



U.S. Department of
Transportation

News:

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
BORDER TRADE ALLIANCE
WASHINGTON, D.C.
MAY 3, 1993

It's a pleasure to welcome to Washington so many people from my home state. Although the Border Trade Alliance includes organizations from 14 communities from Brownsville to San Diego, I see many familiar faces from Laredo and Brownsville.

The BTA has a warm relationship with the Department of Transportation. You have been very helpful to us in all our work related to Mexico, providing the border community perspective on important transportation issues. As we press forward with the approval process of NAFTA, it will be equally important that we continue to work together to make the dream of NAFTA a reality.

Today I want to give you a brief NAFTA status report and then focus on the U.S.-Mexico transportation issues confronting us. Those are: one, making sure that we don't compromise safety and environmental standards that we've worked hard for and instead use this as an opportunity to improve our quality of life; and two, investing to assure adequate infrastructure capacity to move cargo and people efficiently.

Let me say at the outset that I know you are all aware of remarks last week by Leon Panetta, Director of the Office of Management and Budget. Let me reassure you that the Clinton Administration, from the President on down, is committed to seeing NAFTA ratified, is working hard to make that happen, and is very optimistic that it will.

- more -

This Administration's number one priority is reviving the economy and creating jobs and almost no single initiative holds greater promise for meeting this goal than NAFTA. And fewer regions of the country are more in need of an economic shot in the arm than the border area where one in five residents lives in poverty and average income is below the national average. We want to help you make statistics like that history.

The border is where the real opportunity for economic growth lies today and into the next century. Just as the Silicon Valley has been known as the high tech economic incubator, border communities will be the Silicon Valley of the 1990s and beyond. And as such, border communities will lead our national economy back to strength. If the economies of Laredo and El Paso and Brownsville are strong, Texas will be strong. U.S. Customs duties collected in Laredo alone and paid into the U.S. Treasury more than doubled in five years from \$92 million in 1987 to \$191 million in 1992. If the borders of Arizona, New Mexico and California are strong, the states will be strong. NAFTA and cross border trade are important catalysts behind this burst of economic opportunity.

The economic promise of NAFTA is the reason why from day one the Administration has had a coordinated action plan to move forward. Ambassador Kantor, Labor Secretary Reich, Commerce Secretary Brown and I are working together on this important initiative. Let me tell you briefly where we stand. The President has always said he believes the concept of NAFTA is sound. However, he has always been clear too that he thinks certain parts of it need to be improved upon.

Specifically, we are negotiating three supplemental agreements. These side agreements are vital to our acceptance of NAFTA. They will ensure that there will be a strong worker adjustment program, that the border environment will be cleaned up, and that adequate judicial processes exist for enforcing worker health and safety laws. These side agreements will result in higher wages as productivity increases. In short, they will help guarantee that NAFTA benefits not only the economy but also the quality of life for workers and residents of border communities.

Our next negotiating session is the week of May 10 in Canada, and it is my understanding that the sessions are going well. While transportation issues are not explicitly part of the negotiations, DOT staff members are monitoring them very carefully. After obtaining these agreements, we will take NAFTA to Congress, and we are optimistic that Congress will enact it in time to go into effect on January 1, 1994.

Even as we move forward toward ratification, we are working in advance to establish a partnership with Mexico to implement the agreement. At my invitation, the new Mexican Secretary of Communications and Transport Emilio Gamboa came to Washington on April 23, and we visited over lunch, following a brief meeting. It was a very positive and constructive meeting, and I am looking forward to working with him. Secretary Gamboa is a vigorous proponent of NAFTA and equally committed to making it work. We will be cooperating on issues ranging from infrastructure to market access to safety standards harmonization and consulting frequently as additional issues arise.

Now let me move on to the specific transportation provisions of NAFTA. As you know, NAFTA gradually lifts the restrictions in the U.S. and Mexico that prevent trucks 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. Finally, it opens up Mexican ports to U.S. and Canadian companies.

These sweeping changes will create vast new opportunities for U.S. carriers; opportunities that some entrepreneurs are already taking advantage of. For example, U.S. railroads already have formed partnerships with railroads in Mexico and Canada, and double stack trains cross borders to travel across all three countries. A new intermodal service that went into operation last year links interior points in the United States and Mexico in a dedicated rail-barge-rail network for moving grain in carloads. This kind of partnership between rail and barge operators is a sophisticated intermodalism that is making better use of port and rail facilities; eases the flow of cargo and relieves congestion at the border.

Overall, over a 10-year period NAFTA will remove all restrictions on movement of international cargo by motor carriers, carriage of goods by rail will improve and increase, and sophisticated intermodal options will be the norm.

As promising as these opportunities are, they do raise transportation issues that have to be dealt with if NAFTA implementation is to be a success.

First, NAFTA includes a commitment from all three countries to work toward compatible safety and environmental standards. The Agreement establishes a work plan for harmonization of commercial driver and vehicle safety standards by the year 2000. The goal is to ensure that the United States' high safety standards are not compromised by the trade agreement. In the long run, these standards will not only improve safety, but will also improve operational efficiency, reduce shipper costs, and create new opportunities for equipment manufacturers.

Now, let me turn to your number one concern, and that is making sure the border area infrastructure network is adequate to make NAFTA work. I know how dependent your economies are on highways and railroads and ports. I also know that as trade with Mexico has increased, so has the stress on these facilities. U.S.-Mexico trade more than doubled in the last 5 years -- from \$34 billion in '87 to \$79 billion in '92 -- and the balance in '92 was in the U.S. favor by \$7 billion. That kind of growth and opportunity will skyrocket under NAFTA. In fact, trade between Mexico and the United States is expected to double by the year 2000 and then again by 2020. This is a phenomenal rate of growth, but also a challenge.

For example, loaded cross-border truck shipments through Laredo went from more than 266,000 in 1987 to nearly 671,000 in 1992, putting a lot of pressure on infrastructure in the area.

We must meet this challenge to the infrastructure not only for economic reasons but also to ensure that the wonderful economic opportunity of NAFTA is not a safety and environmental burden on border communities. NAFTA must improve border communities' quality of life, not worsen it.

BTA has already begun to help us identify how we can meet the challenge of this increased cross border travel. Your Southwest Border Infrastructure Initiative represents truly an outstanding job of strategic planning for infrastructure investment. It's a master plan for jobs, and economic development. You've done a great job in letting us know what you need to make NAFTA work. In your top ten projects you have identified \$413 million in surface transportation needs and an additional \$93.5 million in airport improvements that need to be made. I was impressed that your estimate of job creation from this infrastructure investment plan was over 136,000 jobs by the end of the decade. You understand, as do President Clinton and I, that there is an unseverable link between job creation and infrastructure investment.

Your document will be very helpful in the study we are currently undertaking, which identifies existing and emerging trade and transportation corridors that facilitate trade with Canada and Mexico. The study, which will be completed by September 30, will be our own blueprint for infrastructure improvements needed to make NAFTA work and will include priorities and recommendations for rail, highway, water and freight centers, and all highway border crossings. We are coordinating this study with the states and with the governments of Mexico and Canada and have received excellent cooperation.

Again, the work you have done in identifying needed projects in your areas will help us greatly as we develop our own inventory. As we work to better understand what improvement are needed, we are at the same time working to make sure there is funding available to carry them out.

Our DOT FY 1994 budget request contains a 10 percent increase in funding, and 71 percent of the total budget is targeted for infrastructure. We will be investing \$12 billion more in infrastructure in the next four years.

We have requested \$1.88 billion in FY '94 for the Airport Improvement Program, a modest increase above the FY '93 level.

Our request for the highways program is \$2.6 billion more for FY '94. This would fund the Federal-aid Highway Program at the level authorized in the ISTEA. For California alone this would mean nearly \$300 million in additional funds.

Many border infrastructure needs can be met through this funding. Using the State of Texas as an example, in El Paso, a \$7.8 million project for Loop 375 will be let January, 1994, a project which is an integral part of a hazardous materials route known as Loop 375. It is expected that an additional \$6.3 million project for frontage roads and westbound lanes will be let by August, 1994.

In McAllen, an interchange project estimated at \$2.35 million will be let in 1995 for improvements to military highway FM 1016. Improvements are also expected for the interchange at Highway 35 and FM 3464 in Laredo (\$6 million) and at Del Rio (\$7.6 million) for better access to the Port of Entry. These are examples from the Texas State Transportation Improvement Plan, but similar examples can be found all along the border.

In addition to making sure that adequate funding is available, DOT is also looking, as required by ISTEA, at whether a new funding program should be created for border improvement. I have asked Rodney Slater, the President's nominee for Federal Highway Administrator, and Jane Garvey, who has been designated by the President to be Deputy Administrator, to closely monitor the progress of this study, which will also be completed by September 30. Even if it does not make sense for the federal government to create a new funding category, it may well make sense to ask the DOTs in all border states to come up with a specific plan to make sure that adequate funding from this increase is targeted to infrastructure improvements in border communities. Rodney and Jane will be working with the state DOT's to determine how best to structure this initiative.

You have done a great job at identifying what you need to make NAFTA work and you have a President and a Secretary of Transportation who share your philosophy -- a philosophy that sound infrastructure creates jobs and strengthens our economy. We need to continue to work in partnership to target this funding strategically so it works to ease and assist NAFTA implementation.

Infrastructure needs present a challenge but not an insurmountable challenge...I am committed to meeting that challenge...I cannot do it alone... the U.S. and Mexican governments cannot do it alone...the challenge needs continued partnership with each of you, and with state and local governments to bring financial resources to bear on this opportunity. It needs all levels of government to think creatively about ways to involve the private sector in the financing process. It needs to factor the benefits intermodalism into the long-term picture. It needs a new cooperative effort between the U.S. and Mexico. And most of all, it needs your strong voice for trade and transportation. Together, all of us can make NAFTA the most spectacular economic accomplishment of this last decade of the 20th century. I look forward to working with you.

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
DEPARTMENT OF TRANSPORTATION SAVINGS BONDS CAMPAIGN KICKOFF
MAY 3, 1993
WASHINGTON, D.C.

I. ACKNOWLEDGMENTS

- A. Thank you Jon Seymour for your introduction.

[Recognize Jon as the Departmental Vice Chairman for the 1993 Savings Bonds Campaign]

- B. Recognize Robert Sweeney, U.C. Savings Bonds Division, U.S. Treasury.

II. INTRODUCTION

- A. Thank you all for agreeing to work in this year's savings bonds campaign.

- B. Have always been a strong supporter of the bonds program; had an active program in Denver.

III. BEGIN THE 52ND SAVINGS BONDS CAMPAIGN

- A. Glad to see the Department get off to such a good start with our program.

- 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 serve as canvassers.

IV. THIS YEAR'S CAMPAIGN GOALS

- A. Personally reach each Departmental employee (approx. 110,000)
- B. As leaders in the federal community, our success will serve as a great motivator to other federal agencies.
- C. DOT achieved a 35% participation rate last year.
- D. Having build a solid base, we have set the Department's goal:
 - 40% participation.
 - 20% increase in allotments of current bond buyers
 - Each Operating Administration has goal designed to recognize their current level of participation as well as the Department-wide goal.
- E. Our job this year is to communicate the message that buying U.S. Savings Bonds is one of the good things we can do for ourselves, our families, and our country.

IV. DISCUSSION

- A. There are many benefits to saving with bonds
 - 1) guaranteed minimum: 4 percent

I've heard some grumbling about that rate. Have you picked up a paper lately: Certificates of Deposit 2.8%? Passbook savings accounts 2.5%? 4 percent minimum is a great deal and it is only a minimum. Remember that when you talk to people.

- 2) no state or local income tax on interest earned
- 3) deferred federal income tax

One of your fellow campaign workers (Vince Careatti) showed me a chart of just how valuable this tax deferral can be. Did you know that, if you invested \$50 in a savings account with an average interest rate of 5 percent, in 20 years that \$50 would be worth \$96.65. Not bad. A savings bond, because of tax deferral, would be worth \$132.66. That's a pretty nice benefit.

- 4) short-term liquidity and long-term savings
- 5) possible tax exemptions when used for education
- 6) easy to build a nest egg with the payroll savings plan

V. YOU HAVE SUPPORT FROM THE TOP

- A. President Clinton is a strong supporter.
- B. I'll work hard to make sure you have the support you need to achieve success.
- C. I've already mentioned it to the senior DOT staff and will continue to do so.
- D. 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 of Americans better.
- D. Thanks again. Glad to have you as partners.

Remarks
Secretary Peña
LA Chamber of Commerce Board of Directors
May 4, 1993

(Thank you Dan Garcia, Chairman of the Board)

Thank you for giving me the opportunity to meet with you today. In so many ways, California and Los Angeles will be a focal point for the initiatives this Administration and the Department of Transportation undertake over the next four years. And as the business leaders of the Los Angeles community, you will have a major role in the success of our efforts. So I welcome the opportunity to outline our philosophy to you, and just as important, to hear from you what's on your minds.

Just about a month ago, I visited Los Angeles. I rode

the Red Line, I met with community residents, and Ron Lamb organized a very productive meeting for me with the Greater Los Angeles Transportation Coalition. During my stay in your city and in my travels throughout California, I was struck by how clearly Californians understand the link between transportation and a healthy economy. I have travelled to 23 cities since becoming Secretary, and in no other city have I found such a strong recognition of this link.

That's why I know that the City of Los Angeles will be front and center on our radar screen in the coming months and years. You share President Clinton's and my strong belief that infrastructure investment is a necessary

precursor to a strong and vibrant economy.

Before I talk specifically about what this approach to transportation will mean to Los Angeles, let me talk briefly about the Clinton Administration's overall approach to Los Angeles. I know that over your stay here you are hearing from several other members of the Administration, including Secretary Aspin and EPA Administrator Carol Browner. I know that we will all tell you the same thing: reviving the California economy is one of President Clinton's top priorities. He understands that if the California economy---the sixth largest in the world---isn't strong, then the national economy can not be strong. And if the Los Angeles economy isn't strong, then

California's won't be either.

To make good on his commitment to turn California around and to put special emphasis on addressing the complex situation that has confronted LA over the past year, the President has asked Commerce Secretary Ron Brown to coordinate an unprecedented Administration-wide initiative to get the California economy back on track. Let me outline what DOT's role in that initiative is and what our infrastructure investment policies will mean to LA.

First, the FY94 budget. Under our proposed budget, we've asked for a 10% increase in infrastructure funding, and over 70 percent of our entire DOT budget will go

directly for infrastructure improvements. For California, that would mean almost \$270 million more in highway funding, a significant share of which would certainly go toward projects in LA.

The second piece of good news for LA in the FY94 budget is our requested increase in transit funding. This Administration is committed to changing the approach to transit that's been taken at the federal level over the past 12 years, and we've asked for a 21% increase in transit funding for FY94. In formula funding alone, this increase would mean \$46 million more for Los Angeles.

I mentioned earlier that when I was in LA a month ago, I rode the Red Line and was very impressed, not just

with your beautiful system, but with all the people riding it. For years people contended that LA is not a transit city and that LA residents wouldn't leave their cars. The Red Line and the other links of your transit system prove that wrong. I know that LA is currently waiting to learn the Federal Transit Administration's decision on a \$1.2 billion grant for the next segment of the Red Line, and I think we'll have some good news for you on that within the next few weeks.

Whether it's the Red Line or the other improvements being made to your system, we believe strongly that transit is a good investment in Los Angeles. It creates jobs as new segments are built and as development occurs in the

neighborhoods where these new routes travel. It improves the quality of life for inner-city residents. And it improves air quality for all residents of the city. With your help and support, we will get Congressional approval for our FY94 budget and this increased level of infrastructure funding.

Let me emphasize that we do need your help and vocal support to secure this additional funding. The President's jobs bill would have provided an over \$988 million shot in the arm to the California economy. That's nearly 10% of all the funding in the bill, and it included \$330 million in transportation funding. Unfortunately, the jobs bill was stopped in the Senate, over the strong support of California's two excellent US Senators. But this

is an important lesson in how important it is that we work together to support these investment resources.

The second major transportation initiative I'd like to briefly discuss is our high speed rail program that we just unveiled last week. California is in a strong position to take advantage of this \$1.3 billion investment, because of the work that has already gone into developing the corridor that runs between San Diego, LA, the Bay Area and Sacramento via the San Joaquin Valley.

Under our plan, the federal government will be an active partner in encouraging the development of high speed rail and mag lev systems. The first part of the new plan will provide almost a billion dollars in support to

states and cities to assist in implementing high speed rail infrastructure. The California corridor is one of five throughout the nation chosen by DOT last year as priority corridors for high speed rail, and we would expect that federal support for the project would continue under the new initiative.

The remainder of the funding under this initiative would go to support the development of new high speed rail technologies. This funding has particular significance for Los Angeles area firms looking for opportunities to convert advanced defense technologies to commercial uses.

We are very excited about this initiative and think that it has tremendous potential to help reinvigorate the

economy, help the environment, and spur technological innovation.

The third initiative I'd like to talk to you about today is the emphasis we're going to put on intermodalism: transportation facilities that work as a well integrated whole to move people and goods efficiently. You in Los Angeles probably understand better than any city that highways alone will no longer solve all our transportation needs and that a strong economy depends on a seamless system of movement.

There is perhaps no better example of this philosophy than the Alameda Corridor project. By providing critical links to the Ports of Los Angeles and Long Beach by truck

and rail, the Alameda Corridor is a critical investment in the Los Angeles area economy.

As many of you may know, President Clinton has recently nominated one of your fellow Californians to be head of DOT's Office of Intermodalism. He is Michael Huerta, currently head of the Port of San Francisco.

Michael not only understands intermodalism, he understands ports and their role in economic growth. I know he is a strong supporter of projects like the Alameda Corridor. He and I have also talked about an approach to intermodalism that would target federal resources at priority corridors---much like our approach to high speed rail---corridors that are the most critical to economic

growth and that if left unimproved are bottlenecks to the entire system. We are interested in getting the most bang for our buck by putting emphasis on projects whose benefits will have a positive ripple effect on an entire region's economy. The Alameda Corridor is exactly the kind of project Michael and I have had in mind in our initial discussions about this approach.

Here again though, I need to call on you to be strong and vocal in your support. There is an old adage that freight doesn't vote, so freight transportation improvements don't get the same level of attention that passenger projects do. We'd like your help, as proponents of the Alameda Corridor, in building a strong base of

support for the project and the jobs it will create. We need you to go out and actively work for the backing of the construction unions, shippers, and neighbors for this and other critical transportation improvements.

As business people, you understand how important transportation is to a healthy economy. And as business leaders, you also have enormous credibility and influence in your city. We need you to leverage that influence into citywide support for improving LA's transportation system. President Clinton and I share your commitment to those improvements and look forward to working with you to get the job done.

Short Version: LA Chamber of Commerce

I. Intro

- o Thank Dan Garcia, Chairman
- o Visited LA last month
- o LA understands transportation/economy link

II. LA is a focal point of the Clinton Administration.

A. #1 goal is reviving economy

- a) national economy won't rebound without California, LA
- b) Ron Brown

III. Transportation investment is critical to our economic efforts.

A. FY94 budget is first step in this investment.

- a) 10% increase in investment
70% of budget for infrastructure
- b) highways: \$270m more for California
- c) Transit:
 - 1) 21% increase
reverse past 12 years
\$46m more for LA
 - 2) good news soon on \$1.2b for Red Line
- d) Stimulus package:
 - \$988m for California
 - 10% of total bill
 - \$330m for transportation
 - need vocal support for initiatives

B. High Speed Rail initiative is a bold step forward.

a) \$1.3b plan

1) \$1b for states/cities

- to fund projects like San Diego/LA/Bay Area/Sacramento

2) \$300m for new technologies

- defense conversion

C. Intermodalism is the key to efficient transportation for economic growth.

a) LA knows highways aren't enough

1) need integrated system

b) Alameda Corridor is best national example

1) LA, Long Beach ports linked by rail, truck

c) Huerta

1) understands intermodalism

2) understands ports

3) supports Alameda Corridor

d) looking at targeting resources to key bottlenecks

1) Alameda Corridor is prime example

IV. Close

- o You understand link between transportation, economy.
- o As business leaders, have credibility & influence.
- o Need your help to generate support for investment.

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 - 1) LA, Long Beach ports linked by rail, truck
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 - 1) Alameda Corridor is prime example

IV. Close

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LONG VERSION

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
ASIAN PACIFIC AMERICAN HERITAGE WEEK CELEBRATION
MAY 5, 1993
WASHINGTON, D.C.

Thank you, Deirdre Fujita, **Pronounced: Fu-JEE'-ta,**
(Chair, DOT Asian Pacific American Employees
Council).

We are here to honor accomplishments of Asian
Pacific Americans not only throughout the government
but also throughout our society. What better examples
of the achievements of Asian Pacific Americans than
Congressman Norm Minetta, who is with us today, and
Melinda Yee, our featured speaker today. As the
President's Special Assistant in the White House Office
of Presidential Personnel, Melinda works to bring
diversity to the highest levels of government.

"Harmony Through Diversity," the theme of this

year's Asian Pacific American Heritage Week, captures the spirit of what we in the Clinton Administration are committed to accomplishing throughout government. The President and I strongly believe that the more cultures represented in the federal work force, the better our government will work to serve all the people it represents.

President Clinton is committed to diversity in every department of government. Just as he said he wanted his cabinet to look like America, so does he want every level of government to reflect our diverse cultures.

That's my goal at DOT and how I approached city government as Mayor of Denver.

Discuss your experiences as Mayor of Denver ...

- When I became mayor, city government was not diverse.
- Made it a priority to hire Hispanics, Asians, women, blacks, gays, etc.
- When I left office, not only was the work force diverse, but a number of the candidates who ran to succeed me were minorities.
- City government in Denver changed for the better with a more diverse work force.

I want to make that same effort here at DOT. Even though Asian Pacific Americans are one of the fastest growing groups in the country, you're not nearly as well represented here at DOT as you should be. I want to change that. We need to do a better job of attracting, retaining and promoting minority employees

and to do that we are looking at high school apprenticeship programs; at mid-level career development programs to help prepare minority employees for senior level positions and at programs to recruit minorities directly into middle management positions.

But this day is more than a day to discuss jobs. On this day, as we strive for equality and opportunity for all, it's important to note that Asian Pacific Americans have made tremendous contributions to our society for many generations.

Over 200 years ago, one of the 46 founders of what is now the city of Los Angeles was Antonio Miranda of Philippine ancestry.

Over 100 years ago, thanks to a 90 percent Chinese work force, the Trans-Continental Railroad

was completed, linking our continent and providing a gateway through which the West was settled. These early citizens not only are not appropriately recognized for their contributions, but this lack of appreciation is all the more glaring given the tough circumstances under which they labored.

The same is true of the first Japanese citizens arriving in Hawaii in 1885. They quickly became instrumental not only in founding the great sugar plantations that were for years a backbone of the Hawaiian and American economy, but also in influencing the history and culture of that island state.

And finally, as the U.S. Army's 442nd Combat Regiment celebrates its 50th anniversary this year, we remember that it was made up entirely of Japanese Americans. This regiment was one of the most highly

decorated and bloodied combat units to fight in World War II, receiving 52 Distinguished Service Crosses, a Congressional Medal of Honor and more than 3,600 Purple Hearts.

These are a very few examples of the proud history and culture of the Asian Pacific American people. We celebrate their heritage today at a unique moment in history.

This Administration is committed to giving citizens of all backgrounds every opportunity to contribute their skills and talents.

I look forward to working with you to make good on that promise here at DOT. Thank you for very much for allowing me join you in this celebration of Asian Pacific American culture.

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SHORT VERSION**ASIAN PACIFIC AMERICAN HERITAGE WEEK**

(Thank you: Deirdre Fujita for introduction)

I. INTRODUCTION

- A. Recognize Norm Minetta
Melinda Yee

II. HARMONY THROUGH DIVERSITY

- A. Theme captures spirit of Clinton Administration
- more cultures, the better government
 - will serve all the people
 - wanted cabinet to look like America
 - same for all of government
 - diversity is my goal at DOT
- B. How I approached it in Denver
- government was not diverse
 - made it a priority
 - minority candidates ran to succeed me
 - city changed for better
- C. Make same effort at DOT
- Asian Pacific Americans one of fastest growing groups
 - not nearly as well represented here
 - need to do better job
 - 1) attracting
 - 2) retaining
 - 3) promoting
 - looking at
 - 1) high school apprenticeship
 - 2) mid-level career development
 - 3) recruiting directly into middle mgt.

III. CELEBRATION OF CULTURE

- A. Antonio Miranda
- one of 46 founders of LA
 - Philippine ancestry

- B. Trans-continental railroad

- 90% Chinese work force
- not recognized for their contributions
- tough circumstances under which they labored

C. Japanese citizens arrived in Hawaii in 1885

- became part of great sugar business
- influenced history & culture

D. U.S. Army's 442nd Combat Regiment

- celebrates 50th anniversary
- entirely Japanese American
- highly decorated
- 52 Distinguished Service Crosses
- a Congressional Medal of Honor
- more than 3,600 Purple Hearts

IV CONCLUSION

- proud of history & culture
- celebrate heritage
- Administration committed
- look forward to working with you

###

1.14

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NHTSA ADMINISTRATOR'S HIGHWAY SAFETY PROGRAM
OF EXCELLENCE AWARDS CEREMONY
WASHINGTON, D.C.
MAY 12, 1993

- 4-0-2 Highway Safety Grants program is a success in saving lives, preventing injuries, reducing medical costs.
 - lives lost in traffic crashes last year, lowest in 30 years.
 - belt usage up to 62%
 - alcohol related fatalities lowest we've measured, under 46%
- Money spent on 4-0-2 grants was good investment in people.
- Here to honor people who are making the 4-0-2 program work.
 - people who make the federal, state, community partnership.
- Our work is not finished.
 - By '97, reduce alcohol related fatalities to 43% of traffic deaths.
 - increase belt use to 75%.
- Thank you very much and congratulations.

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**SECRETARY OF TRANSPORTATION FEDERICO PEÑA
CALIFORNIA SYMPOSIUM ON TRANSPORTATION ISSUES
MAY 13, 1993**

Thank you for giving me the opportunity to speak to you today. In so many ways, California will be a focal point for the Clinton Administration and the Department of Transportation over the next four years. And as the leaders in California's transportation community, you will be key to our success. So I welcome the opportunity to outline our philosophy to you and our vision of the partnership we'd like to build with you.

This is my second visit to California since becoming Secretary of Transportation. When I was

here last month, I travelled throughout the state: from the Bay Area to Los Angeles to Sacramento. Wherever I went, I was struck by two things. First, how clearly Californians understand the link between transportation and a healthy economy. And second, how forward-thinking Californians are about their transportation system. Maybe I shouldn't have been surprised. After all, this is the 45th year that this group has come together to look ahead and to forge solutions to transportation challenges.

What are the challenges we face together this year? First, what transportation investments should we make to support the California economy both today

and in the global marketplace of the future? How will we pay for them? How can we be sure that these investments will also improve the environment and the quality of life for Californians? The sessions you're holding during the course of these two days will look at many of those issues, and today I'd like to talk to you about DOT's role in addressing them.

All of us in this room share with President Clinton the belief that infrastructure investment is fundamental to a strong and vibrant economy. Reviving the California economy is one of President Clinton's top priorities. If the California economy---the world's sixth largest---isn't healthy, then the nation's economy can't

be healthy either. Recognizing this, the President has asked Commerce Secretary Ron Brown to coordinate an unprecedented Administration-wide initiative to get the California economy back on track.

How will DOT contribute? First, by investing in infrastructure through the FY94 budget. Under our proposed budget, we've asked for a 10% increase in infrastructure funding, and over 70% of our entire DOT budget will go directly for infrastructure improvements. For example, we have asked for full funding of ISTEA for highways, and for California that would mean over \$270 million in additional highway funding.

As important as it is that our highways are in

excellent repair to move goods and people, we must also make highway investments in the context of a commitment to improving our environment.

As you know, the Clean Air Act amendments provide for emissions reductions through a combination of cleaner vehicles, cleaner fuels, and new air quality requirements for transportation programs and projects.

ISTEA complements the Clean Air Act by providing funding and giving state and local transportation officials the flexibility to use this funding in ways that will help us develop a balanced, environmentally sound, intermodal transportation system. ISTEA also increases the emphasis on land use decisions and air quality

problems in the transportation planning process. Under the Clean Air Act, states must develop plans to reduce emissions from all sources, and important decisions will be made in the next few months as the states develop these plans.

One example of these important decisions are those that California will make on its auto emissions inspection and maintenance program, which is meant to ensure that cars have low emissions throughout their lifetime. EPA has identified improvements that are needed in California's Smog Check program to improve its effectiveness and meet new clean air requirements.

EPA Administrator Carol Browner and I recently

wrote to Governor Wilson to urge his support for a strengthened emissions inspection and maintenance program. Without a strengthened program, EPA will be required to sanction the state by having DOT withhold highway funding or by imposing other penalties.

Imposing highway funding sanctions would delay needed transportation improvements that we all agree are critical to economic growth and job creation, and I want to emphasize that DOT and EPA do not want to see these sanctions imposed on the state. We do, however, want to see improvements in California's Clean Air programs and are ready to work with the state to meet that goal. One way we can do that is by

providing funding through DOT's Congestion Mitigation and Air Quality Improvement program to offset start-up costs. It is important that the transportation community, with so much at stake, take an active role in working with us in resolving not only this issue, but the increasing number of issues where transportation decisions must be made in an environmental context.

There are other ways that DOT can, and will, help California make the transportation improvements it needs to improve both the environment, and the state's economic climate. Here too, though, these efforts must be made in partnership with you and with the broader community that depends on an excellent

transportation system.

We all agree that transportation investments are critical to a strong economy, a healthy environment, and society's mobility, but at the same time most of us recognize that the federal government does not have the resources to fund all of the improvements we would like. In fact, no more daunting challenge faces transportation policymakers at all levels of government than that of finding a solution to the widening gap between infrastructure needs and available financing. The traditional sources of financing---fuel and other taxes, municipal debt financing, and private investment---will need to be supplemented and new

financing partnerships forged between federal, state and local governments and the private sector. We will need to find new ways to catch up and keep pace with the levels of infrastructure investment made by other countries, countries like Japan which will spend \$3.2 trillion on its infrastructure this decade.

At the federal level, at the same time as we are seeking additional infrastructure funding, we are also exploring a number of measures to expand the financing options for transportation and other public infrastructure. There are a number of recommendations currently before us, from a variety of sources. These recommendations, which deal with issues and options

in areas of municipal bond financing, infrastructure banks, and credit enhancements for private sector investments, are currently under review by the National Economic Council with a goal of developing new ways to leverage limited resources and bridge the gap between infrastructure needs and budget realities.

California has long been a leader in these partnerships and in taking the kind of forward-looking approach to transportation that we want to support.

The toll financed highway projects you've undertaken will be models throughout the country. Later today, I'll be visiting CALSTART, where public and private organizations have come together to make

California a leader in advanced transportation

technologies and develop new markets for companies

in the transition of defense conversion. The Union

Station project, which I visited on my last trip, will turn

this symbol of transportation in LA into a symbol of

intermodalism nationally, thanks to an extraordinary

public/private partnership. And finally, IVHS projects

throughout California are leveraging the resources and

expertise of private technology firms to revolutionize

the movement of goods and people.

Let me tell you briefly about a few of the things
we're doing to support these kinds of partnerships and
this kind of creative thinking.

First in the area of transit. This Administration is committed to changing the approach to transit that's been taken at the federal level in recent years, and we've asked for a 21% increase in transit funding for FY94. In formula funding alone, this increase would mean an additional \$105 million for transit authorities throughout California. Tomorrow, I'll be in Los Angeles to award \$1.4 billion for Segment 3 of the Red Line. With this grant, we'll bring to 50% the level of federal funding for construction of the Red Line and will write a new chapter in our partnership with the people of Los Angeles, a partnership to create jobs and new opportunities for city residents.

Also in the area of transit, I read in the New York Times over the weekend that five of the nation's largest military contractors are joint venturing with established rail manufacturers to compete for the contract to build new cars for the LA Green Line. The article made the point that many defense companies see transportation as the most promising market for their technologies and their core capabilities. The article was also clear that for ventures like this to succeed, the companies involved need some assurance that there will be a stable market for their product. We want to give them that assurance. The Clinton Administration is committed to a renewed emphasis on

transit, and DOT is currently taking a hard look at how we can encourage and support this kind of entrepreneurship.

High speed rail and mag lev technologies are a second area with significant potential to improve our transportation system and develop new competitive transportation industries. Two weeks ago, I unveiled a comprehensive, \$1.3 billion high speed rail initiative.

California is in a very strong position to take advantage of this investment, with the rail corridor between San Diego, LA, the Bay Area and Sacramento via the San Joaquin Valley already chosen as one of five corridors nationally with the highest potential for high speed rail

development.

Under our plan, the federal government will be an active partner in supporting the development and deployment of these new technologies. The first part of the new plan will provide almost \$1 billion in support to states and cities to assist in implementing high speed rail infrastructure. The remainder of the initiative's funding will go to support the development of new technologies, and this portion of the initiative has particular significance for California defense firms looking for opportunities to convert advanced defense technologies to commercial uses. We are very excited about this initiative, which we think has tremendous

potential to help reinvigorate the economy, help the environment and spur technological innovation.

The third initiative I'd like to talk to you about today is the emphasis we're going to put on intermodal partnerships and the approach we'll take to them.

There is perhaps no better example of the approach we want to take than the Alameda Corridor project. A true partnership between the public and private sectors, this project provides critical port-to-port links by truck and rail and is a critical investment in the California economy.

As many of you may know, President Clinton has asked one of your fellow Californians to be the head of

DOT's Office of Intermodalism. He is Michael Huerta, currently head of the Port of San Francisco. Michael and I have already begun to talk about an approach to intermodalism that would target federal resources to priority corridors---much like our approach to high speed rail---corridors that like the Alameda Corridor are the most critical to economic growth and that if left unimproved are bottlenecks to the entire system.

These are just a few examples of the prominent role we envision for California as a model in reinventing the nation's transportation system to support economic growth, create jobs and opportunity, and improve the environment and our national quality of life. I applaud

your initiative in coming together to meet the challenges we face head on and to develop innovative 21st century solutions to them. California has long been a laboratory and an incubator for transportation innovation. We need to support that kind of innovation not only because of its benefits for California, but also because what you are doing here has important lessons and benefits throughout the country. I look forward to working with you to make good on that promise.

Thank you.

Short Version: California Symposium

I. Intro

- A. CA is a focal point for Admin., DOT**
- B. CA understands transportation, economic link; thinking ahead**
 - 1) April visit**
 - 2) 45th annual symposium**
- C. This year's challenges:**
 - 1) reviving economy**
 - 2) environment**
 - 3) quality of life**

II. Infrastructure investment is key to a strong economy.

- A. CA economy is critical to nat'l economic health.**
 - 1) world's 6th largest**
 - 2) top Clinton priority**
 - 3) Ron Brown**
- B. DOT will provide needed funding.**
 - 1) 10% increase in FY94**
 - 2) over 70% for infrastructure investment.**
 - 3) ISTEA highway full funding=\$270m more for CA**
- C. Highway investments must be tied to environmental commitment.**
 - 1) Clean Air Act reduces emissions via:**
 - a) cleaner vehicles & fuels**
 - b) new transportation standards**
 - 2) ISTEA:**
 - a) provides funding, flexibility**
 - b) emphasizes land use, air quality**

3) Improvements needed to CA emissions inspection & maintenance program, Smog Check.

- a) EPA Administrator Browner & FP letter to Gov. Wilson
- b) sanctions required if no improvement
- c) don't want to impose sanctions; would hold up projects
- d) want to work with state to resolve

1) can provide CMAQ funding

III. We must find ways to bridge the gap between need and funding.

A. Most daunting issue facing transportation decision makers.

B. Need to supplement traditional sources:

- a) fuel & other taxes
- b) municipal debt financing
- c) private investment

C. The NEC is reviewing recommendations to develop solutions.

D. California is a leader in financing partnerships:

- a) toll roads
- b) CALSTART consortium
- c) Union Station: nat'l intermodal model
- d) IVHS

IV. DOT will support innovative solutions & funding partnerships.

A. We're committed to transit investment.

- a) 21% increase for FY94=\$105 more for CA
- b) \$1.4b for LA Red Line:

- 1) 50/50 partnership
- 2) job creator

c) 5 local defense firms vying to build LA subway cars:

- 1) DOT committed to providing stable market
- 2) looking at other ways to support

B. Our \$1.3b high speed rail initiative will benefit California.

a) San Diego, LA, SF, Sacramento via San Joaquin is one of 5 corridor with most potential

b) \$1b will go to states, cities

c) \$300 to develop new technologies:

1) intended to create private sector partnerships

2) good opportunity for defense firms

C. We'll support intermodal partnerships in priority corridors.

a) Alameda Corridor is excellent example.

1) LA, Long Beach port connections by rail, truck

b) Michael Huerta nominated

c) We'll target priority corridors to relieve key economic bottlenecks.

V. We envision CA as a nat'l transportation model.

A. A model for:

a) job creation, economic growth

b) environment

c) quality of life

B. CA is a laboratory for transportation innovation.

a) has important nat'l lessons

b) we will support you

Remarks
Secretary Peña
Opinion Makers Breakfast
May 14, 1993

Thank you for giving me an opportunity to meet with you today. In so many ways, California and Los Angeles will be a focal point for the initiatives this Administration and the Department of Transportation undertake over the next four years. As leaders from all segments of the Los Angeles community, you will be key to our success. So I welcome the opportunity to outline our philosophy to you and our vision of the partnership we'd like to build with you.

This is my second visit to Los Angeles since becoming Secretary of Transportation. When I was here last month,

I was struck by how clearly Californians understand the link between transportation and a healthy economy. I've travelled throughout the country over the past four months, and in no city have I found such a strong recognition of this link. And thanks to it, California is doing some of the most innovative work of any state in the nation in the area of transportation.

Californians share the President's and my belief that infrastructure investment is fundamental to a strong and vibrant economy. And President Clinton is very focused on California's economy. It is the world's sixth largest, and if it isn't healthy then our national economy can not be healthy. Similarly, if the Los Angeles economy isn't

strong, then California's won't be either. Understanding this, the President has asked Commerce Secretary Ron Brown to take the lead on an unprecedented Administration-wide initiative to get California's economy back on track. Today, I'd like to talk to you what DOT's role in that initiative is and what our transportation investment policies will mean to LA.

First is the FY94 budget, in which we've asked for a 10% increase in infrastructure funding. Over 70% of our entire DOT budget will go directly for infrastructure improvements. For California, that would mean almost \$270 million more in highway funding, a significant share of which would certainly go toward projects in LA.

The second piece of good news for LA in DOT's FY94 budget is a 21% increase in requested transit funding. This Administration is committed to changing the approach to transit that's been taken at the federal level in recent years, and that commitment will mean \$46 million more for LA in transit formula funds alone if our budget request is approved.

After I leave you this morning I have the pleasure of going to East LA and Pico-San Vicente to announce a \$1.4 billion grant for Segment 3 of the Red Line, which will make the federal government a 50% partner in the Red Line. I can tell you: these are the things that make serving in the federal government worthwhile. These are

neighborhoods that have been through a lot in the past year and more for years before. The transit extension this funding will make possible will mean jobs and a real improvement in access to opportunity for residents of these neighborhoods. And the Red Line extension will be a magnet for economic growth and development in these neighborhoods that so badly need it. This project will make a real difference in the quality of life in these neighborhoods, and it's transportation investments like this that are a key part of the President's community revitalization philosophy.

Transit investment also provides a real opportunity for another of our key focuses: easing the transition for

defense manufacturers from a military to a civilian economy. Just last weekend, there was an article in the New York Times about five of the nation's largest defense firms which are joint venturing with established rail manufacturers to compete for a contract to build the new cars for the Green Line. The article made the point that many defense companies see transportation as the most promising market for their technologies and their core capabilities. The article was also clear that for ventures like this to succeed, the companies involved need some assurance that there will be a stable market for their product. We want to give them that assurance. The Clinton Administration is committed to a renewed

emphasis on transit, and DOT is currently taking a hard look at how we can encourage and support this kind of entrepreneurship.

The second major transportation initiative I'd like to briefly discuss is a comprehensive, \$1.3 billion high speed rail initiative we unveiled several weeks ago. California is in a very strong position to take advantage of this investment, with the rail corridor between San Diego, LA, the Bay Area and Sacramento via the San Joaquin Valley already chosen as one of five corridors nationally with the highest potential for high speed rail development.

Under the plan, the federal government will for the first time be an active partner in developing and deploying

new rail technologies. Almost \$1 billion will be available to state and local governments to assist in implementing high speed rail infrastructure. The remainder of the initiative's funding, \$300 million, will go to support development of new technologies. This has particular significance for California defense firms looking for opportunities to convert advanced defense technologies to commercial uses. We are very excited about this initiative, which we think has tremendous potential to help reinvigorate the economy, help the environment and spur new technologies.

The third initiative I'd like to talk to you about today is the emphasis we're going to put on intermodal partnerships to develop integrated transportation systems

that move people and goods efficiently. There is perhaps no better example of this approach than the Alameda Corridor project. A true public/private partnership, this project provides critical truck and rail links from the Port of Los Angeles to the Port of Long Beach and is a critical investment in the California economy.

As some of you may know, President Clinton has asked one of your fellow Californians to head DOT's Office of Intermodalism. He is Michael Huerta, currently head of the Port of San Francisco. Michael not only understands intermodalism, he understands ports and their pivotal role in economic growth. Michael and I have begun to discuss an approach to intermodalism that would

target federal resources at priority corridors---much like our approach to high speed rail---corridors like the Alameda Corridor that are the most critical to economic growth and that if left unimproved are bottlenecks to an entire region's economy.

These are just a few examples of the prominent role we envision for Los Angeles and California as a model of reinvesting in and reinventing the nation's transportation system to support economic growth, create jobs and opportunity and improve the environment and our national quality of life.

I think most of us would agree that transportation investments are key to meeting these goals. Especially in a

metropolitan area as sprawling as Los Angeles, excellent transportation is key. And in an area where much of the nation's defense industry is based, using those companies skills for transportation is not only good for the transportation system, it is critical to easing the blow of defense conversion on the Los Angeles economy.

As much as we agree on these points, most of us would also recognize that the federal government does not have the resources to fund all the improvements we would like, as critical as they are to our economic well-being. In fact, there is no more daunting challenge facing transportation policymakers at all levels of government than that of finding a solution to the widening gap between

infrastructure needs and available financing. The traditional sources of financing---fuel and other taxes, municipal debt financing, and private investment---will need to be supplemented and new financing partnerships forged between federal, state and local governments and the private sector. We will need to find new ways to catch up to and keep pace with countries like Japan, which will spend \$3.2 trillion on its infrastructure this decade.

At the federal level, even as we are seeking additional infrastructure funding and have already launched new ways---like our high speed rail initiative---to partner with the private sector and with state and local government, we are also exploring a number of measures to expand

financing options for infrastructure investment. The National Economic Council currently has recommendations on infrastructure financing before it from a number of sources. These recommendations include options for municipal bond financing, infrastructure banks, and credit enhancements for private sector investments. The NEC's goal is developing new ways to leverage limited resources and bridge the gap between infrastructure needs and budget realities.

California and Los Angeles have long been leaders in supporting innovative solutions to transportation needs in developing innovative partnerships to implement and finance them.

The toll financed highway projects you've undertaken are models for the nation. Yesterday, I visited CALSTART, where public and private organizations have come together to make California a leader in advanced transportation technologies and develop new markets for companies in the transition of defense conversion. The Union Station project, which I visited on my last trip, will turn this symbol of transportation in LA into a symbol of intermodalism nationally, thanks to an extraordinary public/private partnership.

We need more of this kind of innovation both in California and across the country. California and Los Angeles have long been laboratories and incubators for

transportation innovation. As key opinion leaders in the Los Angeles area, we need your help in fostering support, both philosophical and financial, for this kind of innovation. Never have we needed creative thinking and a willingness to work together more. Simply put, the City of Los Angeles, the State of California, and the nation can not compete in a global economy without a 21st century transportation system. We need California to continue to take the lead, with your active involvement, in making that kind of system a reality. Reviving the California economy is imperative, and the lessons we learn here are critical for reviving economies throughout the nation. I look forward to working with you to make good on that promise.

Short Version: Opinion Makers

I. Intro

- A. LA is a focal point for Admin., DOT
- B. LA, CA understand transportation, economic link.
 - a) April visit
 - b) nat'l leader in innovation

II. Infrastructure investment is key to a strong economy.

- A. LA, CA economies critical to nat'l economic health.
 - a) 6th largest
 - b) top Clinton priority
 - c) Ron Brown

III. DOT will invest in transportation innovation to spur the LA economy.

- A. Our FY94 budget invests in infrastructure:
 - a) 10% increase for infrastructure
 - b) 70% of DOT budget funds infrastructure improvements
- B. We'll fully fund highway investment:
 - a) \$270m more for CA
 - b) would mean investments in LA
- C. We're committed to changing approach to transit of recent years:
 - a) 21% increase requested
 - 1) means \$46m more for LA
 - b) Transit is an investment in jobs, economic growth.
 - 1) announcing \$1.4b for Red Line
 - 2) makes federal gov't a 50% partner
 - 3) is key to President's community reinvestment strategy

c) Transit is a defense conversion opportunity.

- 1) 5 local defense firms vying for Green Line car contract
- 2) DOT will provide a stable market
- 3) looking for other ways to support

D. High Speed Rail has the potential to reinvigorate the economy, help the environment and spur technology development.

a) \$1.3b initiative

- 1) will make federal gov't a partner for 1st time

b) LA area likely to benefit

- 1) San Diego, LA, SF, Sacramento via San Joaquin is one of 5 corridors w/most potential

c) \$1b available to implement infrastructure

d) \$300m available to develop technologies

- 1) LA area defense firms can benefit

E. We'll support intermodal partnerships in priority economic corridors:

a) Alameda Corridor is excellent example.

- 1) LA, Long Beach port connections via truck, rail.
- 2) Michael Huerta nominated.
- 3) We'll target priority corridors to relieve key economic bottlenecks.

IV. We must find ways to bridge the gap between need and funding.

A. We want LA & CA to be nat'l leader in transportation innovation to:

a) create jobs, support economy, improve environment & quality of life

B. Gap between need & funding is most daunting issue facing decision makers.

C. Need to supplement traditional sources:

- a) fuel & other taxes**
- b) municipal debt financing**
- c) private investment**

D. NEC is reviewing recommendations to develop solutions.

E. CA, LA leaders in financing partnerships:

- a) toll roads**
- b) CALSTART**
- c) Union Station**

V. As opinion leaders, we need your help in fostering philosophical & financial support for transportation innovation.

A. LA, CA & nation can't compete globally w/o 21st century transportation.

B. LA, CA need to continue to take the lead in innovation.

C. Critical that we revive LA, CA economies & transportation is key.

D. Lessons learned here will help revive economies nat'lly.

Remarks
Secretary Federico Peña
East LA: Red Line Grant Announcement
May 14, 1993

L.A

(Please begin your remarks in Spanish, either extemporaneously or by translating the beginning of the following.)

It gives me great pleasure to join you at this wonderful celebration today. On behalf of President Clinton, congratulations. This is truly a great day for East LA.

The grant we're announcing today will build more than a subway. It will build a new foundation of hope and opportunity for this community.

Too many times here in LA and in inner city neighborhoods around the country, poor people have been the victims, not the beneficiaries, of transportation. All too often, highways have been built along the path of least resistance: slicing through poor neighborhoods, destroying homes and severing communities.

That should not be.

The money we spend on our transportation system should build communities up, not tear them down. And that's exactly what this grant will do.

The new Red Line will be an economic lifeline for East LA.

This is a community that has long used and supported public transportation. This is a community that has long depended on public transportation. And this is a community that should have had more public transportation service long ago.

What will the new Red Line mean for East LA? For many people, it means they won't have to take three or four buses to get to work anymore. Families won't have to panic when their one car breaks down. Older people who can no longer drive will be able to stay independent. Mothers will be able to take sick kids to the doctor more easily. A trip to the grocery store won't have to be a major outing.

But the Red Line will be more than a way out of East LA. The new Red Line is an investment in this neighborhood and in jobs and opportunity for the people who live and work here. With every batch of concrete poured, we'll provide an incentive for new businesses to locate here and existing ones to grow and prosper.

As Secretary of Transportation, the best part of my job is being able to come to neighborhoods like this with good news to announce. But in this case, the good news is not really mine. It's Ed Roybal's, who worked for you for years to get the funding for this project. It's Julian Dixon's and Estaban Torres', who've also worked tirelessly in Washington. It's Gloria Molina's and Richard

Allatore's , and of course it's Mayor Tom Bradley's, who
for 20 years has had the vision and the skill to turn
dreams into new beginnings.

Again on behalf of President Clinton, congratulations
to all of you.

**Remarks
Secretary Federico Peña
South Central: Red Line Grant Announcement
May 14, 1993**

Thank you. Today, with this announcement, President Clinton and our Administration are making a downpayment on a long-term commitment to this neighborhood.

Despite the very hard work of community leaders like Congressman Julian Dixon and Mayor Tom Bradley, for too long this neighborhood has not had the federal government as a partner. As a former Mayor, I understand how frustrating and sometimes devastating it is for a city not to have the support from Washington. As a

former Governor, President Clinton understands that too.

This neighborhood has heard a lot of promises from Washington before, so I won't add to the list. I will tell you though, that President Clinton and I and the other members of our Administration know that our urban centers have been neglected for too long. We know that this country's urban centers are the engine of the national economy. And we know that we can not let our urban centers continue the spiral of decline.

The residents of Los Angeles and of this neighborhood have lived through a nightmare that no community should have to face.

Things have got to change.

President Clinton has made it clear to all of us in the cabinet that it is time to roll up our sleeves, get to work and get the job done. He's asked Commerce Secretary Ron Brown to take the lead and has told each of us in the cabinet that we have a role to play.

The new Red Line is a good first step in our partnership. It will bring changes to the neighborhood that to some may seem small, but to the people who live here are very real. For many people, it will mean that they won't have to take three or four buses to get to work anymore. Families won't have to panic when their one car breaks down. Older people who can no longer drive will still be able to stay independent. Mothers will be able to

take sick kids to the doctor more easily. A trip to the grocery store won't have to be a major outing.

Even more than we're building a way to get out of the neighborhood, with this project we're building a foundation of hope for the neighborhood. The new Red Line is an economic lifeline and an investment in jobs and opportunity for the people who live and work here. With every batch of concrete we pour, we're providing an incentive for new businesses to locate here and existing ones to grow and prosper.

This is a significant step, but it's one of the first on a long road. I'm happy to be here with you today as we start this journey together and look forward to hearing

from you this morning about what you need to make the
trip easier and to make sure we reach the finish line as
winners.

Thank you.

This is Black Chancery

This is Cairo

This is Caligula

This is Chopin

THIS IS CRACKLING

This is Nauert

This is Polo

This is Rechtman

This is Riverside

this is Saint Francis



U.S. Department of
Transportation

News:

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Washington, D.C. 20590

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STATEMENT BY SECRETARY OF TRANSPORTATION
FEDERICO PEÑA
May 17, 1993

I am pleased with President Clinton's announcement today of his intent to nominate Gordon J. Linton as Federal Transit Administrator and Louise Stoll as DOT's Assistant Secretary for Budget and Programs. Both are equipped with impeccable qualifications, extensive experience and proven administrative skills to deal with complex budget and transportation issues.

Gordon is just the right person to head up FTA as we put renewed emphasis on transit to create jobs, help the environment and improve mobility. Louise has a strong background in management and finance which is aptly suited for making sure that we use our resources efficiently, wisely and with an eye toward maximizing the benefits of our environment.

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U.S. Department of
Transportation

News:

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
ATLANTIC CEO INSTITUTE ROUNDTABLE
WASHINGTON, D.C.
MAY 17, 1993

I appreciate this opportunity to share my thoughts with you today on U.S. transportation policy and its impact on our global economic competitiveness. The topic of your conference, "Clinton's America: New Players, New Policies and Implications for Global Growth", is a timely one. The central focus of the Clinton Administration is reviving the nation's economy and enhancing our competitiveness in a global marketplace. And I see my job as Secretary of Transportation as making sure our nation's transportation system is ready to support that kind of economic growth and job creation.

Today, I'd like to talk to you about several areas in which we're implementing that philosophy. First, is in the area of stepping up basic investment in our existing infrastructure network. Second, is fostering the new modes of transportation and new technologies that will keep us on the cutting edge of global competitiveness in future years. And third, is putting special emphasis on the health and competitiveness of our aviation industry, which is our most critical link with world markets.

Investment in our basic transportation system of roads, bridges, rail and transit systems is fundamental to our ability to move goods and people quickly and efficiently. For the past three decades, the U.S. rate of investment in infrastructure has declined consistently and is now outstripped by a number of countries like Japan, which during the 1980's invested at two and a half times the US rate. Part of the reason for the decline in spending is that as our national transportation systems, particularly the interstate highway system, have been completed, construction of new facilities has decreased, and spending has shifted to relatively less costly maintenance functions. That understood, the United States is still lagging behind in its investment in infrastructure and runs the risk that without renewed investment, the systems we worked hard---and spent much---to build, will deteriorate rapidly, with repair costs escalating exponentially the longer maintenance is deferred.

- more -

For that reason, DOT has requested a ten percent increase in infrastructure funding in our FY94 budget. Over 70 percent of our entire budget will go directly to infrastructure investment.

Additional funding is not enough though. It must be spent strategically. One way we can ensure that our investments are wise is to require that they meet certain standards of effectiveness. For that reason, we are currently developing new criteria to be used in deciding how our resources are spent. The goal of these criteria is to target funding to projects that will have the most impact in terms of improving the transportation system and stimulating the economy and will, overall, have the most benefit for the cost involved.

Beyond thinking strategically about individual investments, we must also think carefully about how the various parts of our transportation system work together. How do we create a truly effective, intermodal system? Does our transportation network allow goods and people to move from point "A" to point "B" easily and efficiently? One of my priorities will be targeting federal resources toward projects in corridors that are critical to economic growth and that if left unimproved are bottlenecks to an entire region's economy.

For example, one way to foster intermodalism is by supporting transit as a travel alternative, and this Administration has renewed the national commitment to transit. Transit makes sense. It relieves highway congestion; helps the environment; and creates jobs and stimulates business development in the neighborhoods it travels through. It is an important part of our economic revitalization strategy.

The second way we can ensure that our transportation system supports our global competitiveness is by supporting the development and implementation of new transportation technologies.

Several weeks ago, our Administration unveiled a comprehensive, \$1.3 billion high speed rail initiative that will make the federal government an active partner in developing and deploying new rail technologies. We are very excited about this initiative, which has tremendous potential to help reinvigorate the economy, help the environment and spur new technologies. Almost \$1 billion will be available to state and local governments to assist in implementing high speed rail infrastructure. The remainder of the initiative's funding, \$300 million, will go to support development of new technologies. This has particular significance for defense firms looking for opportunities to convert advanced defense technologies to commercial uses.

As I've travelled to cities around the country in the past few months, local officials have consistently told me that they see high speed rail service as an important tool in their economic development strategies and have also told me how pleased they are to have a new national commitment to high speed rail. They join our Administration in seeing high speed rail as having real potential to relieve congestion at many of our busiest airports and as a way to give travellers another intermodal alternative.

Easing the transition for defense firms from a military to a civilian economy is another critical role that transportation policies can play in our national economic revitalization. A number of defense manufacturers have told me that they see transportation as the most promising market for their technologies and their core capabilities. But, for them to make a real investment in the transportation business, they need some assurance that there will be a stable market for their products. We want to give them that assurance by providing the policy commitment that will mean a stable market for subway and rail cars, rail technologies and a variety of other applications for defense technologies.

There are a number of exciting innovations in the area of defense conversion going on already throughout the country. For example, just last week I went to California and visited CALSTART, a consortium of public and private sector entities working to create a new advanced transportation industry. They are working on a variety of electric vehicles and will soon complete a prototype of a new bus made of the same material developed to build the Stealth bomber. The bus will be lighter and more fuel efficient and has the potential to create a whole new market for defense firms. Another area with great potential is the commercial use of the Global Positioning System satellites. These satellites that guided our troops and planes in Desert Storm have important applications for freight movement. 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. The benefits of this kind of technology for efficient cargo movement and enhanced productivity are clear. Finally, perhaps the most sweeping potential for defense conversion is telecommuting. By creating a national data superhighway, we would literally revolutionize our traditional thinking about work and commerce in this country. Instead of focusing on moving workers around, we would focus on moving information. This is this kind of innovative, forward-thinking approach that is critical, not only to ease the transition for our defense companies, but, more important, to prepare this country for competition in the global marketplace.

The third area I'd like to discuss today is the aviation industry. There is no transportation sector that provides such a critical link to international markets. Simply put, this nation's economy can not be strong without a strong aviation industry. It is critical for consumers, shippers and economies. That's why we as an Administration have put early and strong emphasis on this policy area.

Within the past several weeks, President Clinton named the members of the new National Commission to Ensure a Strong, Competitive Airline Industry. The Commission will bring together 15 national experts 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 set of specific 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.

The other important way we must support our aviation industry is by providing the infrastructure necessary for smooth and efficient air travel. That means improving our air traffic control system to make it the most efficient and technologically up to date in the world. The FAA is currently in the process of developing such a system, the Advanced Automation System. As some of you may be aware, in the past that project has not gone as smoothly as anyone would like. However, AAS is an important improvement that will cut travel delays and translate 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 must be done as quickly as possible.

While we need to have the best air traffic control system in the world, we also to have the best airports in the world. They must be efficient and in good repair, with sufficient capital available for maintenance and modernization. I am currently working with the FAA and members of Congress to develop legislation to continue funding for the AIP program, which airport operators count on to make critical improvements at their facilities.

At the same time as we are focusing on how we can assist in restoring our aviation industry to economic health, we are also fighting vigorously to defend the rights of our domestic carriers abroad. We are continuing to work for free and open access to markets around the world, understanding that long term growth in the aviation market can occur in the international side of the business. With more US carriers wanting to fly abroad, coupled with a worldwide recession, some foreign carriers fear this competition. We are continuing to seek liberalized regimes

through a range of international aviation negotiations, and have stepped up our vigilance in ensuring that existing bilateral aviation agreements with other countries are upheld and the rights of US carriers under these agreements scrupulously guarded.

Taken together, we believe that this three-pronged approach of stepped-up investment in existing infrastructure; support for emerging technologies; and strong advocacy of the U.S. aviation industry provides a solid strategy for a globally competitive transportation system.

Some of our goals are achievable primarily through negotiation or through changes in policy. Others require a new emphasis on transportation investment. The federal government, however, does not have the resources to fund all the improvements we would like, as critical as they are to our economic well-being. In fact, there is no more daunting challenge facing transportation policymakers at all levels of government than that of finding a solution to the widening gap between infrastructure needs and available financing. The traditional sources of financing---fuel and other taxes, municipal debt financing, and private investment---will need to be supplemented and new financing partnerships forged between federal, state and local governments and the private sector.

At the federal level, even as we are seeking additional infrastructure funding and have already launched new ways---like our high speed rail initiative---to partner with the private sector and with state and local government, we are also exploring a number of measures to expand financing options for infrastructure investment. The National Economic Council currently has recommendations on infrastructure before it from a number of sources. These recommendations include options for municipal bond financing, infrastructure banks, and credit enhancements for private sector investments. The NEC's goal is to develop new ways to leverage limited resources and bridge the gap between infrastructure needs and budget realities.

It is imperative that we be successful. The United States stands at a crossroads of competitiveness. Will we meet the dawn of the 21st century ready to capitalize on emerging world markets or will the Year 2000 find us struggling to catch up? One thing is clear: thoughtful planning and strategic investment in the kind of transportation system I've discussed today are fundamental to holding America's place as a world economic superpower.

Thank you.

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U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
COAST GUARD ACADEMY COMMENCEMENT
MAY 19, 1993
NEW LONDON, CONNECTICUT

It is a great pleasure for me to participate in this commencement exercise, and to offer my congratulations to each of you who are receiving your degrees and commissions. I am honored to claim the United States Coast Guard and this outstanding Academy as a part of the U.S. Department of Transportation. I am also very proud to welcome you, the men and women of the Class of 1993, to our officer corps.

You graduate at a unique moment in history in a world awash in change. In the four years since you began your studies here, the face of Europe has changed. The political balance in Russia has been redefined. The map of the Persian Gulf was temporarily redrawn by a tyrant. But thanks to the valiant men and women of all our armed services, including brave Coastguardsmen and women, that map has been restored. The technological explosion at home has given us a wealth of opportunities. It gave us the finest, most efficient military machine in the world of which you are an integral part. While maintaining our vigilance we are also now reinventing and reinvesting it for commercial uses that will invigorate our economy.

A prime example is GPS and all the other advances in marine technology that allow us to see a future that not long ago belonged to Jules Verne and others. Your education here at the Academy well qualifies you not only to meet the challenges of change but to harness change and use it for humanitarian purposes.

On entering Chase Hall a visitor is impressed by the motto inscribed in the floor "Who lives here reveres honor, honors duty." That has been a hallmark that has earned you the respect of the American people and mariners throughout the world. Whether it was the early surfmen of the Virginia Capes, the adventurous Cuttermen like Captain Mike Healy who brought law and order to Alaska, the

- more -

valorous Coasties who not only fought but who saved so many lives during the nation's conflicts (over 1,500 on D-Day alone) or those who have taken up the challenge of our bold environmental initiatives, these words ring true. It has been that way for over 200 years now, ever since Congress established "the revenue marine" to enforce eighteenth century maritime law. While your humanitarian missions have evolved to encompass maritime safety... law enforcement ... national security ... and protecting our natural resources, the demands made upon you have indeed grown as our world has changed.

Admiral Kime has done an outstanding job at strategically planning to meet these increasing demands thrust upon you not only by Congressional action and Administrative and Executive Orders but by nature itself ... Hurricane Andrew ... Typhoon Omar ... and by human circumstances as well ... the desperation of the Haitian migrants ... the avarice of the drug traders ... the greed of tyrants and anarchists who threaten world peace ... the insensitivity and carelessness of polluters.

My message is that you must begin today to think futuristically about the mission of the Coast Guard. Use the creativity that is your birthright as a generation reaching adulthood in a rapidly changing world environment. Be very forward looking. Be aggressive strategic planners.

Let me tell you just one of the many reasons why. Last week in California, I participated in President Clinton's defense conversion initiative. The President has committed first of all to distribute the \$1.4 billion that Congress appropriated last year for defense conversion, and second, to invest \$375 million in FY '93 alone to help retrain military personnel. The Clinton Administration is moving aggressively to convert excess defense capacity to peacetime production. Many of those uses are transportation-related. In California, technology developed for the stealth bomber is being used to build better, more fuel efficient transit buses. In Dallas, Texas Instruments is using defense technology to make on-board navigation equipment for motor vehicles that will make our highways safer. They are also manufacturing a new generation of toll road collectors. Many plans being made today will convert defense technology to civilian uses tomorrow, creating good paying, productive, meaningful jobs. And many defense workers will be retrained. I recognize that a generation ago we faced a different world, and nobody could have anticipated the degree of change. In the America of the future we will need to do very intensive strategic thinking about investments of billions of dollars and hundreds of thousands of man hours so that no resource will be left idle in transition.

The Coast Guard has not been significantly affected by the Department of Defense down sizing in an era of scarce resources. However, in the same way that the defense industry and the armed services are grappling with transition -- it is likely that new resources will not keep pace with the demands placed on you. The key to success in the future will rest upon your ability to be successful strategic planners.

As leaders of the Coast Guard, it will be your responsibility to anticipate what's needed to serve the country and assure that the Coast Guard fulfills the responsibilities of its special niche.

You will be called upon to manage change in technology, and tremendous change in the maritime industry that requires developing safety standards and operating rules. Your education at this great Academy fully qualifies you to meet this challenge.

In the past the Coast Guard's multi-mission philosophy has served it well. Today's Coast Guard is a finely tuned machine which has developed over centuries of pragmatic adjustment. It is not a collection of rigid specialists or single function units under one banner. Each unit is capable of performing many of a wide variety of missions at any given time. I must admit I am somewhat awed and full of pride when I think of a day in the life of the Coast Guard. Just consider this. On an average day the U.S. Coast Guard saves 12 lives, saves \$2 million in property, conducts 144 search and rescue missions, responds to 23 oil or chemical spills, boards 90 large vessels for port safety checks, seizes 318 pounds of marijuana, seizes 253 pounds of cocaine with a \$5 million street value, services 150 aids to navigation, and interdicts 112 illegal migrants. All of which makes you virtually unique: a military force which measures its success by lives saved.

That's why the Coast Guard is capable of accomplishing so much. The multi-mission philosophy is what enables the Coast Guard to shift its primary focus as America's priorities shift. It blends your four primary missions ... maritime safety ... law enforcement environmental protection ... and national security ... into a well-balanced flexible entity.

These may not always be your goals. In the future you may shift your focus to new, unforeseen objectives. Or as technology takes the "search" out of search and rescue or makes other functions easier, you may intensify your efforts in another area. You may want to focus more on marine environmental technology, for example, and enhance your reputation as the world's best pollution fighters.

You already are integral players in environmental protection on a global level through work with the International Maritime Organization. We live on a watery planet, and one of the few predictions which can be safely made about the years ahead is that we will turn to the seas for more of our food supply, more of our commerce, more of our culture. Beneath the surface waters lies the last and largest untapped frontier. It is a priceless resource for this land and each succeeding generation, and it is you, the Coast Guard, who will continue to battle environmental carelessness, to protect this treasure.

The Coast Guard is already heavily involved in the marine environment. You have worked with the National Oceanic and Atmospheric Administration and the National Marine Fisheries Service on a new fisheries enforcement strategy that will serve the \$24 billion fishing industry and its 17 million recreational fishermen. In addition, you have stepped up your efforts to protect the marine environment as a regulatory body, as a law enforcement agency and as an operating agency.

President Clinton and Vice President Gore came to office committed to the environment. The humanitarian missions of the Coast Guard fit the Administration's desire to improve the quality of life. In this Administration the Coast Guard will have many opportunities to expand your role. And if you are alert and aggressive, and seek ways to serve, your knowledge of how to improve the marine environment will be a great contribution to one of the Administration's primary objectives.

How you do this job is a decision you will make as leaders of tomorrow's Coast Guard. I don't have all the answers. The point is if you plan strategically for the future you will not only serve the country but your organization well. Strategic planning is your challenge. You enter into this challenge at an exciting time, one of innovation, self assertion and knowledge that one citizen can make a difference.

As Winston Churchill wrote, "You will make all kinds of mistakes, but as long as you are generous and true ... you cannot hurt the world or even seriously distress her. She was made to be wooed and won by youth."

Churchill's belief is still true today. It guides us in our finer moments. And it renews itself with each commencement day. The officers who left this school before you shared a belief in America and in the ability of her young to pull her through. Time has not disproved them -- nor has it tarnished their belief. It is their greatest legacy to all of you.

Congratulations on completing four years of very rigorous curricula. That you chose a career with a humanitarian purpose is honorable. That you are willing to put yourselves in harm's way to help others is a very special quality of service and leadership. It will not be easy, but no other institution could make you anymore ready to join those who are Semper Paratus. Best wishes for every success.

SHORT VERSION**COAST GUARD ACADEMY COMMENCEMENT**

(Thank Admiral Matteson for introduction)

I. INTRODUCTION

- recognize: Malaysian Ambassador Mohamed
- acknowledge representatives of Philippines, Thailand, Micronesia.
- congratulate graduates
- welcome to officer corps

II. WORLD AWASH IN CHANGE**A. In four years:**

- face of Europe change
- political balance in Russia redefined
- map of Persian Gulf temporarily redrawn
- thanks to armed services, map restored

B. Technological explosion

- mightiest military machine
- reinventing it for commercial uses
- example GPS

C. Chase Hall motto

- "who lives here reveres honor, honors duty"
- hallmark of Coast Guard
- surfmen of Virginia Capes
- cuttermen law & order to Alaska
- Coasties saved 1,500 lives on D-Day alone

III. THEME: PLAN STRATEGICALLY FOR MISSION**A. Current missions**

- maritime safety
- law enforcement
- national security
- protecting natural resources
- demands grow as world changes

B. Kime strategic planning meets:

- demands from Congress, Executive Order
- demands from nature itself
- by human circumstances

C. Message: Think futuristically about mission

- be forward looking, aggressive strategic planners

D. One reason why

- defense conversion initiative
- \$1.4 billion Congress appropriated last year
- \$375 million '93 alone retrain military personnel
- California, stealth bomber into fuel efficient transit buses
- Dallas, Texas instruments converting technology
 - 1) on-board motor vehicle navigation equipment
 - 2) new generation of toll road collectors

E. Point is:

- in future need to plan strategically
- no resource can be left idle in transition
- Coast Guard has not been affected by downsizing
- scarce resources
- new resources will not keep pace with demands
- success rests on your ability to plan
- anticipate what's needed

IV. COAST GUARD OF FUTURE

A. Manage change

- in technology
- in maritime industry
- developing safety standards & operating rules

B. Multi-mission philosophy

- served Coast Guard in past
- each unit capable of many functions

C. Day in life of Coast Guard

- saves 12 lives
- saves \$2 million property
- conducts 144 search & rescue missions
- responds to 23 oil spills
- boards 90 large vessels for safety checks
- seizes 318 lbs marijuana
- 253 lbs of cocaine, \$5 million street value
- services 150 aids to navigation
- interdicts 112 illegal migrants
- a military force measures success in lives saved

D. Multi-mission philosophy serves you well

- flexibility
- may not always be the case
- may want to focus on marine environmental technology
- enhance your reputation as pollution fighters

E. Pollution activities

- already protecting global environment
- work with International Maritime Organization
- watery planet
- will rely on sea for more of food, commerce, culture
- priceless resource
- stepped up fisheries work

F. Clinton committed to environment

- many opportunities for Coast Guard

V. CONCLUSION

A. How you do this job is your challenge

- strategic planning will serve your country

B. Challenging times

- innovation, self assertion
- one citizen can make a difference

C. Remember words of Winston Churchill

- world was made to be wooed and won by youth

D. Congratulations

- honorable career of humanitarian service
- risk in harm's way
- you join the ranks of those who are
- Semper Paratus

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AIRLINE COMMISSION
MAY 24, 1993
WASHINGTON, D.C.

I want to thank you for giving me the opportunity to address the commission this morning. The depth and breadth of talent and experience on this commission is notable. And so is the task before you. For the next ninety days, you will be singularly focused on examining the challenges and identifying the recommendations that can help restore the health and vigor to America's aviation industry.

From the outset, I want to thank each of you for your service. To take three months away from your lives, from your businesses, and in many cases, from your families, is a measure of your personal dedication to the difficult task before you. I want also to recognize Chairman Baliles for his leadership.

Recognizing the complexity of the issues as well as the tight timeline, Chairman Baliles has undertaken an extraordinary effort to assure that each member of this commission is well prepared for the work ahead.

Over the last few weeks, the Chairman and I have had the chance to visit with one another to discuss informally the state of the industry and the range of policy options. I want to share with you something I told the Chairman earlier. The Department of Transportation and this Secretary of Transportation will be here to assist and support the work of this Commission.

So too will the vast majority of the Congress. The product of a consensus from both sides of the aisle and from both sides of the capital, the Congress is an equal copartner in this venture.

I want to thank the leadership, Democrats and Republicans alike, who demonstrated their enthusiastic support and who helped to enact the legislation constituting this commission in record time. The involvement of so many members of Congress as ex officio members of this commission is an indication of the stake that so many communities -- in fact the nation as a whole -- has in this panel's work.

Finally, I would also like to recognize the President for his leadership. The President has made the reinvigoration of the aviation industry one of the priorities of his Administration. The President recognizes -- as do I -- that the health of the American aviation industry is a barometer of the strength of the American economy and a benchmark for our international competitiveness. The President is eager

to receive your findings and to work with the Congress and the cabinet to act on your recommendations.

Since becoming Secretary of Transportation, I have visited over 25 cities across America, traveling thousands of miles on commercial airlines and I've had quite an education from the folks on the back of the plane. Whether it's flight stewards or frequent fliers, business travelers or families on vacation, porters or pilots, the American people care very strongly about their airline industry and they are as committed as we are to preserving its strength and competitiveness. They're ready to do their share and we're here to do ours, because the endeavor we begin today is truly a national partnership. The future of one of America's most crucial industries is at stake.

Air transportation alone is an \$80 billion a year business with half a million employees. It is the core of a \$3 trillion world travel and tourism industry. And the whole world knows U.S. air frame manufacturers not only invented the technology, they perfected it and remain the finest in the world. Our air frame manufacturers produce the largest trade surplus of any American industry -- \$31 billion last year alone.

Our carriers and airframe makers deserve our support. They serve as shining success stories of international competitiveness. U.S. companies and their employees worked hard and sacrificed much in weathering the impacts of a sluggish world economy.

As you begin your work, I would ask you to be mindful of a number of things. First and foremost, always remember the traveling public. Providing

Americans with affordable, accessible, and safe air service must be our top priority.

As we promote competition, it is also important to note that this administration does not favor a return to the old ways of doing business. We want to encourage competition. Fifteen airlines have entered the market this year and more have applications pending before the Department. We want more airlines not fewer.

In your work, it will become clear, too that government has not always been this industry's friend. You have my word that I will endeavor to make the Department and the rest of the federal government more responsive, more customer friendly. Already, I have taken some specific actions to improve the air traffic control system. The President's appointment of

Don Hinson, a veteran of both the carrier and air frame industries, will continue to push the envelope, to push all of us in government to do things smarter and better for the industry and the traveling public.

Now, I would like to briefly sketch eight issues that have come to my attention very early in our Administration -- and are sure to be central to your task. One, the question of regulation versus the true safety and security value of these regulations; two, the use of bankruptcy laws; three, pricing behavior; four, tax relief; five, service to small communities; six, labor; seven, the question of foreign ownership in U.S. carriers; and eight, the state of our bilateral aviation agreements.

Let's look first at regulation. We have one of the safest and most secure aviation systems in the world and we will never, ever allow anything to compromise the safety and security of our nation's air travellers. However, there may be regulations which could be excessive, unnecessary, and burdensome on the airline industry. I hope you will weigh the appropriate balance between regulation and the financial well-being of the airline industry. The questions in my mind are: to what extent do the costs of safety and security requirements borne by U.S. carriers exceed those of foreign carriers? And how should any gap be reduced? Should we seek alternative ways to finance safety and security needs in order to relieve the cost burden on the airlines?

The second issue I would like you to consider concerns our bankruptcy laws. I hear frequent

complaints that carriers operating under Chapter 11 protection of the U.S. bankruptcy code are reaping an unfair pricing advantage relative to solvent carriers. On the other hand, some say that solvent carriers take aggressive pricing action to drive bankrupt carriers from the business.

This leads directly into the third item, pricing behavior. Some believe the airlines have pursued irrational and self-destructive pricing policies. To what extent does the industry's financial problems reflect destructive pricing behavior? Or are their financial problems due to events like the Gulf War, or the recession, and the weak recovery of the economy? Are these problems structural or cyclical? Is there an appropriate role for government?

Fourth the tax structure. Some maintain that the airlines need tax relief. Taxes and fees have come to account for a significant portion of the price of an airline ticket. Taxes have been cited by some as contributing to the slack demand and slow traffic growth. The questions are: to what degree do these taxes really burden the airlines? Would any type of tax relief actually improve their financial position? Or would they use the benefits of tax relief to finance another fare war?

Fifth, service to small communities. In my four months in office, no other concern has been voiced more frequently by more people than that of air service to America's smaller communities. Air service is their very lifeblood. Direct air routes to global markets have strengthened the economies of medium and small cities

spurring new businesses and job creation. Air service is part of our long-term goal of connecting up America and creating a seamless transportation system. The only question is how to achieve it. Do we need to expand the Essential Air Service Program or implement some other type of government-led effort to ensure adequate service. Or do we let market forces determine which communities receive air service?

Sixth is the issue of labor. Along with new air traffic control systems, modern airports, and the best available aircraft -- the men and women who work for our airlines are critically important. We need to recognize the contributions of those workers to the industry and forge a partnership between labor and management that together can revitalize aviation and meet the tough challenges ahead. What steps can

labor and management undertake to promote a working partnership? Is there a role for government?

Seventh, we need a comprehensive review of our international aviation goals and objectives. Our present policy is to promote the growth of world aviation services by creating a global competitive environment for U.S. airlines to operate in by seeking Open Skies agreements. Already I have had to take action against some of our bilateral partners for violating existing agreements. We recognize the growing importance of direct international air service to communities and regional economies across America and are eager to open up new routes. But getting there is tough.

Should we pursue a country-by-country Open Skies relationship? Are all markets equal? Should we seek multinational or continent-by-continent

agreements? Do we connect these to foreign ownership laws? How do we balance the specific needs of an airline for access to overseas markets with the desire of local communities who also want that service for economic development purposes?

Finally, what is the appropriate level of foreign investment in the U.S. aviation industry. Foreign investors already have a significant interest in many of our carriers. Should we raise the current 25 percent bar unilaterally? Or should increased foreign investment here be tied to greater access abroad and the right for U.S. investors to gain significant shares in foreign carriers?

These are just a few of the issues you will tackle over the next 90 days. President Clinton and I are counting on you and the report and advice you'll

provide to help us formulate a strategic plan for the future. Let it be a plan that is practical and doable, that provides specific recommendations for Departmental and Congressional action. No issue is too complex, and where it is difficult to reach consensus, at the very least, address the core issues and important questions so that the subsequent debate is informed and comprehensive.

If I leave you with no other message here today, let it be to urge you to challenge the old ways of doing business. Challenge the current practices as well. Look beyond the conventional. Be creative. Seek solutions. Think expansively, beyond the niche known best or the position held longest. Listen to the experts you will hear and to each other. And be ever mindful, of the public we all serve. If you are as innovative in your

thinking about the task at hand as you are in your own businesses, I am confident that you will provide very worthy, useful guidance.

Let me close by remembering something Winston Churchill said to President Roosevelt just before we joined World War II and Britain was still fighting Hitler alone. "Give us the tolls, Churchill pleaded, "and we will finish the job." I ask you to be daring, bold, and resourceful in giving the Clinton Administration and the Congress the tolls we need to change current policies and practices, and I promise you we will finish the job.

Thank you very much.

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3rd draft -- 26 May 5 P.M. (with clearances and fixes)

REMARKS BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
RIBBON-CUTTING CEREMONY
O'HARE INTERNATIONAL AIRPORT
CHICAGO, ILLINOIS
MAY 27, 1993

Mayor Daley, honored guests,

I'm delighted to be able to join you today at the opening of this magnificent, world-class terminal. It's really exciting. Congratulations on a job well done.

We're not only cutting a ribbon here today and celebrating a vision made real, we're setting a new benchmark in aviation history. This state-of-the-art terminal is a model for airports everywhere. It's not only beautiful -- it's convenient, efficient and passenger friendly -- and it's going to bring the world to Chicago as never before.

There are many men and women here today who deserve our praise, but no one deserves more credit

than Mayor Daley. It was his leadership and determination more than three years ago that brought together 17 airlines -- now up to 20 -- to finance the construction of this terminal. More than anyone, Mayor Daley saw the need to build with an eye to the future growth of global air travel and to securing O'Hare's role as the world's busiest airport and the hub of the whole Midwest.

As I recall from my work as Mayor of Denver in building our own international airport, none of this is easy. It takes hard work, attention to detail and sheer willpower to launch a project like this and get it done. Then again, getting things done may just be a Daley family tradition.

This is the kind of vision and commitment that we need all over this country as we look to meet the

challenges of the global marketplace. Airports and terminals, just like our seaports, link us to the world economy -- bringing business travellers, tourists and freight.

Airports play the role of catalysts and magnets for economic development -- because access by air to markets around the country and the world is often the key element in choosing new business locations. And for our smaller cities and towns, airports are an economic lifeline to larger markets like Greater Chicago.

No President has ever understood better how crucial aviation is for America than Bill Clinton.

President Clinton has made the revitalization of our airlines and aircraft builders a top priority of his

administration right from the start. He understands that a healthy aviation industry and safe, accessible, affordable air travel are both essential to fostering the high-wage, high growth economy the American people want and deserve.

Even as we seek to reduce our deficit, President Clinton knows we must also invest in our airports, highways and railroads to strengthen the sinews of our economy. This terminal is a brilliant example of what Bill Clinton means when he says, "investment".

We at the Department of Transportation are committed to securing funding for airport maintenance and modernization. We are committed to supporting competition and the growth of new airlines in America -- 15 of them have taken flight in the past year alone.

And we are committed to ensuring the greatest possible degree of access for US carriers to foreign markets all over the world.

The airport investments we seek, the air travel competition we support, the "open skies" policy we will pursue worldwide -- all promise to keep American aviation strong, healthy and growing as we recover from the financial "turbulence" of recent years.

It's my hope that these policies -- and the passage of our plan for economic recovery -- will help ensure that this terminal and others like it serve millions more travellers in years to come.

Thank you all very much, and again, congratulations.

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U.S. Department of
Transportation

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
E. H. HARRIMAN AWARDS LUNCHEON
MAY 28, 1993
WASHINGTON, D.C.

I am truly honored to stand before the captains of a great American industry that is as vital to America's future as it has been to our past. We meet in the 80th year since Mary W. Harriman founded these awards in memory of her late husband, a man whose name is synonymous with rail safety; in the 100th year since the Safety Appliance Act made the federal government a full partner in railroad safety; and in celebration of 1992, the safest year ever in the history of American railroads.

As Secretary of Transportation, safety is -- and always will be -- my number one priority and it's a great pleasure for me to share your pride in the outstanding accomplishment of the past year. Let me assure you that President Clinton's choice for Federal Railroad Administrator, Jolene Molitoris, is just as committed and stands ready to work with you in industry and labor to produce an even better safety record in 1993 and beyond. Jolene Molitoris' background of a decade with the Ohio Department of Transportation and the Ohio Rail Transportation Authority eminently qualifies her for the task ahead.

I'm sure you all agree that we must move swiftly because a new era of railroad achievement is at hand. The potential dividends from an explosion in communications and information transfer technology will mean enormous new efficiencies in the movement of freight. The application of a sophisticated new generation of train control systems will mean optimum productivity and safety. Shippers and passengers alike will enjoy greater affordability, accessibility and safety. And I believe that the excitement of developing a high speed rail network in this country will spur the American economy and improve our quality of life.

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So today I would ask you to use this celebration of excellence first, to renew our commitment to solving the remaining challenges of rail safety; second, to rekindle the innovation and creativity that has brought the railroad industry to this moment; and finally, to forge a real, working partnership between labor, management and a bold new federal government that wants to spur an economic renewal that is transportation-led and transportation-driven.

First, we must take care of the remaining challenges of rail safety so that we can devote all our talent and energies to seizing the opportunities that new technology provides to be productive and competitive.

One such challenge is the need for a next-generation train control system. It is on the 16 most wanted list of the National Transportation Safety Board and an issue that must be dealt with sooner rather than later. Full development of Advanced Train Control Systems (ATCS) should provide the solution to collision avoidance which will pay rich dividends in terms of lives saved and derailments prevented. In addition, these systems will improve efficiency and remove capacity constraints. A cooperative effort led by the American Association of Railroads, ATCS will keep trains at a safe distance through automated speed control, and stop requirements. ATCS is an excellent industry initiative and the Federal Railroad Administration will continue to work very closely with you on safety implications for these systems.

We are already seeing a start on the non-safety applications of ATCS, and we recognize that the train control applications must be successfully demonstrated before they can be put into use. I sincerely hope that all the freight railroads will plan now to implement this technology as soon as it becomes available. As they do, we'll be meeting one of our great safety challenges. (E.H. Harriman, I'm sure, would be pleased.)

Of course, there is no one more important to railroad safety than the employees. Safety requires rested, alert employees running these trains. Yet we continue to enforce an "hours of service" law that falls short of accomplishing its safety purpose. We must learn from the growing body of "shift-work" research. We must do something about the disproportionate number of accidents caused by human error in the early morning hours. I strongly encourage labor and management to pursue this issue to a constructive conclusion.

But by far the most daunting remaining safety challenge is highway-rail crossings and we must work together to resolve this issue before it threatens our

abundant opportunities in the future. The success of Operation Lifesaver, the grassroots movement to prevent accidents at highway-rail crossings, is proof of the magnitude and the potential of the issue. In the last decade and a half, Operation Lifesaver and related safety improvement efforts have cut highway-rail crossing accidents in half.

Let me be clear at the outset: I'm not laying this issue at the feet of the railroad industry. I know the frustrations you have in working with state and local governments on even one highway-railroad crossing. Each jurisdiction has a different set of rules and different political interests.

But in this age of technology, there must be an answer to this problem and we must find it. Last year, in the safest year ever, 43 people died at private highway-railroad crossings -- in accidents that also threaten the safety of railroad employees, passengers and unsuspecting motorists. It is simply unacceptable to have over 100,000 private crossings on the national rail system -- many of them used by the public or motor carriers -- but with nobody taking responsibility.

FRA is holding a symposium on July 15 in St. Louis for industry, labor and the general public to work on guidelines for private highway-rail crossings. We are proposing the simple notion that holders of private crossing rights should have to justify the need for each crossing and equip it with appropriate supplementary signs, including automated devices where traffic warrants. Where no one will step forward to take responsibility for a private crossing, we are proposing that the crossing be closed. Period.

I urge you to step forward and be heard on this critical issue. We can never achieve full rail productivity so long as highway-railroad crossings are unsafe.

Meeting these safety challenges will free us to pursue our second goal: a new era in railroad innovation. President Clinton's high speed rail initiative is a shining example of government support for the creative genius that is America's birthright. It's important to our economy and our environment. And it allows us to use some of the defense technology made idle by conversion to a peacetime society. The Clinton Administration is proposing a five-year, \$1.3 billion dollar high speed ground transportation initiative as just the first bold step into the future. We are seeking almost a billion dollars to implement high speed rail in selected corridors around the country in partnership with state and local governments and the private sector. Through cost-sharing, we expect to leverage the federal investment into a total investment of two to three billion dollars.

We also are seeking \$300 million for technology development related to high-speed rail, including high-speed, non-electric locomotives, improved grade crossing protection, and more affordable signal and train control systems for high speed service. Included in this amount is developing a prototype maglev system.

This initiative is only a small first step in our vision of high-speed rail systems serving corridors from 100 to 500 miles in length. But it is a significant step toward an integrated intercity transportation system in which aviation and rail have complementary roles, serving intercity corridors efficiently to meet the nation's needs. We hope that government's role in spurring rail innovation will complement and encourage the private sector's own creativity.

As our third goal, let's commit ourselves as never before -- business, labor and the federal government alike -- to a working partnership for America's common future. In the past few years, railroad management's and rail labor's relationship with the federal government and with each other has been more adversarial than co-operative. Let's build a new relationship that starts in the board rooms and union halls and penetrates every layer of decision making on the railroad. It may involve a degree of mutual trust, working together and incurring some risks, rather than preparing for confrontations and litigation. But the rewards will make it worth the risk.

One area where we could work together is in the question of "performance standards." Railroad management says that existing regulations are the enemy of innovation and urges the adoption of "performance standards" in their place. Rail labor is uncertain about such innovation, fearing that hard-won gains will be lost as the enforceability of safety standards is brought into question. The government's position is that it isn't prudent at this time to reorient its entire regulatory agenda because it could potentially delay Congressionally-mandated rulemakings and studies.

All of us have a point -- so long as it is not pressed too far. May I suggest that we engage in some confidence building here, by starting with simple tasks and then progressing to the more complex. FRA will continue to explore ways of converting design and maintenance requirements to more flexible performance measures. We will do our part to stimulate the confidence factor between the two other partners in this relationship, but I urge you to join us in finding ways to get this partnership moving sooner rather than later.

I see government's role in this partnership as the representative of the people who use transportation -- be they shippers or travelers. Our job is to ensure them affordable, safe, efficient transportation. I also envision government's role in this partnership as one of both facilitator and representative of the public's interest in railroad safety. We will fulfill our mandate to be very firm in enforcing safety regulations, but we will work closely with the industry and labor on drafting those regulations. I want a transportation system that is fair and works for all people. We will bring suppliers and shippers into this partnership. And together, this partnership can drive another Golden Spike that links up America for the 21st century.

Finally, let me express our collective appreciation for the continued support of the Harriman family. We all know that as long as Averell Harriman lived he was devoted to the cause of rail safety. In fact, his last public appearance was at one of these luncheons to present these awards. His widow, Pamela Harriman, has carried on not only the family tradition of commitment to rail safety, but also the commitment to serving our country. I can tell you that the Clinton Administration is very fortunate to have Mrs. Harriman as our Ambassador to France.

E. H. Harriman was several generations ahead of his time. His was a lone voice for rail safety in another century at a time when the safety of workers and passengers was taken too lightly by too many. His spirit lives on today in the commitment, innovation and partnership we seek to carry American railroads into the 21st century.

Thank you very much.

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