. Ron Drucker of CSX and Major General John Piatak.

As an ex officio member of your board, my Deputy, Elaine Chao, can testify firsthand to the leadership of our honorees tonight, and to their contributions over the years to NDTA.

Almost two months ago the world witnessed one of the most shameless acts of aggression in modern times. When Iraq invaded Kuwait, the world responded with a resolve and unity seldom seen in international affairs. Leading that response, of course, has been the United States.

That response has required a wide-ranging and multifaceted diplomatic and military effort. And it has already taught us a number of important lessons. One of those lessons is the critical importance of our nation's military and civilian sealift capacity.

Without diminishing in any way the unique and essential role of airlift capacity, Operation Desert Shield clearly confirms that adequate and reliable sealift capacity is indispensable to national security in the post Cold War era. In fact, with the prospect of fewer prepositioned forces in Europe and Asia, sealift could well become even more important.

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Looking to the future, however, our most pressing question is: What changes lie ahead for MarAd and the Ready Reserve Force? Let me offer a few observations.

There is an obvious need to reassess the nation's current maritime policies, both statutory and regulatory. Our overall policy as it exists today is inadequate, and Desert Shield has done a good job focusing attention on this fact. We simply cannot allow the maritime industry to shrink to the point where our national security is jeopardized.

To coordinate pertinent policy developments with the Defense Department, we have established a National Transportation Policy Working Group on Defense Transportation Capacity and Needs. That group is also examining ways to facilitate the coordination of defense policy and strategy between the Transportation Department's modal administrations.

Six months ago, a DOT task force began exploring ways to reform our maritime policy. That interagency process is ongoing, so I can't divulge details, but I can give you a general idea of the direction our policy is headed.

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As I've already mentioned, the possibility exists that we could experience a shortage of qualified mariners to man the RRF in a future emergency. We will therefore need to look at new ways to address this possibility. One idea being considered as part of our maritime reform proposal is a possible merchant marine reserve.

We intend to step up our efforts to eliminate foreign practices and subsidies that distort the maritime marketplace. To deal with high U.S. crewing costs, we are also considering the continued subsidization of operators.

However our maritime policy shapes out, one thing is certain. Operation Desert Shield has shown this country just how critical the civilian transportation component is to America's defense mobilization. We must also bear in mind that Desert Shield is not a full mobilization. It does not fully indicate how well our civilian sector would perform in the event of a full scale national emergency.

The time has come to resolve this nation's maritime policy once and for all. The Administration and Congress must renew their efforts to work together and press forward to find solutions. We must make certain that the United States has the sealift capacity it needs to meet any possible national security requirement.

Thank you very much.

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TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
PRESS AVAILABILITY ON HIGHWAY PROGRAM
SEPTEMBER 25, 1990
WICHITA, KANSAS

- Commend Governor Hayden for leadership in highway program, largest single public works project in Kansas history.

- Kansas highway program is an eight-year $2.65 billion plan to repair, maintain, and expand Kansas roads and bridges.

- Governor calls the highway program the major accomplishment of his administration. I would say it's model for the nation.

- Wichita is hub of the highway program.

- NTP encourages states to assume more responsibility for transportation.

- States benefit from more independence in use of funds, more say over where dollars are spent, more efficiency.

- NTP found that transportation is the most important issue in economic development and competitiveness.

- States that take the lead in improving transportation the way Governor Hayden has done unquestionably will be economically more attractive in the future.
- Congratulations to Governor Hayden and congratulations to Kansas for having the foresight to move ahead on their own.

5.58

NATIONAL AUTOMOBILE DEALERS ASSOCIATION (NADA)

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REMARKS BY

SAMUEL K. SKINNER, SECRETARY OF TRANSPORTATION

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Washington, D.C.

Thursday, September 27, 1990

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Transcribed from tapes provided by the

United States Department of Transportation.

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P-R-O-C-E-E-D-I-N-G-S

NADA REPRESENTATIVE: -- from Illinois. I also know that you (Inaudible.). In the long reports, he kind of likes to drive fast.

(Inaudible.) recently called Sam Skinner Class A candidate for a workaholic of the year. His hard-driving (Inaudible.) has earned him respect in a town where a newcomer has usually tried to avoid making waves and rarely makes splashes.

As the official overseer of the nation's ever-growing network of planes, trains, and automobiles, he recently presented to President Bush a comprehensive national transportation policy designed to help America meet its transportation goals in the '90s.

Sam Skinner served as the federal coordination for the Exxon Valdez oil spill cleanup and represented the Administration in San Francisco following the earthquake.

He has strengthened international aviation security and improved morale among his Department's 100,000 employees.

A licensed pilot, Skinner served as chairman of the Northeastern Illinois Regional Transportation Authority, the second largest mass

transit system in the country.

He served as a career federal prosecutor in the U.S. Attorney's Office of the Northern District of Illinois, where he earned the nickname "Sam, the Hammer." In 1975 President Ford appointed him the United States Attorney for that district, becoming the first career prosecutor ever to hold that position.

Incidentally, Secretary Skinner vigorously opposed the Bryan Bill because of his interest in consumer safety and the possible downsizing of the majority of the vehicles for the consumer.

Ladies and gentlemen, the U.S. Secretary of Transportation, Samuel Skinner.

(Applause.)

SECRETARY SKINNER: Well, I'm delighted to be here. And, as you would predict, as soon as I got here, we met outside for a couple of minutes and we were talking cars. So I do feel at home.

The one thing that is in my resume that I think probably gives me as much understanding of your business as any is I have a brother who is in this business. He sells cars in Texas. And he gives me on a one on one basis a pretty good understanding of what's going on in your industry.

So I'm delighted to be here, delighted

again to be with so many people with whom I have shared so many of my resources over the years. I think I probably bought more automobiles until I became Secretary of Transportation than anybody in Illinois, although I have a good friend of mine who is still there, who is a lawyer, who is running a very close second.

And I am delighted to report that not only am I car fanatic and constant purchaser of vehicles, but it seems to be in my blood because I have a son who is out to beat my record.

(Laughter.)

SECRETARY SKINNER: There's not a week goes by that he doesn't tell me what the latest car is and what he's thinking about doing.

In fact, my wife, Honey, kids me a little bit because I am a reader of newspapers and read about five or six a day. But there's one section that she will be guaranteed I will read. That is the want ads, the automobile want ads in "The Washington Post" and "The Chicago Tribune."

I think if we played 20 questions as to what used cars are selling for, I could probably give as good an answer as any of your used car managers because I read every one of those ads.

Unfortunately, since becoming Secretary, I, number one, had to sell the car that I owned for financial reasons.

(Laughter.)

SECRETARY SKINNER: Number two, I haven't bought an automobile since I've become Secretary. And with the possibility of furloughs, I may not be able to buy one for another couple of years.

So if any of you are betting your Christmas on my buying an automobile, I am disappointed to tell you that you're going to have to wait until I leave office.

But I guarantee you the day I leave office, if I have a job or even if I don't, I'll be in some dealership somewhere buying that car that I've always wanted to buy over the last several years.

I'm also delighted to be here and thank you personally for your support in our winning battle against the Bryan Bill. As you know, Secretary Watkins and I, along with Administrator Riley and the White House, were very involved in stopping this legislation, at least for this session.

We did so not because of any disrespect for Senator Bryan or the members of the House or the Senate, but because I believe that that legislation

is bad law.

And it is clear to me that if that legislation were passed in its form, that it would be passed because of hysteria. I've reasoned it would not work. It would have set standards for your industry that are unachievable. It would have sent the wrong message at the wrong time to the manufacturers and dealers of automobiles all over this country.

I also think that I had good company. Not only did I have NADA, but, for one of the few times since I've become Secretary, I had the foreign manufacturers, the domestic manufacturers, and the United Auto Workers all on my side.

Now, I hope that when the Congress understands that a coalition of that type doesn't come together too often, at least in my experience, that there must be a message there that would be listened to. And I'm delighted that so many members of the Senate did so.

Having said that, I would suggest that we still have some uncertainties left. And while we have won a battle, we have not won the war.

I'm sure many of you will wonder exactly where are we going. And that reminds me of the story

of Oliver Wendell Holmes, who once found himself on a train, but couldn't locate his ticket. With the conductor watching over his shoulder, smiling, the then 88-year-old Chief Justice searched through his pockets without success.

Of course, the conductor recognized the distinguished Justice and said, "Mr. Holmes, don't worry. You won't need your ticket. You will probably find it when you get home. And I'm sure the Pennsylvania Railroad will trust you to mail it back later."

Justice Holmes looked up at the conductor with some irritation and said, "My dear man, that's not the problem at all. The problem is not where my ticket is. The problem is: Where am I going?"

(Laughter.)

SECRETARY SKINNER: Well, I'm sure that's the question many of you are asking yourselves as we sit here today. Where are we going in these very difficult times on some very difficult issues in what is, I know, a very difficult time for your industry.

I'm sure you feel that you're caught in somewhat of a schizophrenic bind between trying to satisfy your number one priority, your customers, to trying to meet government demands for safety, more

emission controls, and more fuel efficiency.

I know you're well aware of the environmentalist concerns and demands for pollution and pollution control. And no one in this room or this country is not unaware of the dependence that we currently have on imported oil. And most of you are aware that the transportation industry uses about 67 percent of the imported oil that's brought into this country.

I doubt there is anybody in this room who doesn't want to see our government and our industry deal with this problem and become as energy-sufficient as possible and as energy-efficient as possible.

I also know that one of the concerns that you have, not only as those who sell automobiles, but who use them, is on automobile safety. I doubt there is anyone in this room who has not been touched in one way or another with a friend, an employee, an acquaintance, or possibly even a family member in an automobile accident resulting in serious injury or death.

Forty-seven thousand people in this country lost their lives on the highways last year. I might add that over half of those were alcohol-related. That is the good news, to some

respect, because that's down from the previous years.

In our attempts to solve all of the problems that present us, we cannot lose sight of the importance of saving lives on the highways of this country and the tremendous progress that we have made.

One of the greatest satisfactions I have had this year has been to see that the automobile manufacturers of this country and abroad are selling safety.

I think many of you can answer that better than I, but I am told that, in many respects, consumers are buying safety. And I now hear them talking about things such as air bags and seat belts, and the level of construction of the automobiles and the safety factors and that companies are beginning to evaluate their product, not only marketing it, but evaluating it on safety.

Just as we are making tremendous strides, statistically and otherwise, in bringing people to the table, so to speak, on the safety issues, the Bryan Bill would have put us back dramatically. There is no question that the highway fatality bill, as I am prone to call it now, would have put us in the wrong direction.

Therefore, as we move forward in the next

several months, in the next several years, we have to consider many of the factors that will be necessary if we're going to have a meaningful program, not only in energy conservation, but highway safety.

I also believe that we should not in government make decisions in a period of hysteria or a period of unreason and that decisions in the government sector should be as logical as those that are made in the private sector and we should reach a conclusion as to where we're going on the important issue of CAFE and energy conservation and the structure of the national energy strategy that Secretary Watkins, the Secretary of Energy, is working on.

We are working very closely with the Department of Energy. He is a very able Secretary, a very able public servant. And he is bringing reason to our nation's energy process.

I look forward to working with him over the next several months and with you in coming up with a realistic approach to where we should go in the next decade and in the next century on energy conservation and fuel efficiency.

Let me say, at the same time, that we have to do everything we can to make sure that Americans

understand the importance of energy efficiency in the current environment.

Many of the steps that we are talking about and many of the engineering solutions that will be found in the area of automobile industry are not quick solutions and will not come to the market quickly.

Secretary Watkins and I announced several weeks ago a public service program which will encourage Americans to save energy in a way that is not overly intrusive or overly inhibiting to their way of life.

Whether it means the proper inflation level on tires, whether it means car pooling, whether it means using mass transportation one day a week, whether it means using the most fuel-efficient automobile, these are all steps in this very difficult time to get there.

Let me also say that in this Administration, we are not going to lose sight of the importance of the consumer and letting the free marketplace play a role in this process. Even "The Washington Post" called the Bryan Bill a "fuzz the responsibility" bill.

The problem is that we have already 15

automobiles that are available that meet the fuel standards proposed by the Bryan legislation. And many of these automobiles have not yet reached the market acceptance level to really make a difference. Many of the reasons that the consumers give relate to the safety issue.

So we must do everything we can to encourage the automobile engine manufacturers of this country and of the world to develop the technology as quick and as fast as they can.

We must set standards that make sense. We must convince the American people to conserve and to make logical decisions on energy usage as a way of life At the same time, we cannot lose sight, as I said, of the safety issue.

Let me say that we are making progress on the safety issue. Last year the United States had the lowest fatality rate in history as far as a percentage of total mileage. Highway deaths fell three percent from the year before, and the fatality rate has dropped more than half since 1970. That's tremendous progress.

Progress has been made despite the downsizing of cars that took place in the '70s and early '80s and which really, to some degree, was

counterproductive. We must keep that toll headed downward, not upward.

From 1972 to 1983, an important thing happened that a lot of people have lost sight of. That is that fuel economy increased almost 90 percent and that we are a much more fuel-efficient economy and you are a much more fuel-efficient industry than you were just 10 to 15 years ago.

And one of the reasons that we are able to handle some of the problems that we have today as a result of what's going on in the Mid East is because you and your industry and the consumers you serve have bought in to fuel-efficient cars and the automobile manufacturers all over the world that made a tremendous investment in technology and engineering to develop fuel-efficient automobiles.

At the same time, as I have indicated, we believe that the trend must continue and cannot continue with steps such as the Bryan Bill would require.

I have visited automobile manufacturing facilities all over this country and will shortly begin a couple of trips to foreign manufacturers in the Pacific Rim as well as in Europe. I have talked to them of what is technically feasible as far as

engine technology is concerned.

I am convinced that the automobile industry recognizes the need to be fuel-efficient, to manufacture fuel-efficient automobiles. They are making a substantial commitment to that.

I think tremendous progress will be made, and I think that progress can be made and will be made without a compromise, an unnecessary compromise or an unrealistic compromise, and safety incising.

I also believe that at the end of this year and early next year, when the national energy strategy is announced by the President, we will have a meaningful program to deal with many of the challenges that are faced and that we face that have presented that the Bryan Bill was illogically designed.

I suggest, however, that as we go forward, we don't want to lose sight of the progress we have made, as well as make sure we don't lose sight of the impact that the wrong bill can have at the wrong time for the wrong purpose.

And rather than being defensive, as many of us have been over the last several weeks in an attempt to stem the tide, we don't want to lose sight of the progress that the automobile industry has made

and that industry has made in general in dealing with many of the problems.

We also don't want to lose sight of our objective to come up with a realistic solution to many of the problems and to make sure that, just as our progress in highway safety must not be deterred, our progress in fuel efficiency must not be deterred.

So I suggest we do have a road to travel. We do have a ways to go. We do know where we're going. We're moving in a logical way towards more fuel-efficient automobiles without compromising safety.

We're moving forward to energy conservation, including alternative fuels and clean fuels and many of the other opportunities that exist. We are going forward with such concepts like those being worked on in companies like GM and Ford, electric cars. And, of course, we're looking at perfecting gasoline, compressed natural gas, ethanol, and methanol as well as these other alternatives.

But we're going to do it in a logical way. We're going to do it with industry support. We're going to do it with industry advice after industry consultation. We're not going to do it from the top up in an illogical way.

As much as any, this country is represented in its strength, in its pride, in its excitement, in its opportunity in your industry. And I firmly believe that.

All you have to do is travel all over the world and then come back to this country and recognize that the automobile is not only a technological invention that has changed not only this country and the world, but, as much as anything, it represents to management a goal or an achievement or an accomplishment that with hard work and the free enterprise and free-market system, one can achieve raising their quality of life.

It is a goal in a little different way that people all over the world have, especially many of those in Eastern Europe. I couldn't help when I was in Germany -- and I happened to have been there on the day they had the first free elections in Berlin in over 50 years.

I had the opportunity before they took the Checkpoint Charlie down, after the wall had been opened, to travel in East Berlin as well as West Berlin and spend time in West Germany.

I couldn't help but watch and listen to the way people focused on what was going to happen in

their economy as the two Germanies joined together. And I must admit a subject that I was somewhat surprised to hear discussed, but once I reflected on it I wasn't surprised at all, was the fact that the East Germans had been waiting years to buy an automobile.

The automobile that they have bought, if any of you have been there, is a small vehicle with limited reliability, with heavy maintenance, and is completely unsafe.

One of the first questions the East Berliners asked when they crossed over into Germany is they asked about the availability of Western automobiles, cars in that case made in Germany, and were astounded to learn that they didn't have to wait eight years, they didn't have to buy an unsafe automobile, that the opportunities presented in the free marketplace and the economy as thriving in Germany allowed millions of Germans to increase their quality of life, to buy an automobile that is safe, relatively fuel-efficient, and that is relatively maintenance-free.

So, in many respects, your industry is a microcosm of the American dream. It is something we treasure. It is something that, as the Secretary of

Transportation, I will make sure we do not destroy.

And I look forward to working with you over the next several months and the next several years in making sure that we keep our number one goal of safety in mind and that we do everything we can at the Department of Transportation to be your partners, to be your facilitators, and to assist in developing this industry, not only in these times, these difficult times, but in the good times as well.

I think at the Department of Transportation we have developed that relationship. Under Jerry Curry, the National Highway Traffic Administrator, I have an outstanding manager who has developed good working relationships with the senior management of every major automobile manufacturer in the world.

With his leadership, with leadership from people like Tom Waterson in the Federal Highway Program, as well as direct involvement at the secretarial level, I think as we move forward in the next year, we will not only come up with a sensible solution to many of the challenges presented to us, but we will do so that will not unnecessarily impact the free market or the freedom of choice that we all enjoy so much.

Thank you very much.

(Applause.)

SECRETARY SKINNER: Did I agree to take questions?

NADA REPRESENTATIVE: I don't know, but we sure have got some.

Mr. Secretary, that was very well said, and we appreciate you being with us.

First of all, I think we of NADA should express to you our deep appreciation for the work that you did for us or to assist us in the defeat of Senate Bill 1224.

(Applause.)

NADA REPRESENTATIVE: The first question here is: The auto industry contends that CAFE standards, as high as Senate Bryan has proposed, would result in the downsizing of vehicles.

Does the DOT believe this would have any safety implications?

SECRETARY SKINNER: Well, I think I've answered that. If I haven't, let me repeat it.

NADA REPRESENTATIVE: If you want, you can reiterate it.

SECRETARY SKINNER: All right. I'll reiterate it. Good.

We did a study, which we announced about a week ago, where the Department -- and other studies have also been done which looked at the impact of the downsizing of automobiles for a period for about -- I think it was 1970, 1982, and 1983.

We think that we can prove, at least statistically, -- there are a number of trends that are pretty conclusive -- that as a result of the downsizing, the number of lives lost and the number of injuries have gone up as many as 1,340 in the representative sample we looked at in lives lost and over 5,000 serious injuries occurred.

We think there is a direct relationship. And I don't know that you need to be a scientist or an engineer to figure that out. You can look at it. Many of you know. And that's especially true in the society of patents that occurs so often in this country.

So we do believe there is a relationship. And I think that issue is the biggest single factor in defeating the CAFE bill other than a lot of hard work by a lot of people in this room.

But I think that is the one thing that the members of the House and the Senate understand, is that there is a compromise that has to be made in

safety.

They also recognize that 47,000 lives are lost a year. They also recognize that progress is being made, and I don't think they want to lose that. So I think that is an important part of what's involved in this issue.

NADA REPRESENTATIVE: The next question, Mr. Secretary, concerns the possible oil shortage. How has the Department begun to prepare to ensure that events in the Middle East do not unduly hinder our nation's transportation systems?

SECRETARY SKINNER: Well, I've talked a little bit about that as far as our energy conservation process, but let me define the problem so there's no misunderstanding.

If you examine the shortfall as a result of Iraq and Kuwait and you put it on a worldwide perspective and then you look at the increased production that countries all over the world, most particularly Saudi Arabia and others, have agreed to make, you will see that there is not the shortage that the people think there is.

The market price, to some degree, is reacting because of the uncertainty. Because if you look at the logic, that shortfall, almost all of it

can be made up without a dramatic impact.

The problem is that the uncertainties in the Mid East have caused a number of companies to begin to hord or to stockpile supplies. We were fortunate, as many of you know, to have the highest inventory of stockpiles in many years with the oil companies at the time the Desert Shield began.

That stockpile is being depleted and will continue to be depleted until these new sources can come on line. There will be a bubble this fall, in particular, that a lot of the marketplaces worry about.

And, to some degree, the impact of that will be to determine such things as simple or as complicated as how could the weather is going to be in the Northeast.

We are doing everything we can within the Administration to, number one, encourage conservation.

Number two, the President announced yesterday that in order to assist in the stabilization of the price of oil, that he will begin a release of part of the strategic petroleum reserve, which we have in the Department of Transportation encouraged as a result of many of the recommendations from your industry, as well as the aviation industry.

Number three, we are attempting to work in the case of aviation, which has been, in fact, especially dramatically, in transportation to find out if there are ways we can assist, the way the system works, to help them manage their fuel usage and their conservation programs.

But the best thing we can do is encourage policies that will demonstrate the increased production, will demonstrate that there is not a shortfall that people think, and to encourage the oil companies and the independent producers all over the world to keep their stockpiles at normal levels, rather than at especially high levels.

If we're able to do all of that, we will see in the not too distant future the price of crude oil come down and with that will come the price of gasoline.

NADA REPRESENTATIVE: Thank you.

Mr. Secretary, you know, we hate to hit you on the blind side with this. And you've honored us with your presence today.

SECRETARY SKINNER: But you will anyway.

NADA REPRESENTATIVE: We've got a little problem up there, and we need some help. There is a retitling requirement, -- and this is the odometer

regulation -- which is causing really problems in used car merchandising. This Congress is currently considering an amendment that will correct the problem.

Would you look at the matter in the next couple of days and see if the Department can accept the amendment? It would be a great help to the small business people and, in particular, new and used car dealers.

SECRETARY SKINNER: Well, I will, but we've already started to look at it. And I'm not -- General Curry and I have discussed this. The odometer program falls within the National Highway Traffic Safety Administration. Don't ask me why. It was there before I got there.

It is, as you know, a consumer issue. When that legislation was passed, it was done to protect the consumer.

I will share a personal story with you that shows at one time I bought a car, a used car. And it looked like it was in pretty good shape, and the mileage looked like it was about right.

And it broke down shortly after I bought it, and I took it in and they could never get it fixed. And, all of a sudden, I needed the whole thing

replaced. And it didn't make any sense.

Well, eventually, I sold the car. And it was presented back to me with the point that the title I had received with the mileage on it had been double-checked by a dealer somewhere else at a later date because of the records we require to be kept.

And that dealer had found out that the mileage had been turned back some 70,000 miles. The car had 140,000 miles on it instead of 70, or something like that. That kinds of explains some of the problems.

So I know that, in some respects, dealers are protected because that dealer was protected because of that information, and he didn't find himself selling an automobile that didn't make sense.

On the other hand, we also know that the bureaucracy sometimes get in the way. And what we're trying to do is find a way to keep the basic trends or the intent of the law, which is to protect the consumer, without creating an unnecessary burden, especially in the titling when you go from state to state, where it's a particular problem.

So we're looking at it generally. And I'll look not only on that, but I'll try to give a report to your executive board on where we stand on

the whole issue of odometer fraud and changes that need to be made because a number of dealers have presented to me some of the concerns they have and why it just makes no sense in the way it's administered. So if we can find a solution, we will.

It is not my intention to have legislation on the books that makes your job impossible.

(Applause.)

SECRETARY SKINNER: A little more difficult I can accept; impossible, no.

NADA REPRESENTATIVE: Understand we don't want to spoil the integrity of the system.

SECRETARY SKINNER: I understand you don't. I understand.

NADA REPRESENTATIVE: We want to speed the process of --

SECRETARY SKINNER: I understand it's the process and the fact that when multiple states get involved, it becomes very complicated. Right. We'll try to work with you on that.

NADA REPRESENTATIVE: Thank you, Secretary Skinner. It's essential that we, as dealers, develop a clear concept of some of the major transportation issues that are facing us.

We sincerely value your comments and the

time that you have taken to share them with us. Thank you very much.

SECRETARY SKINNER: Thank you very much.

(Applause.)

(Whereupon, the remarks were concluded.)

CERTIFICATE OF TRANSCRIBER

MATTER: NADA - REMARKS BY SECRETARY SKINNER

DATE: SEPTEMBER 27, 1990

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10-1-90 — Date

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TALKING POINTS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
INDIANA TRANSIT GRANTS
SEPTEMBER 27, 1990
WASHINGTON, D.C.

- Delighted to be here with Indiana's Senators Richard Lugar and Dan Coats.

- Also pleased to join UMTA Administrator Brian Clymer and

  -- Bill Carmichael, Chairman of the Northern Indiana Commuter Transportation District and

  -- Terry Hearst, President of South Shore Railroad.

- Here to announce award of three transit grants to Northern Indiana Commuter Transportation District (NICTD) totalling $18.5 million.

- Funds will be used to purchase (1) assets of South Shore Railroad and (2) new commuter rail cars and for (3) rehabilitation of commuter rail stations.

- Purchase of rail cars will significantly increase capacity of the railroad.

- Grants will ensure revitalization of essential commuter service between Northwestern Indiana and Chicago.

- Grants will improve quality of service on the railroad and should result in increased commuter rail ridership.

- $16 million grant will be used to purchase South Shore Railroad assets:

  -- Passenger assets: stations, parking lots, electric lines, signal systems, maintenance buildings.

  -- Joint use assets: mainline trackage and associated rights-of-way.

- $2.25 million grant will purchase new commuter rail cars for South Shore Railroad.

  -- Also used toward development of a complete project schedule, quality assurance plan, and structural tests.

- $199,998 grant will initiate major multi-year rehabilitation of commuter rail stations.

  -- used for engineering and design of high level boarding platform at the Hegewisch station in Chicago.

- Administration's strong support is shared by:
  - -- President's Commission on Aviation Security and Terrorism.
  - -- Senate Foreign Relations Committee.
  - -- General Accounting Office.
  - -- American Bar Association.
  - -- KAL 007 and Pan Am 103 families.
- Ratification is <u>just</u>, compassionate thing to do.
- President Bush, Secretary Baker, and I urge Senate to bring treaties to floor for vote as soon as possible.