APRIL 3, 1993

CALIFORNIA DEMOCRATIC CONVENTION SPEECH

Thank you. I can't think of a more appropriate theme for your convention this year than "Faces of Victory". In last November's election, you certainly were victorious.

You, the people in this hall, elected two new Democratic United States Senators. You added new Democratic faces to the House from Eureka to San Diego. And most impressive, you broke the Republican stranglehold on the electoral college and delivered California to a Democrat for President for the first time in almost 20 years. And you did it by an impressive margin of one and a half million votes.

When you delivered California for Bill Clinton, you not only gave Californians new reason to hope again, you allowed the entire country to hope again. You breathed new life into ideas that had died during the 1980's: fairness, justice, the idea that if you worked hard you deserved a break. The idea that a government's first priority should be to help its people and invest

their futures.

Thanks to the work of the people in this hall, Californians in record numbers registered to vote and went to the polls. They knew that California was headed in the wrong direction. They knew that the Republican policies of the 1980's had left them worse off, not better. They knew that for too long their government had not only ignored their needs, but worse, had seemed not to even understand them. And, most of all, they knew that things had to change.

Californians were scared. Once the leader in our national prosperity, California had become a different kind of leader: the frontrunner in our national economic decline. The high tech and aviation industries, once the envy of the world, were laying off tens of thousands of workers. Real estate prices crashed through the floor while health care costs shot through the roof. Parents couldn't afford to send their kids to college. And in a descent so fast it made your head spin, California had the second highest unemployment rate in the nation. Add to

that fires, earthquakes and floods and of course Californians were scared.

You, as party leaders, talked---and listened--- to your friends, to your neighbors, to your co-workers. Thanks to you they connected by the millions with Bill Clinton's message of hope and of fundamental change.

Simply put: Bill Clinton would not be President today if it weren't for you. And just as simply put: he will never forget you.

But President Clinton's interest in California goes far beyond settling a political debt. You are the largest state in the union. You have the seventh largest economy in the world. And if California doesn't recover, then neither can the nation.

That's why President Clinton has made sure that California's needs are ably represented in his Administration: Laura Tyson as a top economic advisor. Mickey Kantor as US Trade Rep. Tom Epstein and John Emerson in the White House. Just last week, the President took an unprecedented step in acknowledging California's place as the keystone of the national economy,

naming Commerce Secretary Ron Brown to head a cabinet-wide revitalization initiative for your state. You'll be seeing a lot of Ron in coming month, and as party activists, you know what an incredible job he did in rejuvenating the Democratic Party. He is just the guy to face the tough challenge of turning around the state of California.

For the first time in many years, California and the nation have an administration that believes government has the responsibility to take an active role in creating economic opportunity for all its citizens. That means not just creating good jobs, but making sure the American people have the kind of help they need to get those jobs. Things like education and skills training, and even affordable health care and a decent place to live. A little more than two months into his Administration, this President has done more than any in recent memory to uphold that responsibility to the American people and to the people of California. He has laid out a bold, comprehensive plan for fundamental economic change. A plan designed not only to get our economy headed in the

right direction again, but to make us world leaders again. It includes an overall investment and deficit reduction strategy; a high technology competitiveness strategy; and a comprehensive defense conversion strategy.

Americans all over the country are supporting the President's plan. And Congress has heeded the call, passing the President's budget resolution in record time. In just a few short months, the terms of the political debate in Washington have changed; the failed policies of the past have been called for what they are; and gridlock has been broken. And you here in California helped make that happen.

What specifically has the President proposed?

First of all, an immediate $30 billion shot in the arm to the economy. Some are questioning whether this short term investment is needed. They question it even though this "recovery" isn't creating jobs, and we haven't even begun to feel the impact of recent layoffs. Tell the millions of people still out of work in California and across the country that everything's ok. President

Clinton doesn't agree.

That's why he's pushing a plan to immediately invest $2.5 billion more in our communities with additional Community Development Block Grants. To create 700,000 summer jobs for our teenagers and do more to immunize our kids. And to invest $4 billion in the nation's highways, transit systems, airports and railroads. Of that, almost $330 million will come to California just for highways and transit. The idea is not only to quickly create jobs in a construction industry that's laid off almost one in every three workers, but to make a downpayment on the infrastructure improvements that will be a foundation for economic revival.

The President's long term strategy invests in areas that are starved for resources and are critical to economic recovery. It's focused on five key areas. First, by promoting Lifelong Learning, we'll make sure every American has the skills training and educational opportunity to prepare for a good job. And that includes making sure our youngest kids get a fair shot by fully funding Head

Start. Second, Rewarding Work means making sure good workers who've been laid off have unemployment insurance when they need it. It means expanding the Earned Income Tax Credit so that no one who works full time ever has to watch a family live in poverty. Third, a focus on Health Care, with additional funding for important services like AIDS treatment, drug prevention, and veterans medical programs. Fourth, we'll invest $24 billion over the next four years in Private Sector Initiatives to create jobs, develop new technologies and improve productivity. Finally, we'll Rebuild America with projects to improve the environment, invest in our rural and urban communities and target $12 billion more to the transportation facilities that are the lifeline of the California and national economy.

The third major piece of the President's comprehensive plan is the most serious effort at deficit reduction in history. The American people told us last November that they believe government has a legitimate role in improving people's lives. But, they wanted government authority exercised judiciously and

efficiently. The President has been very clear with his cabinet: he will not tolerate waste in our departments and he will not ask the American people to contribute without the government being asked to trim first. At DOT, that means we'll have 2800 fewer employees four years from now, and our administrative costs will be $150 million leaner.

Now, let me briefly turn to a few other initiatives that are of critical importance to the California economy. First, it's no secret that California is hit hardest of any state by the recently recommended round of base closings. The transition your communities will make from the military economy of yesterday to the new economy of tomorrow will at times be tough. But the President has pledged to lead you through this transition and has proposed the most comprehensive and aggressive conversion assistance program in history, totalling $1.7 billion this year alone. It includes $375 million in skills training and transition assistance for workers. It includes significant investment in the communities that are hardest hit. And it promotes conversion of military

technologies to civilian use. As you know, the President's believes that investing in technology development is fundamental to economic recovery. Just four weeks into his Administration, the President came to California with Vice President Gore to announce a comprehensive technology development strategy, a strategy aimed specifically at making this key California economic sector a world leader again.

This then is the downpayment President Clinton has made on his debt to the people of California, a downpayment aimed at making this state a national leader again, this time in the country's economic rebirth.

As Secretary of Transportation, my Department will play a key role in this revitalization even beyond the critical need to reinvest in California's infrastructure. For example, it is critical that we get the aviation industry back on track and recoup the jobs Californians have lost in recent years. Our Administration moved quickly to pass legislation to bring together the best minds in the country over the next 90 days to develop a specific action strategy

for the industry. In the areas of defense conversion and high tech development, some of our most innovative projects are happening in transportation, and the research is being done right here in California. Intelligent vehicles, electric cars, high speed rail: things that are a gleam in the eye of planners in other parts of the country are already underway in California.

California has probably the most difficult transportation challenges of any state in the union. That's why you're on the cutting edge of so many of the transportation innovations I'd most like to advance as Secretary. Californians also understand better than most that transportation is about more than steel and asphalt, buses and trains. You understand that how well or badly our transportation system works is a quality of life issue. It's about whether our air is clean to breathe. It's about whether a small business owner can get his goods to market. And it's even about whether a mother can get her daughter to day care; whether an 18 year old inner city kid can get to his first job; or whether a construction worker can support his family.

You understand, and Bill Clinton understands, that government isn't just something for bureaucrats and lobbyists and politicians in Washington, DC to debate. Government has a real impact on real people's lives every day.

President Clinton wants to fundamentally change government to work for you again. That's why you voted for him and that's why you as party leaders mobilized your families and friends and neighbors by the millions to vote for him too.

Bill Clinton will never forget you. But you must not forget either: the fight for change did not end on November 3, it just began. We need you to keep working with us, just as hard as you did all last spring and summer and fall. We need you to stay involved, to keep your communities involved and to be our partners in fundamental change. This is a once in a lifetime opportunity.

Let's take advantage of it. Thank you.

APRIL 3, 1993

CALIFORNIA DEMS: SHORT VERSION

I. INTRO

A. In November:

- 2 Dem Senators
- new Dem Congressmen
- Dem President: 1st time in almost 20 yrs.; by 1.5m votes

B. New hope for CA & nation:

- justice, fairness, gov't investing in people
- record #'s registered & to polls
- vote for change

C. Californians were scared:

- once a leader of prosperity; now a leader in decline
- high tech, aviation layoffs
- real estate crash
- health care through the roof
- nation's 2nd highest unemployment
- fire, earthquake, flood

D. Party leaders:

- brought Clinton message to millions
- wouldn't be President without you
- he'll never forget
- nation can't recover without CA

E. California represented in Administration:

- Tyson, Kantor, Epstein, Emerson
- Ron Brown

II. YOU NOW HAVE AN ACTIVIST ADMINISTRATION COMMITTED TO ECONOMIC RECOVERY

A. Gov't is responsible:

- for promoting job creation, and
- preparing people for jobs: ed., training, housing, health care

B. President has bold, comprehensive plan for recovery:

- Americans supporting
- fastest budget resolution passage in years
- gridlock broken

C. Short term investment in job creation:

- $30b
- $2.5b for CDBG
- 700,000 summer jobs
- child immunization
- $4 b for highways, transit, Amtrak, airports
  - a) $330m to CA for highways, transit
  - b) help for construction industry: 1 in 3 jobs lost

D. Long Term Investment:

- Lifelong Learning: training, education, Head Start, WIC
- Rewarding Work: unemployment, Earned Income Tax Credit
- Health Care: AIDS, drugs, vets
- Private Sector Initiatives: $24b for technology, productivity
- Rebuilding America: environment, $12b for transportation

E. Deficit Reduction:

- biggest effort in history
- gov't trims first
  - a) at DOT=2800 employees; $150m

F. Defense Conversion & Technology

- CA hit hard
- Our plan: $1.7b this yr. alone
  a) $357m worker training & assistance
  b) community investment
  c) technology conversion (part of comprehensive commitment to technology competitiveness)

III. DOT WILL PLAY A KEY ROLE

A. Transportation roles:

- infrastructure investment and
- Aviation Commission
-defense conversion; high tech

B. CA is state with most complex transportation issues:

- leader on cutting edge initiatives we support

C. CA understands link between transportation, quality of life:

- clean air
- goods to market
- kid to day care; 18 yr. old to job, construction worker supporting family

IV. CLOSE: THE FIGHT FOR CHANGE HAS JUST BEGUN

- Gov't isn't just something for bureaucrats, politicians & lobbyists to debate.

- Gov't impacts real people's lives every day.

- Bill Clinton wants to make government work for people again.

- He'll never forget work you did to elect him.

- Keep working: the fight for change didn't end Nov. 3, it began

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contact: DOT Public Affairs
202-366-4570

STATEMENT OF SECRETARY FEDERICO PEÑA
WMATA FUNDING ANNOUNCEMENT
APRIL 7, 1993

The funding we are announcing today is an important step forward toward completion of the Metro system. It is a perfect symbol of the partnership President Clinton and I want to have with WMATA, with its riders, and with its neighbors. Congratulations are due today not only to WMATA, but also to the region's very effective Congressional delegation, which has worked tirelessly for approval of Metro's funding authorization, and to your state and local officials.

Today's full funding agreement guarantees federal support of more than $400 million for one of the final links in the Metro system. It is also an endorsement of the innovative job you've done in significantly lowering costs and speeding completion of these last segments. In addition, the $144 million grant we're announcing today will help make Metro service a reality for more area commuters.

The money spent on these projects will not only keep the completion of Metro on a "fast track", but it will also play a major role in generating new jobs in the region. Like other well-planned transportation systems, Metro is an economic asset to all the areas it serves. Not only does it provide enhanced

mobility to local communities, but its construction, maintenance and operation create jobs, increase property values and stimulate development. Successful transit systems like WMATA don't just move people, they move the economy of the whole region forward.

That's exactly why President Clinton has put such a high priority on transit and other infrastructure investment. This investment is absolutely necessary if we are to get our economy back on track and moving forward.

Transit investment makes particular sense. The people who live in our inner cities must have good transit service: to get to work, to school, to the doctor. But they also need the jobs and the other economic benefits that new transit construction brings. Transit investment is an important part of an overall strategy to revive our inner-cities.

Transit investment is also increasingly important for suburban areas whose transportation needs have changed significantly. Suburban areas are seeing a level of concentrated economic development that used to be unheard of. Suburban commuters can't afford to have their commute time tripled by traffic congestion. And today's suburban families have complicated schedules that require the mobility transit provides.

From this Administration, you'll see a renewed commitment to transit that's been lacking in recent years. In the President's stimulus package, there's

an additional $752 million in national transit investment, which is part of $4 billion in additional infrastructure investment overall. All told, Washington, Virginia and Maryland would receive over $140 million from the package for needed highway and transit projects. Of this, an additional $24 million will be available in formula transit funds alone. It is critically important---both for this area and for the millions of unemployed workers across the country--- that the Congress move quickly to pass the economic stimulus package.

This short term stimulus is a downpayment on longer term investment in our infrastructure and in our national transit system. Tomorrow, the President will unveil his FY94 budget. In it, you'll see an increase of over 20 percent in transit funding, a bigger increase than for the past four years combined and 50 percent higher than the Administration's budget request last year.

This funding represents a major commitment to our inner-cities and our suburbs; to their mobility and economic needs; and to the obvious environmental benefits of transit investment. It will allow us to fund more projects and create more jobs here in the Washington area and throughout the nation. As a new Secretary of Transportation, I look forward to a long partnership with WMATA, with the region's Congressional delegation and with its state and local officials to bring the benefits of this investment and of improved transit service to this area and to the nation.

LONG VERSION

REMARKS
SECRETARY FEDERICO PEÑA
YOUNG PRESIDENTS ORGANIZATION
APRIL 7, 1993

(Thank Warren Rustand, YPO Chairman, for Intro)

I. INTRO

A. Applaud your iniatitive:

a) in being YPO members
b) in wanting to be actively involved in formation of public policy
c) in recognizing the private sector's role in addressing nat'l problems

B. Administration's number one goal is reviving the economy:

a) President says gov't doesn't create jobs, private sector does.
    1) You are leaders in your communities.
    2) Administration can't reach goals without you and your companies.
b) Our role is to support your growth.
    1) nowhere is that more true than in transportation

II. THE ROLE OF TRANSPORTATION IN ECONOMIC GROWTH

A. When I was Mayor of Denver:

a) City was in a terrible recession.
b) Business community wasn't shy about telling me what transportation improvements were needed to support economic development.
    1) We worked very closely with business leaders.
c) We invested in our infrastructure:
    1) bond issue
    2) new airport
d) It worked:
    1) private sector understood we were serious about city's future
    2) private sector invested in Denver

B. Clinton Administration shares this approach to nat'l economic growth.

a) Strategic infrastructure investment is key to reviving the economy.
b) Transportation system directly affects your company's competitiveness & productivity.
    1)One in six dollars of GDP is spent on transportation.
    2) The country currently wastes $14b/year because of air and highway traffic congestion.
c) How well the system works affects:
    1) how your employees get to work
    2) how your customers get to you
    3) how your supplies reach you and your goods get to market
    4) ultimately, your bottom line

C. My priority is a transportation system that supports economic growth.
    a) We need to rebuild existing facilities.
    b) We need to add capacity where it makes sense.
    c) We need an intermodal system that promotes:
        1) efficiency
        2) consumer choices
        3) flexibility to meet demands
    d) We need to support the competitiveness of our domestic transportation industries.
    e) We need to support development of new transportation technologies that will support our economic competitiveness in the future.

D. Transportation is central to President's three part economic program of:
    a) short term investment
    b) long term investment
    c) serious effort at deficit reduction

E. I'll talk more about investing in a second. First, let me talk for a second about deficit reduction and making government work better.

a) Government has to be asked to trim first.
    1) In 2 months at DOT, I see we could be a lot more efficient.
    2) Over 4 years, we'll cut $150m in administrative costs; 2800 employees.
    3) We're taking Vice President's National Performance Review very seriously.
    4) Government could learn a lot from business. We are not as good as we should be at efficiently delivering services to our customers: the taxpayers.
    5) This is a once in a lifetime chance to reinvent government; to make sure scarce resources are invested in services and products that help people.

III. INVESTING IN INFRASTRUCTURE: THE SHORT TERM

A. The short term investment package is needed as an immediate booster shot for an economy that still isn't creating jobs.

a) Unemployment statistics released last Friday showed:
1) jobs down 22,000
2) number of private sector, manufacturing, construction, retail and government jobs are all down

b) We've lost 1 million private sector jobs in the last 3 years.

c) I was in California last week. Don't tell them the recession is over. Their unemployment rate is still 9.8%. They are hurting. They need help.

B. The short term investment plan includes $4 billion in infrastructure investment: to reverse pattern of disinvestment in recent years; create jobs.

a) additional funding for every state in the country:
- highways, bridges=$3 billion
- transit=$752m
- airports=$250m
- Amtrak=$188m

b) will create 70,000 jobs by end of next year

C. Some are suggesting these aren't investments; they're make work (or worse). In case of new transportation funding:

a) projects chosen mostly by local decision maker, who best know local needs
b) projects must have already gotten all normal approvals
c) must have been deemed necessary transportation improvements
d) must be ready to go within 60 days of funding approval
e) are a downpayment on long term investment
f) go to any city in the country, you'll see crumbling bridges and roads. This money is for those projects.

D. Hope that when Congress reconvenes on 4/19, they'll pass package quickly so we can put people back to work.

IV. LONG TERM INVESTMENT IN TRANSPORTATION

A. President's budget resolution requests $12b more for transportation between 1994 and 1997 to create jobs and support economic growth.

B. We are directing resources where they'll do the most good. In FY94, direct capital investment in infrastructure accounts for over 70% of our budget:

a) FY94 investment carries through on job begun by short term investment package

b) Supports basic reinvestment; intermodalism; high tech initiatives

V. INVESTING IN THE FUTURE: INDUSTRY, INTERMODALISM, TECHNOLOGY

A. Beyond basic infrastructure rebuilding, albeit very important, we need to start now to strategically plan the transportation system of the future:

a) What will we need to support the economy of the 21st century?
b) The 21st century, once the distant future, is 7 years away and counting.
c) New transportation systems take a long time to design, even longer to build. Smart, successful businesses plan ahead. We need to, too.

B. To have the kind of system we want for the future, we have to start now:

a) supporting the competitiveness of our transportation industries
b) supporting an integrated, efficient system
c) supporting technological advances

C. For example, The competitiveness of the aviation industry is a top priority:

a) Industry's health is critical to employees, customers, communities, nat'l economy
b) in recent years has lost billions of dollars; tens of thousands of jobs
c) Aviation Commission (to be signed this week) is:
    1) best minds in the country
    2) 90 day intensive effort
    3) specific action agenda to revive the industry
d) renegotiation of aviation agreement with British is another example of priority we're placing on giving American aviation industry a competitive boost and level playing field.
e) will be making a similar effort to revive domestic maritime industry
    1) expect to file maritime reform legislation shortly

D. An integrated, efficient system is a top priority:

a) Legislation passed last year made significant changes in the way federal transportation programs are run and promoted a new concept, known as intermodalism:

1) gave state and local gov'ts new flexibility to choose solutions
2) coordinated transportation and environmental planning
3) envisioned a coordinated planning process, resulting in an integrated system

b) This kind of system is critical to economic growth:

1) For example: it isn't enough to have an airport that works well for cargo and business travellers; cargo and passengers have to be able to get to and from the airport efficiently.
2) or a seaport where cargo comes in and doesn't have good connections to complete the rest of the route

c) We are working hard to make sensible, coordinated, strategic planning a reality:

1) Michael Huerta, head of DOT Office of Intermodalism: known as a leader in the field
2) Other modal administrators being chosen to think creatively, work well as a team (not often the case in the past)
3) Doing more to support a wider range of transportation choices than in recent years:
a) even the Highway Administration acknowledges roads alone won't meet transportation demand
b) you'll see more support for transit & rail in this Administration

E. We're also working to regain the country's lost leadership in development of the transportation technologies of the future:

a) President sees technology industry as key to competitiveness
b) unveiled comprehensive strategy in February
c) transportation plays a key role:
1) DOT r&d support function not well-coordinated in past; we want to change that
2) We'll invest in promising technologies.
d) high speed rail:
1) $140m requested for FY94
2) $1.3b for 94-98
3) looking to provide funding to states for improvements to meet 125 mph speeds; support for new technologies
4) expect to finalize high speed rail/mag lev plan within the month
e) Intelligent Vehicle Highway Systems:
1) these are smart cars and smart highways and much more

2) for FY94, we're looking for nearly 50% more funding to bring IVHS technology to marketplace sooner; spur private investment

3) one early application of IVHS is using satellite systems to track movement of truck cargo; make it more efficient

f) IVHS and other defense conversion projects provide great opportunities for gov't/private sector partnerships:

1) of $200b spent on IVHS in next 20 years, gov't will only spend 20% in seed money; rest will come from private sector

2) some of most promising defense conversion technologies are transportation related:

a) Clinton announced his defense conversion plan at Westinghouse, where they're using military technology for a new product to cut down on aircraft windshear; and a battery that could power electric cars of the future

b) In California, the Calstart project is developing a new electric vehicle, and Project California is a comprehensive effort to make California the world leader in advanced transportation systems

VI. CLOSE

A. There are many opportunities for us to work together to improve our transportation system.

B. We need business community's help and input because our goal is to put in place transportation system you need for your companies to grow.

C. We need you to stay involved at the federal level as we develop transportation investment and technology development strategies.

D. Mostly, we need you to be involved with transportation planning at your local level.

a) You are respected leaders of your community. You are listened to.

b) You are a credible constituency for infrastructure investment.

c) You know best what transportation improvements you need to grow your businesses.

d) The planning process established in last year's legislation encourages this kind of planning and local involvement: be part of it.

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SHORT VERSION

YOUNG PRESIDENTS ORGANIZATION
APRIL 7, 1993

- Thank Warren Rustand, YPO Chairman

I. INTRO

A. Applaud initiative: YPO members
- private sector role in solving nat'l problems

B. Administration's #1 goal - economy
- gov't doesn't create jobs, private sector does

II. ROLE OF TRANSPORTATION IN ECONOMIC GROWTH

A. Mayor of Denver: city in recession
- worked closely with business
- invested in infrastructure
- private sector invested in Denver

B. Infrastructure investment is key to nat'l economic growth
- 1/6 GDP spent on transportation
- $14B/year wasted on air and highway congestion

C. My priority: System that supports economic growth.
- rebuild existing facilities
- add capacity where it makes sense
- intermodal: efficiency, choices, flexibility
- transportation industries
- technology

D. Three-part economic program
- short term investment
- long term investment
- serious effort at deficit reduction

E. Deficit reduction & making gov't work better
- gov't has to trim first
- DOT - 4 yrs, $150M administrative costs; 2800 FTE
- VP's nat'l performance review
- learn from business
- chance to reinvent gov't

III. INVESTING IN INFRASTRUCTURE: SHORT TERM

A. Package needed to create jobs
- unemployment statistics last Friday
- jobs down 22,000
- lost 1M pvt sector jobs in 3 yrs.
- California, unemployment rate 9.8%

B. $4B transportation: more funding for every state
- highways, bridges = $3B
- transit = $752M
- airports = $250M
- Amtrak = $188M

C. Projects chosen mostly by local decisionmakers
- downpayment on long term investment

D. Hope when Congress reconvenes, 4/19, they'll pass package
- put people to work

IV. LONG TERM INVESTMENT IN TRANSPORTATION

A. $12B '94-'97

B. FY '94 budget
- 70% direct capital investment in infrastructure

V. INVESTING IN THE FUTURE; INDUSTRY, INTERMODALISM, TECHNOLOGY

A. Strategic plan for system of future:
- support economy of 21st century
- ~~only~~ 7 years away
- ~~transportation systems take a long time to design~~
- businesses plan ahead; we must too

B. Need to start supporting:
- competitiveness of transportation industries
- integrated efficient system
- technological advances

C. Aviation industry
- employees, customers, communities, nat'l economy

- Aviation Commission (to be signed this week) is:
  best minds in country
  90 day intensive effort
  special action agenda to revive industry
- aviation renegotiations with British
- maritime reform legislation shortly

D. Integrated, efficient system
- intermodalism
- state & local flexibility to chose solutions
- coordinated transportation & environmental planning
- Michael Huerta, head of Office of Intermodalism
- support wider range of transportation choices:
- more for transit & rail

E. President sees technology as key to competitiveness
- unveiled technology strategy in February: DOT has a role
(1) high speed rail:
  $140M requested for FY '94
  $1.3B for '94-98
  125mph speed
- expect high speed rail/mag lev plan within month
(2) - IVHS, FY '94 funding increase, nearly 50%:
- GPS tracks movement of cargo, buses
(3) - IVHS & defense conversion projects = public/private sector
  gov't, 20% seed money; pvt sector, 80%
- defense conversion technologies:
  Westinghouse aircraft windshear & battery for electric car
  Calstart - new electric vehicle
  Project California - ~~comprehensive~~ developing advanced transportation systems

format

VI. CLOSE

A. Work together
B. Need business community's help in transportation
C. Need you to stay involved
D. Need you in transportation planning at local level

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U.S. Department of Transportation

News:

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

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
15TH ANNUAL PORT CONFERENCE
APRIL 12, 1993
BALTIMORE, MARYLAND

Anywhere you turn these days you see change, nowhere more apparent than here at the Port of Baltimore. This marine terminal, once an airport, now adjoins Seagirt, one of the most modern container facilities in the world. Built on land created by dredged material, Seagirt illustrates what can happen when a state government works with others to invest some of its capital in port development. Seagirt is just one of the changes that sets the Port of Baltimore apart and positions it for tremendous growth in the future.

Last November, this country voted for economic change. And nowhere is change needed more than in the maritime industry. I won't go into a lengthy discussion about the problems. Many of you know them all too well, having lived with them every day -- half the seafaring billets were lost in the 80s (22,630 in '80; 11,438 in November '92); port concerns about land transportation access and waterside dredging needs; and the U.S. shipbuilding industry's employment at an all time post-WWII low. (90,887 - April '92)

The Clinton Administration will be very aggressive in seeking solutions to the maritime industry decline. We believe that government must take an active role in solving problems and creating economic opportunity. President Clinton has laid out a bold, comprehensive plan not only to get our economy headed in the right direction, but to reinforce our leadership in world trade. It includes an overall investment incentive and deficit reduction strategy and an aggressive international trade strategy. DOT has a key role in both.

- more -

Tonight, I'd like to focus my remarks on DOT's part in our international trade strategy. The strategy has two critical elements. One, developing the transportation infrastructure to carry our commerce in such a way that our industries will be competitive in world markets. To be successful, we must support the development of intermodal freight transportation systems as you have done here. Two, creating a level playing field for U.S. industries in world markets. This requires a maritime reform policy and removal of discriminatory constraints on both our air and ocean carriers in foreign markets.

Here's why these two elements are critically important to the long term economic well-being of the United States. First, international trade is the fastest growing segment of our economy. Last year, the movement of 865 million metric tons of foreign cargo contributed $35 billion to the GDP -- tonnage that was up 23 percent from1985. And 95 percent of that foreign commerce flows through our oceanports.

Second, when you total both foreign and domestic cargo, the port industry generates $52 billion in total personal income; $22.5 billion in business income; $14 billion in federal taxes; and more than $5 billion in state and local taxes. The port industry supports over 1.5 million jobs nationwide. Clearly this is a very important industry.

We are committed to doing everything we can to ensure that the intermodal freight movement is efficient and seamless. We know that no matter how efficient the individual components of the transportation system may be, the key to timely movement of international freight is the intermodal connection.

In large part, those connections are made at our ports, the critical transfer points between land and water modes. Any bottlenecks here threaten system efficiency. For this reason we must consider both the land and water elements of the entire system.

Baltimore is an excellent example of intermodal freight transportation that works. After a truck moves through one green light out of the Port of Baltimore, it has a straight shot on the Interstate highway to Chicago and midwestern markets. And there is a direct connection between ship and rail. Of course, I don't need to point out the excellent land to water connection that move freight out of this country for export because we are sitting in one of them -- Dundalk Marine Terminal -- and you can see Seagirt next door. No doubt these good intermodal connections are one reason you shipped your 200,000th Chrysler automobile from this port very recently, and are looking forward to double digit auto export growth for the rest of the decade

President Clinton recognizes the importance of intermodalism with his nomination of Michael Huerta, Executive Director of the Port of San Francisco, to be the next Associate Deputy Secretary for Intermodalism. Michael Huerta has a strong background in international trade and transportation.

While I was in San Francisco very recently I took a helicopter ride with Michael to review the Bay Area transportation, and I was tremendously impressed with his knowledge of the field. His office is going to continue to be under the Office of the Secretary so that I can assure that intermodal transportation continues to be a highly visible component of DOT that works in a cross-cutting fashion with other transportation divisions of the Department.

Intermodal freight transportation is so clearly a means of increasing productivity and competitiveness that it has drawn the entire transportation industry and its customers -- the shippers -- together in "one united voice for freight." Recently I received a letter signed by the heads of national organizations representing ports, ocean carriers, truckers, railroaders, and shippers. They identified some impediments they felt needed our attention. I was very glad to get their suggestions.

One concern, of course, is land access. The Intermodal Surface Transportation Efficiency Act (ISTEA) shifted the investment decision-making toward the local level where federal transportation dollars will be spent. The Metropolitan Planning Organizations (MPOs) -- the local city, county or multi-county planning entities throughout the country -- have considerably more say over investments in infrastructure than they once had. In some cases, port authority interests have felt their projects have not been given a fair hearing because, as the saying goes,"people vote, freight doesn't." We have heard this comment from ports on our three seacoasts, river networks, and Great Lakes.

I am very sensitive to those concerns and moved very early to ensure that access to oceanports and airports is considered as part of regional decision making. Shortly after I became Secretary of Transportation I learned that the rules and regulations setting forth the guidelines for MPOs to comply with ISTEA had not been issued. The proposed rules had not even gone to the Office of Management and Budget (OMB). We sent those rules to OMB, asked for and received a quick turnaround and got a notice of proposed rulemaking into the Federal Register. So federal rulemaking activities are now in progress to establish guidelines for state departments of transportation (DOTs) and MPOs to ensure proper emphasis on freight movements.

Specifically, these proposed rules would require consideration of access to ports and airports. And the proposed rules would also require state DOTs and MPOs to consider the needs of an efficient national transportation system that incorporates intermodal opportunities, including those that facilitate the movement of freight to ports and airports.

But intermodal freight supporters must also do their share to make sure that their voice is heard. The solution to landside access problems has to involve you at the local level. Some people who move freight have not been very interested in local government decision making. This must change.

I encourage you to get involved in the MPO process, go to the meetings, know when and how the investment selection process works. A recent Transportation Research Board study urged port interests to get involved in the planning process at the local and state levels. The American Trucking Associations recently held a "Know your MPO" seminar. We need more of this kind of activity across all modes nationwide.

Another impediment in some ports is waterside development. Efficient rail and road links to marine terminals in our ports are of little use if ships cannot be safely accommodated due to inadequate depths of water in access channels and berthing areas.

The issue of disposing of dredged material further complicates the problem. There is no question that dredging directly increases the economic vitality of our coastal communities and the ability of ports to generate local, regional and national economic benefits. We must solve the current dredging crisis, which, in reality, can become an economic crisis. The question is how.

I don't have all the answers. It may be a classic example of why we need to "reinvent government." Port dredging is submerged in conflicting missions and mandates. The Army Corps of Engineers is responsible for dredging. The Environmental Protection Administration has overall responsibility for the environment. The Commerce Department's National Marine Fisheries and the Interior Department's Fish and Wildlife Service become involved in protecting wildlife. The Department of Transportation must support the free flow of commerce -- both waterborne and landside. The huge pyramid of federal rules and regulations generated by these missions, plus the regulations and laws of state and local governments make it a miracle every time a port dredging project is brought to fruition. I want to meet with the Secretary of the Army to open up a dialogue as to how to deal with the port dredging logjam. It may be all that's necessary is for all the parties to sit down and hammer out a new, more efficient

method of getting through the process. One thing's for sure: ports, the Clinton Administration, and state and local interests must work together to find the right solution. There must be a balance between our economic and environmental concerns.

Before intermodal connections can be truly seamless, we must build and strengthen the surface transportation infrastructure and that requires major financial resources.

ISTEA authorized $155 billion for highway and transit construction over six years. The President's overall economic plan expands on that commitment.

The President's short-term investment incentives plan includes an immediate $30 billion. I hope that when Congress reconvenes on April 19, it will pass this package quickly so we can put people to work. These jobs are not make shift jobs. In transportation, for example, they represent needed improvements to our infrastructure, ranging from manufacturing buses and repairing bridges, to building new roads where needed.

The President's stimulus plan will provide $4 billion in additional transportation investment. For Maryland, this immediate investment means an additional $45 million for highways and $11.7 million for transit. This funding will be spent quickly on projects that are ready to go and ready to create jobs immediately.

The second part of the President's plan is a long-term strategy to invest in areas that are critical to economic recovery. Transportation infrastructure also comes in for an additional $12 billion over the next four years, including $3.7 billion FY '94.

The third piece of the President's economic plan is the most serious deficit reduction effort in history. A key part of his strategy is trimming government before we ask all of you to contribute. At DOT alone, two years from now we will have the equivalent of 2,800 fewer employees, and four years from now administrative costs will be reduced by $150 million.

But even having done all these things, even with increased infrastructure investment and streamlined intermodal facilities, we still must pay close attention to the second critical element of a sound international trade policy. That is developing a level playing field for our air and ocean carriers and other industries in foreign markets.

This includes a new maritime policy to deal with the critical issues facing ocean carriers and the shipbuilding industry. We are working to get a maritime reform proposal to the Congress in the next few weeks

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I am convinced that if we do not take action very soon to address the needs and concerns of the maritime industry, we will see large numbers of U.S.-flag vessels reflagged under foreign registries.

Secondly, it could be a significant problem for our national security. In the Desert Storm operation we relied heavily on U.S.-flag vessels. Ninety-five percent of all dry cargo moved by ship. Eighty percent moved in U.S.-flag ships. If we didn't have control of a sufficient number of vessels, we would not be in a position to support future military emergencies.

But there's an even more compelling reason why we cannot let this industry down. America's strength rests on the creative genius of her people, of private industry -- innovative and confident and willing to take risks. Nowhere is this more true than in the maritime industry.

U.S.-flag carriers have pioneered major innovations in intermodal freight transportation. Containerization and double stack trains were products of American private sector inventiveness. Thirty years ago Sea-Land began the first domestic and international container trades, an action that revolutionized shipping. A decade ago, American President Lines took a risk and initiated double-stack container trains. Ten years ago four double stack trains moved across the country from the west coast each week. Today 100 trains a week make that run. We as a nation cannot allow this kind of entrepreneurial spirit to diminish. We must shape government policies that encourage these visionary companies to continue under the U.S. flag.

Having said that, the solution to the maritime dilemma is not a simple one. I have had a number of meetings already with representatives of all the major parties -- the liners, the bulkers, the shipbuilders, the labor organizations -- to discuss possible solutions for maritime reform.

We are looking at the cost of the program. We cannot continue to do things as we have in the past. We must bring some reform in this area. In looking at this challenge, however, we want to ensure that our solution does not in anyway obstruct the free flow of trade. We are trying to balance all the interests and develop a proposal which we will present to Congress. My goal is to have a maritime policy in place this year

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Just as we must level the playing field in maritime, we also must do the same in aviation, and I have taken quick action in this area. Because of your close relationship with Baltimore Washington International Airport and your interest in aviation, let me take a final minute to bring you up to date on the thrust of our international aviation policy.

In early February, I approved a complaint by Northwest against the government of Australia and another by United Airlines against the government of Japan. In both cases the U.S. carriers believe the foreign governments were breaching our bilateral agreements to their disadvantage. We are in negotiations with both governments in an effort to make sure our airlines get equitable treatment.

Last month, I notified the British government of my intention to pursue a renegotiation of the current U.S.-U.K. bilateral aviation agreement. It is obvious U.S. carriers need a new agreement to gain fair access to the British market and beyond. I will go to London next week for my first meeting with U.K. Secretary of State for Transportation John MacGregor to set the stage for renegotiating the bilateral agreement.

In a word, the Administration's emphasis on international trade as a source of economic strength will pay long term dividends in American jobs -- good paying, permanent jobs. Our emphasis on transportation infrastructure and intermodal connections will give new strength and renewed vigor to America's domestic and international commerce. Our maritime proposal will chart a new course for America's merchant marine.

But these proposals, as spelled out on paper, can only go so far. Success requires a partnership with every segment represented in this room -- ports and shipyards, shippers and carriers, labor and management -- to work together to carry the U.S. flag into the 21st century. Partnership is the key. If a concern for intermodal transportation brought the ports, ocean carriers, truckers, railroads, and shippers together for the first time in "one united voice for freight," then a concern for our economy must hold them together.

At stake is nothing less than the survival of a productive U.S. transportation system, including the maritime industry, and our competitive position in world markets. We're aiming at more than mere survival. These industries must again compete on an equal footing in a very complex and challenging global market. We believe it's possible. And with your help, we're committed to making it happen.

Thank you very much.

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SHORT VERSION - BALTIMORE PORT CONFERENCE

- Thank you James Lighthizer.
  William C. Richardson for invitation.

I. INTRO

A. Port of Baltimore: change
- boat tour with Lighthizer later

B. America voted for economic change
- transportation, including ports is big part of solution

C. Change needed in maritime industry
- half seafaring billets lost in '80s (22,630 in '80; 11,438 in '92)
- landside access & waterside dredging problems
- shipbuilding employment - post WWII low 90,887 - April '92

D. What to do about it?

E. Comprehensive plan
- overall investment, incentive & deficit reduction
- aggressive international trade strategy

F. DOT's role in int'l trade strategy: two critical elements
- one, developing infrastructure - intermodal connections
- two, seeking level playing field for U.S. firms in world markets

II. IMPORTANCE OF INT'L TRADE TO LONG TERM ECONOMY

A. Fastest growing segment of economy
- last year, 865M metric tons; $35B to GDP
- up 23% since '85
- 95% flows through oceanports; seamless & efficient

B. Foreign & domestic cargo(port industry) generates:
- $52B personal income
- $22.5B business income
- $14B federal taxes
- $5B state & local taxes
- 1.5B jobs nationwide in port industry directly

III. INTERMODAL FREIGHT TRANSPORTATION

A. Intermodal connections made at ports

- critical transfer points between land & water
- bottlenecks threaten efficiency

B. Baltimore example
- truck connects with Interstate to midwest
- direct connection between ship & rail
- 200,000th Chrysler: expect double digit auto export growth

C. President nominated Michael Huerta
- strong background in intl trade & transportation
- will stay in Office of Secretary

D. United industry & shippers: "one voice for freight"
- joint letter from ports, ocean carriers, truckers, railroaders, shippers
- identified impediments
- appreciate suggestions

E. Land access
- ISTEA moved investment decisionmaking to MPOs
- federal rulemaking will
- establish guidelines for state DOTs & MPOs
- ensure proper emphasis on freight movements
- require them to consider
  1) needs of efficient system
  2) intermodal opportunities

F. Intermodal freight supporters must:
- get involved in MPO process
- American Trucking Associations "know your MPO seminar"

G. Waterside development impeded in some ports
- dredging of channels & berthing areas
- disposing of dredge material
- want to talk to Secy of Army
- must work together to find answer

IV. IMPROVED FINANCING INFRASTRUCTURE

A. Intermodal connections & infrastructure resources
- ISTEA provided $155B

B. President's short term investment plan = $4B transportation
- $45M Maryland highways
- $11.7M Maryland transit

- hope Congress moves quickly to pass

C. Long-term strategy
- transportation infrastructure, additional $12B - '94-'97
- including $3.7B '94

D. Deficit reduction
- trim government before we ask others to contribute
- at DOT, 2,800 FTE; $150M administrative costs

V. SECOND ELEMENT OF INT'L TRADE POLICY: LEVEL PLAYING FIELD

A. Infrastructure investment, steamlining intermodal
- only part of answer
- must develop level playing field
- for maritime & aviation

VI. MARITIME POLICY REFORM : EXPECT PROPOSAL THIS MONTH

A. U.S. economic recovery depends on maritime recovery

B. Action required before large number of U.S. flag vessels reflag
- would be disaster for nation; not wise position

C. Reflagging = national security problem
- Desert Storm - 95% of dry cargo moved by ship; 80% U.S. flag
- couldn't support future defense

D. US flag carriers pioneered innovations
- 30 yrs ago Sealand started int'l container trade
- 10 yrs ago, APL started double stack trains
- 4 trains per week in '83 to 100 trains today

E. Solution not simple
- meetings with representatives - liners, bulkers, shipbuilders, labor

G. Looking at possible solutions: cost of program
- must bring some reform
- also must ensure that solution does not obstruct free flow of trade
- goal - maritime policy in place this year

VII. LEVEL PLAYING FIELD IN AVIATION TOO

A. Port's close relationship with BWI
- port group interested in aviation
- update on int'l aviation policy

B. Took early action on level playing field issue
- Northwest v. Australia
- United v. Japan

C. Served notice on UK: renegotiate bilaterals
- BA-USAir deal: 3 stages
- first, $300M investment by BA in USAir
- 2nd & 3rd stages contingent on outcome of
- bilateral negotiations & on Congress changing law
- vigorous advocate of U.S. carriers in foreign markets

VIII. CONCLUSION

- trade = good paying, permanent jobs.
- infrastructure & intermodal connections = solid strength to commerce
- success requires partnership
- together, carry U.S.-flag into 21st century
- "one united voice for freight" must stay united for economy

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
IVHS AMERICA
APRIL 16, 1993
WASHINGTON, D.C.

(Thank you: Les Lamm, IVHS America President)

Even in an environment marked by tremendous change, IVHS America stands out as a leader in creativity, innovation and "can-do" spirit. Your successful public-private partnership is a model. And we are glad to be your partners in a venture with a potential limited only by the realms of imagination.

Less than three months into his term, President Clinton has laid out a plan for bold comprehensive change not only to get our economy headed in the right direction, but to reinforce our leadership in world markets. That plan includes an overall investment, incentive and deficit reduction strategy and an aggressive technology initiative. DOT has an important role in both.

Today I want to talk about our role in this new national strategy, about managing our partnership for the greatest public benefit, and about how we are going to meet the biggest challenge of the future. That challenge is to reach beyond the limits of highways and carry IVHS technology to all forms of surface transportation.

The President's support for IVHS has translated into more proposed funding. Just last week we announced a budget that includes substantial increases in funding for IVHS. You asked for a stable funding source and our budget provides it.

As part of the President's overall investment strategy, our FY 94 Federal Highway Administration's budget calls for $214 million for IVHS, and that's a 48% increase over the FY '93 level. Over four years we plan to invest $923 million.

The Federal Highway Administration has developed a strategy for using this funding to accelerate the IVHS program. As a result, IVHS products will reach the marketplace faster, providing early benefits to users of the transportation system. That strategy has five parts.

One is accelerating IVHS product development through expanded research and development activities. This would speed new products to market to increase safety, reduce congestion and improve productivity.

Two, expanding operational testing of promising IVHS technologies and concepts. This would create more public/private partnerships to extend the base you have already established. We will be able to bring federal resources to bear on getting technology deployed faster.

Three, leveraging existing federal investments in technology, including defense technology. Federal funds will be used to form partnerships with the defense and space industries, and the national labs, speeding up the transfer of their technologies to IVHS applications.

Defense conversion opportunities such as those I saw yesterday at Texas Instruments in Dallas offer fertile ground to IVHS. Texas Instruments is taking military technology they have developed and adapting it to advanced IVHS. For example, I was briefed on and saw demonstrations of two new products. First, the LOCUSP system, which was designed for military use, provides inexpensive night vision for automobile drivers. It uses infrared cameras to "read" the road ahead. The second product, the TIRIS II-TI, is a toll tag

system with the ability to store information about vehicles and their contents.

As you know at the end of the Cold War we have a unique opportunity to redirect some of our nation's defense resources into new commercial and consumer applications. It is essential that we assist defense contractors in making the transition. My visit to Texas Instruments was part of a five-city series of briefings on the President's technology reinvestment project, a $500 million program to support and promote dual use of technology. Products such as those at Texas Instruments are one way we can adapt. And I encourage all of you to explore more uses of valuable defense resources.

The fourth FHWA strategy is establishing a National Commercial Vehicle Network that uses

advanced technologies to increase safety and productivity of the motor carrier industry. In this network, trucks will be able to voluntarily travel the highways just as cars do, without stopping at state borders and weigh stations. Vital safety and regulatory checks can be made with technology, automatically, and without delays. Truck fleets will be able to supply standard, uniform data to a single state, and their safety, tax and registration information can be placed in a computer record accessible nationwide. The productivity gains for the trucking industry from this one IVHS technology will be phenomenal.

Finally, the fifth part of the FHWA strategy is <u>accelerating development of the Automated Highway system (AHS)</u> that would give the traveler as many options as possible to reduce congestion and promote safety.

Having said all that, this increased funding is only a down payment on the future. Regardless of how generous the federal budget, it will never be enough to do all we need to do. Our strategy will continue to need partnerships such as the ones you have fostered the past two years. We will need creative and innovative financing arrangements and greater involvement at the state and local level.

Working together, we can ensure that the United States continues to lead the world in technology, a lead that will increase our nation's productivity and competitiveness.

We can do these things because America now has a President who embraces technology and sees it as part of a solution to economic competitiveness. Early on, President Clinton made IVHS technology a part of his strategy to get our country moving again.

The President sees IVHS technology as not only improving traffic control and warning drivers of dangerous situations, but making better use of existing transportation infrastructure. The President shares our vision of an IVHS that combines state-of-the-art communications, warning systems, electronic display, and computer technology. This combination will lead to smart fare cards and toll cards, information and communications systems that give us seamless intermodal links. It may also produce advances in other areas, such as artificial intelligence and defense-related technologies.

You in IVHS America have already sampled the wonders of technology. You, more than many, already have a glimpse of the future. Early operational tests have produced remarkable results for commercial as well as personal travelers.

For example, the HELP Crescent demonstration project will accumulate the important data needed to develop a national commercial vehicle network. It will provide vital data on features such as instrumented trucks and weigh stations operating along a corridor from Texas to British Columbia.

In Denver, the Regional Transit District's "smart bus" system is using information supplied by Global Positioning System (GPS) satellite receivers to provide bus location information to transit dispatchers. This translates into increased efficiency, ridership and passenger safety.

In Orlando, the TravTek project used sophisticated in-vehicle computers, along with GPS satellite receivers to monitor the vehicle's location and provide drivers with valuable route guidance information. TravTek had strong and favorable consumer response.

The spin-off impact from these and dozens of other early efforts will be an enormous boost to our economy. For example, the design of the next generation of automobiles will be affected by what you have done in the recent past.

And imagine the potential gains to be made from commercial use of the GPS. I've talked with the Secretary of Defense Les Aspin and we've agreed that DOD and DOT should begin to explore the civilian uses of and participation in GPS. We see it as a good opportunity to carry out one of the major themes of the President by applying military technology to civilian use and demonstrating U.S. leadership in this area. Of course, the possibilities are enormous. The GPS satellite that guided our troops and planes in Desert Storm, is available worldwide for commercial applications.

That means the industry that develops the best and most popular GPS receiver will have an edge not only on the U.S. market but the world market for these systems and products. Or, look at another real possibility. GPS coupled with other technology may help us solve the railroad grade crossing problem, one of the biggest remaining transportation safety challenges.

Having said all that, it doesn't take much imagination to see the day when every automobile will have a satellite receiver. That receiver will assist in avoiding collisions, warn of hazardous materials spills, and, in the event of a crash, automatically notify a 911 dispatcher. It will also provide directions to those who have simply lost their way. And it will advise drivers to "park and ride" when there is congestion. It will even

allow you to operate your automobile almost in an automatic pilot mode.

The bottom line is the creation of a new industry and high tech jobs. With each new development, and with each new spin-off will come new, good-paying, permanent jobs and a stronger U.S. economy.

Probably everyone in this room would agree that we can dream big dreams of technology advances and count on those becoming a reality. The big question is: how do we direct our investment so that it will do the most public good? The simple answer would be to keep the consumer in mind.

But it's not always that easy. In the old days you could easily identify the forces changing transportation. They were safety, energy, the environment and land use. Today the list has grown -- add advanced

technology, decaying infrastructure, an under used military industrial base, government budget pressures, intermodalism, changing travel patterns, an aging population and international competitiveness.

To meet these demands requires national leadership. We must have one cohesive purpose. I will tighten our own DOT approach to IVHS project management to help ensure that we have an informed, systematic decision-making structure in place. In order to make sound investment choices in the future, it is critical that we continually apply and build upon what we are learning from current project investments.

We will also take the lead in developing consensus for national uniform standards that will promote compatibility. In a word, we want to ensure that we do not produce the lowest common denominator of a

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U.S. Department of Transportation

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AERO CLUB - INTERNATIONAL AVIATION CLUB
APRIL 21, 1993
WASHINGTON, D.C.

I am truly delighted to be here today. Both the Aero Club of Washington, which was founded in 1909 by supporters of the Wright Brothers, and the International Aviation Club, which came into being in 1960, have provided a forum for many major aviation policy discussions.

Colin Marshall, head of British Airways, Bob Crandall of American, John McDonnell of McDonnell-Douglas, and an endless number of corporate and government leaders have stood at this podium. None more distinguished and knowledgeable than the man who shares this head table today -- Congressman Norm Mineta, who also received this club's first Aviation Achievement Award. I am very happy that Norm could be here today. I understand that British Secretary of State for Transport John MacGregor, with whom I just concluded talks in London, spoke at the Aero Club a couple of years ago and will address the International Aviation Club later this year.

So, I am indeed very pleased to have this very prestigious forum to shed some light on this young administration's views on the international aviation arena. Yesterday, I returned from London where I had my first formal meeting with Minister MacGregor. There I found that we share the view that the current U.S. - U.K. aviation agreement should be liberalized and we agreed that we should undertake that goal within a year. Our bilateral agreement with the British is one of many bilaterals on which we will begin discussions with our friends abroad -- negotiations that will significantly reshape the international aviation playing field into the next century.

- more -

The United States -- and by this I mean both the U.S. aviation industry and the administration -- must be ready for these international bilateral negotiations. I believe we need to do three things to prepare:
First, the U.S. aviation industry and the administration must make sure that our own houses are in order so that we can negotiate from the strongest possible position. Second, the administration must speak with a single voice. And third, we must enter these talks with a clear sense of where we expect to wind up on the other end. These three themes are the subject of my speech today.

But first, it is important to emphasize that just as we have begun negotiations with the British, so too do we stand at a critical juncture in our aviation relationships with other countries around the world. And just as we have made it a priority to make sure our carriers are on a level playing field vis a vis the British, we must be just as vigorous in pursuing equity for our carriers wherever they fly.

Our carriers not only need our strong support, they deserve it. At a time when too many American industries have lost ground to their foreign competitors, United States airlines stand out as shining success stories of international competitiveness. U.S. airlines and their employees have worked hard to remain competitive in an increasingly global aviation market. The U.S. airline industry has made the world more accessible to travelers through expanded route networks and lower fares. The public -- not only in America but around the world -- has truly benefitted. The strength of our carriers has also strengthened the economies of medium and small cities now connected to rest of the world with direct air routes -- routes which spur new business and job creation. In Denver, we recognized the importance to our economy of efficient air links to markets throughout this country and around the world, and that's why we undertook to build our new international airport that will open later this year.

This country is built on a proud record of strong and vibrant private industry creating a standard of living unmatched in the world. Our airlines are the quintessential American success story, and we must do everything we can to support their strength and competitiveness in the global market place so that consumers, shippers and economies can benefit.

Let me now discuss the things we need to do here at home to make sure we begin our international discussions on a solid footing. First, we need to undertake a comprehensive review of our own industry and the government policies that affect it. Two weeks ago today President Clinton signed into law legislation creating the National Commission to Ensure a Strong, Competitive Airline Industry. The

Commission will bring together 15 of the best minds in the country to diagnose the ills of our domestic aviation industry, both on the airline side and on the manufacturing side. Within 90 days, the Commission is charged with developing a specific set of recommendations on critical issues such as bankruptcy laws, the appropriate level of foreign investment in our domestic carriers, anti-trust issues and the full range of factors that have the potential to impede the health and competitiveness of our domestic aviation industry. We expect that the members of the Commission will be named shortly so that they can get to work immediately on this important blueprint for the future.

Second, it is critical that we do all we can to encourage competition within our domestic aviation industry. As I said during my confirmation hearings, I don't think that having three major domestic carriers is enough, and as Secretary of Transportation, I will do whatever I can to support the principal that the more competition within an industry the better. Over the last year, 15 new carriers entered the market. This year, I'd like to see more not only survive but thrive. To that end, DOT, working with the Department of Justice, recently put the industry on notice that anti-competitive practices will not be tolerated. While we will do whatever we can to support our existing carriers, so too will we do whatever we can to make sure fledgling carriers have a fair shot.

The third thing we can and must do here at home is to improve our air traffic control system to make it the most efficient and technologically up to date in the world. Most of you are well aware of FAA's efforts to develop the new Advanced Automation System, and most of you are equally well aware that that project has not gone as smoothly as anyone would like. Still, it is an important improvement, which, when up and running, will reduce air travel delays. This is an improvement that will translate not only into significant travel time savings, but also into improved productivity, efficiency and cost savings. I am working closely with the FAA to get the AAS project back on schedule, on budget and on track. The system is a critical improvement that must be done, and done as quickly as possible.

Fourth, it is important that we re-focus on the fact that as important as new air traffic control systems, modern airports, and the best available aircraft are, the men and women who work for our airlines are also critically important. In recent years, the relationship between airline labor and management has been contentious at best. Now, as our domestic carriers face very tough economic times, it is important that we recognize the contributions of those workers to the industry and that labor and management do all they can to work as partners for the good of the industry.

The second major area that we must consider as we begin these negotiations is in making sure that we are speaking with one voice. President Clinton has regularly noted that a strong aviation industry is critical to reviving the American economy, and as Secretary I have said that restoring the industry will be among my top priorities. To make good on this commitment, it is important that all the federal government's resources be brought to bear on forging solutions to the challenges our aviation industry faces. Therefore, DOT has taken the lead, with the President's strong support, in convening an interagency, White House level working group to serve as a forum for addressing the international aviation issues. This group will be comprised of representatives from DOT, the Office of the US Trade Representative, the Departments of Commerce and State and the National Economic Council. The group, which will meet regularly, will overlook and coordinate implementation of the recommendations of the airline commission as they pertain to international aviation. Establishment of this working group will also ensure that international aviation issues are not considered in a vacuum, but rather in the context of broader US Trade issues. Creation of this working group is the first step in making sure we have the mechanisms in place to receive and act quickly on the range of recommendations expected from the airline commission.

As we move on the government side to get our aviation industry back on track, we also need the help of the industry itself. To those of you in the room, I don't have to tell you that the industry is in rough shape. That's why the President and I have made it such a high priority. But for our work to be successful, we need your active help and cooperation. We need you to help us frame a strategy to get the whole industry back on track and to work with us to implement that strategy successfully. It is a time for enlightened self interest and pragmatic vision. We are ready to work with you and we call on you to work with us.

The third major area I want to discuss today is our expectations for this new round of negotiations and what we hope to achieve. Here there are three themes that will guide us in our discussions with our international partners.

Theme number one. First and foremost, <u>we will continue to work for free and open access to markets around the world.</u> Free and open markets are good for consumers. They're good for shippers. And they're good for economies.

We must eliminate restrictions that undermine competition and which limit U.S. carriers' access to markets abroad. We continue to seek liberalized regimes and are looking for openings wherever we can find them. Long term growth in the aviation market will be greatest in the international side of the business. And with more U.S. carriers wanting to fly abroad, along with a worldwide recession, some

foreign carriers fear this competition and are looking to their governments to protect them. In a word, we are encountering increased resistance to liberalized aviation regimes in our international negotiations.

In Europe, for example, while we are negotiating with the United Kingdom to liberalize our relationship with them, other partners with whom we have had liberal agreements are seeking more restrictive regimes.

We have the most liberal agreement with Germany that we have ever concluded with another major aviation trading partner. The problem is that Germany now believes that its carriers are operating at a disadvantage vis-a-vis British Air and other carriers.

Germany wants a new aviation agreement that limits opportunities for U.S. carriers.

A dispute over U.S. carriers' summer schedules has been resolved by reaching a compromise to assure that U.S. carriers can operate to and from Germany as they generally did last summer. In order to accomplish this, I had to intervene personally with Germany's Minister of Transport to let him know that I wanted to find a mutually acceptable solution to the summer schedule problems.

As you know, the French government renounced the bilateral agreement with the U.S. last May and required U.S. carriers to reduce their 1992 summer schedules. France is seeking a more restrictive regime in a new agreement. The last round of talks held last week in Paris achieved no progress. Our current bilateral will expire May 5. With no new agreement in place, we will revert to the principles of comity and reciprocity.

We reserve the right to respond to the French in an appropriate way at a time and in a manner of our own choosing. Summer schedules for U.S. airlines have not been affected and we will monitor the situation very carefully and take whatever action necessary to assure that U.S. carriers' interests are maintained. The French acted at a bad time insofar as their own interests are concerned. They denounced our bilateral agreement at a time when we have a new Administration in Washington considering major changes in aviation policy. No doubt, the French situation will emerge as a prime instance for developing U.S. policy and strategy in dealing with aviation partners who renounce bilateral agreements.

My second theme is that <u>we will vigorously defend the rights of U.S. carriers abroad.</u> We will act promptly and vigorously whenever the rights of U.S. carriers obtained under our bilateral agreements are denied. During the first 100 days of this Administration we have encountered significant problems with several of our major partners -- France, Spain, Japan and Australia -- and we have met them head on to defend the bilateral rights of U.S. carriers.

In Europe, American Airlines' computer reservations system, SABRE, is in danger of being driven out of certain European markets by the actions of the domestic affiliates of Air France and Iberia. On February 11, American filed fair competitive practices complaints against France and Spain, alleging that the refusal of domestic carriers of these countries to participate in SABRE denied American a fair and equal opportunity to compete in these countries as guaranteed by the governing bilateral agreements.

I met with Commissioner Matutes of the European Community with very encouraging results. We informed the EC that failure to resolve these complaints in a way that would allow SABRE to maintain a competitive position in Europe would result in a major U.S.-EC dispute -- a situation that both the U.S. and the EC want to avoid. The U.S. and the EC agree that a commercial solution is the best way to resolve the problem and have encouraged the parties to negotiate.

Thanks to the intervention of Commissioner Matutes, the talks conducted in Paris in early April were productive and positive. In recognition that movement was being made, we extended the time limit for action on American's complaint to allow parties to work toward a negotiated settlement. Although some issues remain to be resolved, the progress achieved in this case came when the U.S. and the EC came together to facilitate resolution -- a development that bodes well for our future relationship with the EC.

Japan is another story altogether, but it still shows that we intend to be aggressive in defending the rights of U.S. carriers abroad.

The Japanese government has attempted unilaterally to restrict our carriers' fifth freedom rights in order to protect Japanese carriers from U.S. competition. This led to the filing of a fair competitive practices complaint by United Airlines. Japan had refused to accept a United schedule proposing service beyond Tokyo to Sydney.

We believe Japan has committed a serious violation of the bilateral. The Department ruled in United's favor on February 3 and is considering sanctions on Japanese carriers.

A similar Northwest complaint against Australia is going to arbitration.

Finally, the third and most important theme that we have struck in the first 100 days is that we will honor our obligations under existing bilateral agreements and expect our trading partners to do the same. We are a nation of honorable people who believe in the rule of law and we can do no less.

By allowing the first stage of the BA-USAir deal to go forward, we have fulfilled our commitment under the existing bilateral but we are firmly committed to renegotiating our agreement with the UK to obtain improved market access for U.S. carriers. Approval of the BA/USAir deal has led us to renegotiation of our bilateral and the future removal of restrictions on U.S. carriers.

Bermuda II, which is the current bilateral with the U.K., has been in effect since 1977. It makes our largest European passenger market our most restrictive, and does not offer U.S. airlines sufficient access to British and European markets. Even as we honor the existing agreement, we are pursuing a new agreement that would incorporate "open skies" provisions.

I was pleased about my first meeting with Secretary MacGregor. We concentrated almost entirely on how to achieve our common aim of liberalizing the air services agreement.

We both agreed that a successful outcome will require significant changes and difficult decisions on both sides. Nonetheless, we agree there is the potential for an agreement, the aim of which is to replace the restrictions in the current air services agreement with a regime that enables airline managements to determine the price and supply of air services. We understand that both Governments want to see vigorous but fair competition, offering the public an even wider choice of airlines, routes and fares.

Official talks will begin on 5-7 May in London with the aim of reaching an agreement within a year. I am very hopeful that the atmosphere of progress struck at our first meeting will continue and that we will have a new agreement.

Let me close by again saying what an honor it is to address what is perhaps the aviation industry's most prestigious gathering. I appreciate the opportunity not only for the honor, but more importantly, because as committed as I am as

Secretary to success in the areas I've discussed today, I also an well aware that that success will not come without the active help and involvement of everyone in this room.

All that said, let me also close by saying that as much as I acknowledge the challenges we face, I am also enormously optimistic about the opportunities that are also before us. The world is changing and changing at a rate that would have astounded our parents and grandparents. The global economy is no longer textbook economic theory, it is every day business reality.

How does the United States compete and win in this new global market? By not only following the tide of commerce toward free trade, but by riding the crest of the wave. This is a new era, a new way of doing business. Our progress toward a global economy will not always be smooth. It will sometimes be slow, and it will happen step by step. But the fact is, it will happen. The Clinton Administration is committed to helping our industries chart a course in this new environment. We are committed to open access to all our markets, access that must be matched by equal openness by our trading partners. We are free traders yes, but first and foremost we expect fair treatment in exchange for this freedom.

American industries have always been uniquely suited to take advantage of economic seachanges, and of no American industry is this more true than aviation. A pioneer in world commerce, I am confident that the American aviation industry can once again lead the way to the global economy of the 21st century. We can and must work together to make good on this promise, and if we do, the public, shippers, the industry and the economy will all benefit.

The months and years ahead will be very exciting for our industry and for those of us at DOT. I look forward to again coming back to this group to report on our progress and examine our future.

Thank you very much.

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U.S. Department of Transportation

News:

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

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
INTERNATIONAL INTERMODAL EXPOSITION
APRIL 22, 1993
ATLANTA, GEORGIA

All of us in this room are participants in one of the most sweeping transportation changes in modern society. No doubt intermodalism will take its place in history alongside the railroads settling the West, aviation uniting the world and the Interstate Highway System creating the most mobile society on earth.

One has only to look around the exhibit hall here in Atlanta these past few days to see the dramatic change taking place in the intermodal freight industry. Technology innovations are only one symbol of change. Another symbol is the growth in your business. Marine container transportation of foreign trade last year exceeded 10 million twenty-foot equivalent units (TEUs). Surface freight movements between the United States, Mexico and Canada are escalating. Double stack trains have grown from four trains a week 10 years ago to over a hundred today. Domestic containerization is on the rise as are the formation of intermodal partnerships. The innovations you in the industry are making fit perfectly with the innovations we in the Clinton Administration are trying to bring about throughout our economy to get America growing again and creating jobs and competing globally.

This evening, I want to discuss the Clinton Administration and DOT's role in ensuring that intermodal freight movement is efficient and seamless. No matter how efficient the individual components may be, the key to timely movement of freight is the intermodal connection. We want to be your partners in developing this connection. Government can make a significant contribution to that partnership in investing in infrastructure and implementing the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA), in supporting the development and deployment of new technology, and in bringing cohesion to the whole intermodal movement by acting as a national coordinator or clearinghouse through DOT's Office of Intermodalism.

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Let's look first at the infrastructure investment. Before intermodal connections can be truly seamless, we must build and strengthen the surface transportation infrastructure and that requires major financial resources. The prime question on many minds is: Will there be enough financial commitment to infrastructure? The answer is yes, but how much we spend is as important as making sure that the individual facilities we build work as a well integrated whole. That's where ISTEA comes in.

ISTEA authorized $155 billion for highways and transit construction over six years. The President's overall economic plan puts increased emphasis on transportation infrastructure as a major component in economic recovery. The President's long-term investment strategy calls for a funding increase of $12 billion over the next four years, including $3.7 billion for FY '94. ISTEA also includes a number of provisions to ensure that the infrastructure that carries our commerce gets top priority consideration. For example, a 155,000-mile National Highway System will be designed to move commerce efficiently and carry some 75 percent of intercity truck traffic. Let me state clearly: I am a strong supporter of ISTEA. Making its vision a reality will be a top priority for me as Secretary -- both for passenger and freight movement.

ISTEA also shifted investment decision-making toward the local level where federal transportation dollars will be spent. Metropolitan Planning Organizations (MPOs) -- which are the local city, county or multi-county planning entities throughout the country -- have considerably more say over investments in infrastructure than they once had. ISTEA also required that these local planners and the states develop long term intermodal transportation plans.

Shortly after I became Secretary of Transportation I learned that the rules and regulations setting forth the guidelines for MPOs to comply with the ISTEA law had not been issued. I made this one of my highest priorities. Federal rulemaking activities are now in progress to establish guidelines for state departments of transportation (DOTs) and MPOs to ensure proper emphasis on freight movement. The deadline for comments to the Notice of Proposed Rulemaking is May 3. Specifically, these proposed rules would require consideration of access to ports, airports and rail intermodal terminals. They reinforce the Federal Highway Administration's recent policy decision that freight rail improvement projects are eligible for ISTEA funding if studies prove they help improve air quality standards in areas where those standards are not being met.

While ISTEA contains many important provisions for freight intermodalism, the freight community must be actively involved in making those provisions work. I encourage you to get involved in the MPO process, go to the meetings, know when and how the investment selection process works. The American Trucking Associations recently held a "Know Your MPO" seminar. We need more of this kind of activity across all modes nationwide.

An equally important intermodal issue is that of waterside access to marine terminals. Efficient rail and road links to marine terminals in our ports are of little use if ships cannot be safely accommodated due to inadequate depths of water in access channels and berthing areas.

Port dredging is submerged in conflicting missions and mandates. The Army Corps of Engineers is responsible for dredging. The Environmental Protection Agency has overall responsibility for the environment. The Commerce Department's National Marine Fisheries and the Interior Department's Fish and Wildlife Service are involved in protecting wildlife. The Department of Transportation must support the free flow of commerce -- both waterborne and landside.

The huge pyramid of federal rules and regulations generated by these missions plus the regulations and laws of state and local governments, make it a miracle every time a port dredging project is brought to fruition. I want to meet with the Secretary of the Army to open up a dialogue as to how to deal with the port dredging logjam. It may be as simple as all the parties sitting down to hammer out a new, more expeditious method of getting through the process. One thing's for sure: ports, the Clinton Administration, and state and local interests must work together to find the right solution. We must balance our economic and environmental concerns.

The second major area in which our Administration can contribute is in supporting the development and deployment of new technology. Technological change is everywhere in the industry -- from vessels and terminals, to cargo handling equipment and facilities. Even the replacement of paperwork by Electronic Data Interchange (EDI) is a revolution in directing the movement of freight from country to country and company to company. You in the industry know that every second saved in making the transfer between rail and road provides savings for shippers, carriers and consumers.

The Clinton Administration is committed to supporting these kinds of advances and the President has already unveiled a comprehensive technology strategy. At DOT, we have undertaken significant efforts to develop new IVHS systems. Just this month we announced a budget that calls for $214 million for IVHS in '94, a 48 percent increase over the FY '93 levels, and over four years we plan to invest $925 million.

IVHS has many applications for intermodal freight movement, many of which are found in defense conversion. With the end of the Cold War, we have a unique opportunity to redirect some of our nation's defense resources into new commercial and consumer applications. The President's Technology Reinvestment Project -- a $500 million program to support and promote dual use of technology -- is a long-term investment in our nation's industrial technology. Last week I visited Texas Instruments in Dallas, Texas, as part of a five-city series of briefings made by the Administration for companies and others who will participate in the Technology Reinvestment Project.

Texas Instruments is taking military technology they have developed and adapting it to highway technology. For example, I saw demonstrations of two new products. First, the LOCUSP system, which was designed for military use, provides inexpensive night vision for motor vehicle drivers. It uses infrared cameras to "read" the road ahead and project a picture in the vehicle. The benefits of this new technology on the trucking industry are obvious. The second product, the TIRIS II-TI, is a next generation toll tag system with the ability to store information about vehicles and their contents. It can report how many times a vehicle has passed through a toll gate so the driver can be billed for the costs rather than having to make periodic toll stops enroute. Again the benefits for trucking efficiency are evident.

Another area, commercial use of the Global Positioning System satellites (GPS) is limited only by the realms of imagination. The GPS satellites that guided our troops and planes in Desert Storm, have important applications for freight transport. For example, GPS can track the movement of intermodal containers aboard ships, trucks and rails and within warehouses instantly with a position accuracy of three to five meters.

I encourage you to see how your companies and organizations can take advantage of the priority our Administration has placed on smooth defense conversion. I'm told that many trucking companies are getting some of their best

truck drivers from the military people facing cutbacks, and I expect many of you will tap military technology with equal effectiveness. It's a valuable resource we cannot afford to waste.

Finally, the third area I'd like to talk about tonight is the important role beyond funding and technology support that DOT must play in managing and fostering intermodalism. As you may know, President Clinton has announced his nomination of Michael Huerta, executive director of the Port of San Francisco, to head DOT's Office of Intermodalism. Michael's whole background is in intermodal and international trade, and he will be a very valuable asset to my staff. His office, which will stay in the Secretary's office, will be the voice of intermodalism within the Department and he will work closely with the modal administrators. We are filling out the team now. The President has announced his intention to nominate Joline Molitores to be Administrator of the Federal Railroad Administration, Rodney Slater to head the Federal Highway Administration, and Admiral Al Herberger to be Maritime Administrator. Let me tell you that one of the reasons these particular individuals were selected for these positions is because of their commitment to and understanding of intermodalism, as well as their understanding that our modal administrators must work together as a team.

Let me say a little about partnership. Intermodal freight transportation is so clearly a necessity to increase productivity and competitiveness that it has drawn the entire transportation industry and its customers -- the shippers -- together. And that is a key to your success. Truckers and railroaders and ocean carriers and ports are teaming up to focus on moving cargo efficiently instead of competing with each other. These alliances are purely market driven.

In recent years the railroads have made remarkable progress toward reducing costs and improving efficiency. They've pared back unprofitable lines. They've found ways to contain labor costs. The trains run faster and they run on time.

When J.B. Hunt and Don Schneider and others found that in specific markets they could move freight by rail more cost effectively than they could move it themselves, rail-freight alliances burst forth all across the United States. These alliances free truck capacity to haul more freight where it is profitable for trucks to do the hauling. The truckers are looking for the most efficient and cost effective way to move freight in long haul markets and in many cases, the railroads are providing it. That's a great example of a market-driven economy at work.

The North American Free Trade Agreement, of course, represents a significant new opportunity for these partners. The NAFTA gradually lifts the restrictions in the United States and Mexico that prevent carriers from carrying cargoes directly from one country to another. It also locks in legally the operating and investment access that U.S. railroads already have obtained in Mexico through a policy directive. As these new choices become available, shippers will see new and sophisticated transport options taking shape. U.S. railroads already have made alliances with railroads in Mexico and in Canada. The truckers are ready. U.S. and Canadian truckers are already active in each other's countries, and alliances with Mexican trucking companies have emerged successfully. From DOT's end, we must make sure that we have the infrastructure in place to support this new flow of trade.

In the final analysis, the Administration's emphasis on technology and intermodalism will pay long term dividends in American jobs -- good paying jobs, permanent jobs. Our emphasis on transportation infrastructure will give new strength and renewed vigor to America's domestic and international commerce.

But these moves and all the efforts of industry, as spelled out on paper, can only go so far. Success requires a partnership with every segment represented in this room -- ocean ports, airports, railroads, shippers, ocean carriers, truckers, states, cities and public authorities - -- to work together. If a concern for worldwide transportation excellence brought you together in Atlanta, then a concern for economy must hold you together.

At stake is nothing less than the survival of a productive intermodal transportation system connecting our economy to the world. We're aiming at more than mere survival. We want to serve a very complex and challenging global market in the safest, most efficient and cost-effective manner. And with your help, we're committed to making it happen.

Thank you very much.

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U.S. Department of Transportation

News:

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

SECRETARY OF TRANSPORTATION
FEDERICO PEÑA

REMARKS ON THE ANNOUNCEMENT OF A NEW
HIGH-SPEED RAIL INITIATIVE
APRIL 29, 1993

On behalf of the President, I am pleased to be here today with members from both houses of Congress and both sides of the aisle to announce a new high-speed rail initiative. This new high-speed rail policy is a bold step into the future -- a step that will help to reinvigorate our economy, spur technological innovation, and improve the quality of life of Americans.

It was a Republican President, Dwight Eisenhower, who had the vision and commitment to develop an essential element of our transportation infrastructure -- the interstate highway system. Today, President Clinton joins with Democrats and Republicans alike to signal a new sense of vision and commitment to the promise of high-speed rail.

A safe, efficient, and convenient transportation system is linked to the health of our economy and the quality of our lives. In 1991, the nation's 36 million business travelers took nearly 151 million business trips of 100 miles or longer. Domestic pleasure travel in 1991 involved over one billion trips over 100 miles. In addition, 43 million foreign tourists visited the United States in 1991.

Commerce. Family. Tourism. It is clear that, as the economy grows, so too will the demand for intercity travel. Amid growing congestion on our highways and in our air ways, escalating concerns about the environment, states and communities eager for economic development catalysts, and an unsurpassed U.S. manufacturing base looking for opportunities to convert advanced defense technologies to commercial uses, this administration and this Congress have high hopes for high-speed rail and mag-lev.

Already, across the country we have seen the promise of high-speed rail. Along the Northeast Corridor, trains now reach 125 mph. That speed has brought the New York - Washington run down to 2 hours and 51 minutes with more improvements on the way. More important than the speed, though, is the public acceptance. Amtrak may soon carry 50% of all the passenger traffic between D.C. and N.Y. This traffic growth has helped to spur other economic development along the Northeast corridor from Union Station here to Wilmington, New Brunswick, and New York.

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States and cities across America -- just look at the map behind me -- understand the benefits of a new era in rail transport and are eager to launch high-speed systems. But these grassroots efforts cannot succeed alone. With this new $1.3 billion initiative, the federal government will become an active partner in encouraging the development of high-speed rail and mag-lev systems.

The first part of this new plan will provide almost a billion dollars in support to states and cities to assist in implementing high-speed rail infrastructure. In almost everyone of the 23 cities I have visited across the country since becoming Secretary, local officials have told me they see high-speed rail as a critical part of their transportation networks.

The second part is technology development. High-speed innovations like mag-lev and the tilt train are U.S. technologies -- that have been commercialized and applied overseas. We have the manufacturing know-how, the trained engineers and craftsmen, and the technological capacity to build these high-speed and mag-lev systems in the U.S. The country that builds the world's most advanced planes can also build the world's fastest trains. This initiative proposes over $300 million to help do just that with funding for high-speed R&D and the launch of the first phases of a mag-lev prototype as outlined in the 1991 landmark ISTEA bill.

A century ago railroads pushed westward to the Pacific and linked our continent, capturing the 20th century for America. Today we envision a similar role for a new generation of rail service that can link cities together in high-speed corridors helping to spur American commerce and improving the quality of our lives.

In closing, I'm pleased to be able to stand here with these distinguished lawmakers to support this initiative. To their colleagues, to state and local officials, and to all Americans with an interest in high-speed rail, let me say just two words -- all aboard.

Thank you.

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
COAST GUARD SAVINGS BOND CAMPAIGN KICKOFF
APRIL 29, 1993
WASHINGTON; D.C.

I. ACKNOWLEDGEMENTS

A. Thank Admiral Nelson, Vice Commandant for introduction.

1) He is Acting Commandant while Admiral Kime meets with the Secretary General of the International Maritime Organization, Admiral Kime returns tomorrow.

B. Recognize George Wilkes, Director of Special Markets, U.S. Savings Bonds, U. S. Treasury.

C. Recognize "Marty" Ruebens -- Coast Guard Savings Bonds Vice-Chair, Deputy Chief, Strategic Planning.

D. Recognize Irene Wallingford, CG Campaign Coordinator for all her hard work pulling this event together.

E. Recognize Commander Erroll Brown, assigned to OST staff, handling the Savings Bond Campaign for me.

1) Erroll keeps me up to date on the many humanitarian services you in the Coast Guard perform for our nation.

2) Pretty soon we will have another Coastie in the Secretary's office. Mort Downey, nominee for Deputy Secretary, who was once a Lientenant Commander in the Coast Guard reserves.

II. INTRODUCTION

A. Thank you all for agreeing to work in the savings bond campaign.

B. Have always been a strong supporter of bond program; had active program in Denver.

III. BEGIN 51ST SAVINGS BOND CAMPAIGN

A. Great to see Coast Guard out of the blocks first within the Department,

B. I am very committed to this campaign.

1) As you know, I am the 1993 Federal Campaign Chairman.

2) My Chief of Staff (Ann Bormolini) and Deputy Chief of Staff (Katherine Archuleta) have volunteered to be canvassers.

a) As a matter of fact, they are in canvassers training right now back at the Department.

IV. THIS YEAR'S CAMPAIGN GOALS

A. Personally reach each Coast Guard member (approx 45,000).

B. You are backbone of the campaign -- the leadership, coordinators, and canvassers.

C. Your success will be critical to our overall success in reaching this year's campaign goals.

D. I see the Coast Guard was at 35% last year -- in 1992; -- geared and ready to lead us over that 40% goal.

E. 40% participation (15,696 -- 35.2% in 1992); -- you're building on a solid base.

- 10% new savers;

- 20% of current bond buyers increase allotments.

F. Your work this year will be challenging.

1) Your job -- with our support -- to reassure savers; educate them about bond benefits -- and there are many.

V. CLOSING

A. Bonds are something you do for yourself, and are an excellent way to save.

1) guaranteed, minimum

2) no state or local income tax on interest earned

3) deferred federal income tax

4) short term liquidity and long term savings

5) possible tax exemption when used for education

VI. YOU HAVE SUPPORT FROM THE TOP

A. President Clinton is a strong supporter.

B. I'll work hard to make sure you have support you need to do job.

C. Win-win program -- benefits the nation and the individual saver; increases personal savings, so vital to our economic growth and makes the lives of millions Americans better.

D. Thanks again. Glad to have you as partners.

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