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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEREDICO PEÑA
VIDEOTAPE LEAD-IN FOR FEDERAL SAVINGS BOND CAMPAIGN FILM
MARCH 4, 1994

Good morning ladies and gentlemen, and thank you for viewing this film on the 1994 Federal Savings Bond Campaign. I'm delighted to reach you in this way.

When President Clinton asked if I would serve a second year as Chairman of the Interagency Savings Bond Committee, I was pleased to say "yes." I agreed to serve because first, I am a long time believer in the Savings Bond program and all of the good that results from these campaigns, and second, I thoroughly enjoyed my first year as Chairman.

We often hear about doing good for others, like when we help the Red Cross or donate food to others, but we rarely see the actual results of our work. This has been as true for me as it may be for you, but during the week that followed the January 17th earthquake in Los Angeles, I came face-to-face with the reality of helping others and the American spirit of volunteerism.

At the direction of President Clinton, I joined a task force that was dispatched to Los Angeles to offer our nation's help in recovering from the devastation of this awesome quake. As Secretary of Transportation, I was able to make on-the-spot decisions to allocate funds towards the rebuilding of roads and bridges in and around Los Angeles; to help people return to their jobs and to get on with their daily lives.

As I thought about the rebuilding of these vital transportation links, I was reminded what we as a nation are all about -- the many helping the few -- the often discounted bureaucracy showing its human face; government helping people.

But the incident that remains closest in my mind involves a press release I noticed buried among the banner headlines. It said that the Treasury Department had done two things to help the Los Angelinos put part of their lives back together.

First, the press release announced that the six months waiting period on Savings Bonds would be waived for the people in Los Angeles so that they would have immediate access to their money, and second, that if the victims of the quake had lost their Savings Bonds, they would have their requests for reissue or redemption expedited to allow them access to their funds.

At that moment, I felt doubly proud, not only as the Secretary of Transportation but because that job and my role as the Chairman of the Federal Savings Bonds campaign came together.

The point is, there are things we do for the government to make a difference in people's lives. And there are things we do for ourselves to ensure our personal security and our family's future.

As you will see in this film, Savings Bonds fulfill both these functions. When you buy Savings Bonds you help

the government and at the same time you ensure your personal future. Whether it's natural disaster, job loss or the college education of a child, everyone needs security to meet the needs of the future.

As I see it, this film has two primary objectives:

1) to inform all employees who are not buying bonds about the advantages of savings bonds, and;

2) to ensure that every current bond buyer has the opportunity to increase his or her savings.

Because anyway you look at it, bonds are a good buy. Series EE bonds have a competitive market-based interest rate with a guaranteed minimum which is reviewed twice a year and changed to reflect the market.

Interest earned on these bonds is exempt from all state and local income taxes and not subject to federal income taxes until the bonds are cashed.

They are easy to buy -- through your payroll savings plan -- and easy to cash -- anytime after six months without penalty.

And obviously big features of this method of savings are the guarantee of safety and the unsurpassed reliability backed by the full faith and credit of the United States.

Thanks again for watching this film. And let's make

this the largest Savings Bond commitment in the history of the federal government.

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SECRETARY OF TRANSPORTATION
FEDERICO PEÑA

FAA ANNUAL FORECAST
CONFERENCE

WASHINGTON, D.C.
MARCH 4, 1994

Transportation Trends

Since its inception as an informal briefing by FAA staff, the Annual FAA Aviation Forecast Conference has evolved into one of this industry's premier events. It draws a very distinguished audience -- the aviation leaders, professionals and experts that we work with in revitalizing the industry.

This year's conference comes just over a year since the Clinton Administration took office -- and it is an ideal time to reflect on the actions taken in the aviation arena and the challenges we face in the future.

It has been a year packed with intense activity, controversy and change.

When this Administration took office, we faced an airline industry in crisis, with losses mounting to over $10 billion from 1990 to 1992. Three of our major carriers were in bankruptcy, and three others, Eastern, Pan Am, and Midway had gone out of business. There were simmering labor disputes, threats to U.S. air rights from foreign nations, declining aircraft orders and no sign of clear weather ahead in our flight path to revitalize one of America's most important industries.

The times demanded action, and this Administration tookaction. We moved quickly because as far back as the 1992 campaign, President Clinton had made it clear that he views the airline and aircraft industries as strategially crucial to America's future -- sources of high-wage, high-tech jobs with impacts throughout the national economy. This industry is key to America's global competitiveness and vital to our national security.

"President Clinton had made it clear that he views the airline and aircraft industries as strategially crucial to America's future -- sources of high-wage, high-tech jobs with impacts throughout the national economy. This industry is key to America's global competitiveness and vital to our national security."

- more -

U.S. Department of Transportation
Office of the Secretary, Public Affairs
(202) 366-4570

* Revitalizing Domestic Aviation

* Promoting International Aviation Trade and Competitiveness

* Promoting Airport Development and Growth

* Enhancing Safety, Consumer Benefits and the Environment, and

* Integrating Aviation into the National Transportation System

In short, we have adopted an agenda for action -- one that defines an active role for government in aviation -- as a partner and referee, not simply as a regulator -- promoting competition at home and abroad in ways consistent with the public interest in safe, affordable, accessible air travel.

TODAY'S SPEECH

Today, I would like to highlight one central issue in our aviation strategy -- our proposal to create a federal corporation to run the FAA's Air Traffic Control function. I also hope to address -- and dispell -- some of the myths and misconceptions that surround this proposal.

I will, naturally, be asking all of you here today to join us in shaping this historic change, and in working with us to make it a reality. I strongly believe that the benefits for America's aviation industry and air travellers are worth the fight we may have to wage.

All of you here today know that "corporatizing" air traffic control was a central recommendation of both the National Airline Commission and the National Performance Review that Vice President Gore led last year.

Let me assure you that this is a high priority for the Administration. The Vice President and I have already met with key groups and we are gaining support from members of Congress.

The creation of the federal ATC corporation will be the most visible and valuable element of our entire effort to "re-invent" government -- "The cornerstone," as Vice President Gore says, "of our effort to make government work better and cost less."

Make no mistake -- we will move aggressively on ATC reform -- this year. And I believe that we will get the reform needed to let the air traffic control system work as safely, effectively and efficiently as the American people expect and deserve.

THE CASE FOR CORPORATIZATION:

Why do we see this need for change?

The reason is simple: the FAA's existing air traffic control system cannot meet the future challenges of the American aviation industry.

"we have adopted an agenda for action -- one that defines an active role for government in aviation -- as a partner and referee, not simply as a regulator -- promoting competition at home and abroad in ways consistent with the public interest in safe, affordable, accessible air travel."

It is past time to admit -- as the overwhelming consensus of studies and objective analysts have already done -- that the encrusted bureaucratic systems which the FAA works under have become

too slow, too creaky, and too inefficient.

These shortcomings are most striking in three key areas:

1) Procurement -- where cumbersome government purchasing and contracting rules have created huge and costly technological lags.....

2) Finance and Budgeting -- where dependence on annual federal budgets hampers long-term capital investment in air traffic control systems.....

3) Personnel -- where rigid government rules inhibit re-deployment of workers, inhibit rewards to key staff and bar incentives for retirement -- even as the FAA must meet government-wide targets for staff reduction.....

I will treat each of these three areas in turn. But let me first make the overall case that the cumulative flaws and inefficiencies in the current air traffic control system can no longer be tolerated.

They have, in fact, become a burden to America's aviation industry. This worldwide industry will be growing rapidly and can ill afford the costs that our inefficient air traffic control system now imposes. Without reform, those costs will surely increase -- slowing our airlines' recovery.

ATC AS A "CAP" ON SYSTEM EFFICIENCY

The reason that FAA's air traffic control function is so critical to the health of the whole aviation industry is that it plays a unique role -- unlike anything else in our our government.

FAA's air traffic control services, serve as the "control tower", if you will, for an entire $80 billion-a-year private industry. Almost 38,000 of FAA's 53,000 employees are involved in air traffic control -- directing 170,000 flight operations, affecting more than 1.4 million Americans, twenty-four hours a day, 365 days a year.

As the National Airline Commission concluded, "In the history of American business, there has never been a commercial industry whose minute-by-minute operating efficiency was "capped" by the daily operating efficiency of the federal government -- except for the airlines."

That the efficiency of our entire airline industry is "capped" by the efficiency of the FAA's own air traffic control system is of great concern, particularely when we recognize that the FAA's ability to make that system more efficient is significantly constrained.

"The creation of the federal ATC corporation will be the most visible and valuable element of our entire effort to "re-invent" government -- "The cornerstone," as Vice President Gore says, "of our effort to make government work better and cost less."

Indeed, it is a tribute to the sheer dedication of FAA employees that they have managed so far to sustain their excellent safety record -- despite the outdated equipment and rigid rules they are forced to work with.

But we should no more ask them to keep working this way than we should ask our firefighters to use horse-drawn pumps or ask our soldiers to fight with spears and shields.

It is disconcerting that the FAA has had to operate with these limitations in the past; it is shocking that it might continue to operate this way in the future -- because as our economy recovers, air travel in the U.S. will rise from 500 million to over 800 million passengers between 1993 and the year 2005 according to FAA estimates.

This 60% increase is much too heavy a burden for our overloaded air traffic control system to handle.

What's worse is that the percentage of those passengers flying from airports that FAA designates as "congested" will rise from 60% to 80% by the year 2000.

Unless we reform the ATC system and do much better than we're doing -- that will mean a vast increase in costly delays for airlines and passengers alike.

These extra costs come on top of the estimated $2 billion that airlines lose every year to flight delays today -- and the $1 billion that such delays cost passengers in lost time and productivity.

Worse, these added costs loom ahead of us while our airlines are still struggling to recover from their multi-billion dollar losses of recent years.

Many of these costs could -- of course -- be averted if the FAA were able to rapidly modernize its air traffic control system.

The fact is, it can't.

THE PROCUREMENT BARRIER

Why not? The basic reason lies in the outdated, extraordinarily cumbersome procurement rules under which the FAA operates. Constrained by these rules, the FAA has amply proven that it is unable to keep pace with the technological changes sweeping through aviation.

This is not because FAA Administrators and senior civil servants lack vision -- but because they

are forced to operate under well-intentioned government rules that have simply become dysfunctional.

They cannot, for example, accept the first bid on any contract -- even if it is clearly the best price and quality of equipment available in the world. They must solicit bids from a vast universe of potential contractors -- and even then may see the winning bid delayed by an elaborate appeals process by losers.

These rules were all meant to prevent corruption. But they have swollen to make normal, commonsense operations nearly impossible. Today the thousands of pages of rules governing air traffic control system procurement form a stack 11 feet high.

We are using rules designed in the 1950's -- when computer technology cycles lasted years -- to meet the needs of the 1990's -- when six months may mark a whole new technological "era" in computerized aviation equipment.

With unavoidable, built-in, lag times as long as 2-5 years in the contracting process, current procurement rules are totally unsuited to a fast-changing, capital-intensive industry.

We see the results -- the truly amazing technological lags -- all through the FAA's current system. Sometimes it's like stepping into a time machine.

FAA, for example, is one of the largest -- and one of the last -- big customers for vacuum tubes. Not micro-chips, not even transistors -- I mean -- vacuum tubes.

I brought one with me today -- it's one of the type used at Dulles Airport.....

As one air traffic controller recently testified: "I was born in 1961. To me that's a long time ago. But when I turn up for work, I am using the exact same equipment that controllers used in 1961 -- that is, when it's actually working."

There are air traffic controllers out at Washington National using a Univac computer that's the size of a house trailer. That huge Univac, by the way, packs barely 1/10th the computing power of a three-pound laptop you can buy in any Radio Shack today.

This simply makes no sense.

The delays this process leads to are hugely expensive -- both to taxpayers and to users of ATC services.

As FAA Administrator David Hinson has discovered, the largest component of the FAA's current plan to upgrade air traffic control services -- the Advanced Automation System (AAS) -- is now more than $2.6 billion over budget and seriously late.

This is shocking and unacceptable. I am pleased with the strong action that Administrator Hinson took yesterday -- to revamp management, curb waste and reform FAA's agreement with the contractor.

This case alone, frankly, provides powerful

evidence that reform of ATC procurement systems is long overdue.

Aside from the sheer cost -- and frequent waste -- that we can measure directly, these outdated procurement laws are limiting our ability to take advantage of the technological revolution now underway in aviation.

There are a host of powerful new capacities coming on stream -- navigation systems based on Global Positioning Satellites, satelite communications, digital data links and new techniques for automated air traffic control.

Taken together, these systems may offer hundreds of millions of dollars a year in potential savings in terms of better routing, lower fuel costs and vastly fewer delays.

At the same time, because GPS can offer more precise readings of aircraft location and altitude in all weathers, over oceans and in mountainous areas, these new systems will greatly enhance safety.

But the only way to realize all of these gains in the near-term is to free our air traffic control system from the archaic procurement rules it now limps along under.

That is one crucial change that corporatization will bring: the ability to decide, to move, to acquire new technology with no red tape.

BUDGETING AND FINANCE FOR LONG-TERM GROWTH

The same logic that applies so clearly to procurement also applies to the financing of capital spending plans that we will need if our air traffic control system is to meet rising travel demand.

We all know that the federal budget will be severely constrained for years to come. That means that unless we create a new federal corporation -- freed from annual budget pressures -- then FAA's efforts to modernize the air traffic control system will be hobbled.

Why? Because all planned investment in ATC services and technology will be subject to continually rising pressures for budget stretch-outs.

These, in turn, will create counter-productive results -- reducing purchases of new equipment, compounding technological lag, raising contract costs per unit and so on.

Benefits to users of air traffic control services will be delayed. FAA's modernization program will be even less business-like and both investment and operating plans will be routinely disrupted by budgetary squeezes.

Not only is FAA's overall budget subject to these pressures, but the agency's ability to adapt to fast-changing technologies and user needs is also hampered by an appropriations process that segregates FAA's funding into 41 budget activities and 160 line items -- and makes switching between them hugely time-consuming.

Nothing short of dramatic reform will enable us to plan, build and finance the air traffic

control system we need for the next century.

THE NEED FOR PERSONNEL FLEXIBILITY

Similarly, the FAA must face up to the need to re-deploy a highly-skilled workforce to meet technological change -- and do so in the context of cumbersome, inflexible, and time-consuming government personnel rules.

FAA, for example, cannot easily deploy air traffic controllers to cities where they are most needed or offer incentive pay to its best performers -- the way a federal corporation could. These rigid rules will make it extremely difficult for the FAA to manage its share of the Administration's commitment to shrinking the federal workforce.

With a large number of essential personnel exempt, FAA must manage a cut of more than 30% -- roughly 5.4% a year -- in its non-exempt workforce. At the same time, FAA needs to change its mix of employees to cope with changing technology.

Here, too, the blunt truth is that unless the air traffic control system is freed from rigid government personnel rules and empowered to operate as a corporation, it will not be able to accomplish these shifts without serious disruptions in the workplace.

The proposed ATC corporation, however, could shift workers more easily to needed assignments, pay key employees more -- and manage the personnel and technical changes it faces in a far more businesslike way.

OUR SOLUTION AND ITS BENEFITS:

Based on all we've learned and from all past efforts at reform, I believe that FAA Administrator David Hinson was right when he said last month, and I quote, "Piecemeal attempts won't work. The laws and regulations are too dense a thicket to be tidied up with a little pruning here and there. The best solution is a government corporate charter that provides a total package of procurement reforms. One which will allow us the freedom to use the best business practices....." Unquote.

Some have argued that we should simply make changes within the existing FAA structure. Let me remind you that just since the mid-1980's, the FAA has undertaken two dozen internal reforms and reorganizations to try to deal with the problems that I've addressed today.

Naturally, we will seek to do better within the current organizational structure. But for FAA, the time has clearly come to recognize that only bold, fundamental reform will produce real change.

We are already well along on the work of formulating our proposal for corporatizing the FAA's air traffic control function.

Some of you know that under the direction of my Assistant Secretary for Policy Frank Kruesi, an Executive Oversight Committee including representatives from the White House, from key federal agencies such as Treasury and Defense and from other government

corporations has been reviewing all of the issues related to corporatization -- from safety to regulatory oversight, financing, governance, labor relations and accountability.

We have held briefings with members of Congress and their staffs, a public hearing and outreach to industry and labor representatives and other interested parties -- and we welcome the views and input of everyone in this room.

The Executive Oversight Committee will present a detailed legislative proposal to me by mid-April. We look forward then to working with the Congress on this. We welcome their counsel and scrutiny as we pursue the reforms we are seeking.

Obviously, many details of this proposal are still in flux. But let me suggest a few core principles that I expect to see emerge. Let me also sketch a few of the benefits that I believe corporatization will bring.

That most basic principle is that safety will remain paramount. The streamlined FAA itself will retain the responsibility for maintaining aviation safety.

The new federal air traffic control corporation will be under that safety jurisdiction just as private airlines are today. Neither I nor President Clinton would suggest or support any proposal that could undermine or compromise the safety of our aviation systems. Instead, by speeding deployment of more efficient, more accurate, all-weather technology -- the new air traffic control corporation will enhance aviation safety.

The second key principle is that this new corporation must be freed from paralyzing government budgetary, procurement and personnel constraints.

That means that its core funding must be reasonably predictable -- derived from fees charged to users of the system -- and it must also be able to tap capital markets to finance large capital expenses that cannot be met by routine income.

The air traffic control corporation must be free to apply best business practices in procurement and in hiring, training, compensating and deploying its highly-skilled workforce.

Granting the new federal ATC corporation these powers is the best way to achieve maximum possible benefits for the American economy and the public.

DISPELING MYTHS AND MISCONCEPTIONS:

As our proposal shapes up and the debate over corporatization heats up, I am confident that both Congress and the public will see more clearly the inefficiencies and problems of the present system and the real gains to be had through reform.

But it is essential to dispell some misconceptions that are surfacing in the public debate.

First, we are not seeking any "privatization" of air traffic control services. We are proposing

a government-owned corporation -- not a public stock offering.

Second, there will be no compromises on safety in our proposal. More specifically, safety will not be driven by the "bottom line" of any corporate structure. To the contrary, safety will be enhanced.

Third, there will be no crippling fees for general aviation users. We will develop a fee structure that encourages all sectors of aviation to actually use the system. There will be no disincentives for anyone.

Fourth, there will be no turn toward favoritism for airlines at the expense of passengers. A better air traffic control system will instead actually facilitate competition and new entrants to airline services -- the ultimate guarantors of passenger services.

In fact, this ATC corporatization proposal reflects a broader goal I have as Secretary -- that of getting back to the basics of serving our customers better. Our customer here is the person getting on a plane and depending on our air traffic system to get to his or her destimation as safetly, efficiently and cost-effectively as possible. We can do a better job on this.

CONCLUSION:

Ladies and gentlemen, if there is one clear hallmark of the Clinton Administration it is the desire to make change for the better in the way government works for our economy and for our people.

The effort to transform the air traffic control services of FAA into a more efficient, nimble corporation is a classic example.

The need is clear. The system we have has become a burden, not a benefit. It cannot take us forward. It is past tinkering with. We need a fresh start -- a whole new vision.

We need the same boldness of vision that overcame doubt and led to airline deregulation in the first place -- a reform that has made air travel a regular feature of millions of Americans' lives who previously could not afford it.

This Administration -- led by Bill Clinton and Al Gore -- has that vision, and we will pursue this initiative all the way to success.

I urge all of you to support us.

The new ATC corporation we create together will combine a dedication to public service with the entrepreneurial energy and disciplined rationality American business.

It will speed the progress of American aviation technology, enhance safety, save billions of dollars in delays over time and secure America's leadership in global aviation for generations to come.

It's up to us to make that happen.

Thank you very much.

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SECRETARY FEDERICO PENA

AMERICAN PUBLIC TRANSIT ASSOCIATION

WASHINGTON, D.C.
MARCH 7, 1994

Transportation Trends

INTRODUCTION

For over 100 years APTA has been making the case for mass transit not only in the halls of Congress and at the Department of Transportation but back home with our constituents as well.

Let me welcome to Washington, D.C., Larry Reuter, who has just assumed the job of general manager of the Washington Metropolitan Area Transportation Authority.

It's been a year since I spoke to you last (on March 8). At that time I said that urban mass transit's long struggle for survival as a federal program was over.

The administrations that every year for 12 years proposed cutting your program by 75 percent and completely eliminating operating assistance have left town. Last year I said that you have a "pro-transit" President in the White House and a "pro-transit" former mayor as Secretary of Transportation.

I believe the Clinton Administration has shown over the past year that this is, in fact, the most pro-transit Administration in nearly a generation. We view mass transit as a key element in our basic goal of getting this economy growing and creating new jobs.

To begin with, we fought hard for and won the largest mass transit budget in history in 1994.

And for our 1995 budget, we are proposing an increase in federal formula transit grant funding of 19 percent above that "high-water" mark.

Under our proposal for 1995, every transit agency in the country will get more money to buy more buses, to repair more rail track and to build more maintenance facilities than ever before.

And that's not all.

During the past year we have "reinvented" the Federal Transit Administration's grant process to make it more "user friendly" by eliminating an entire, complex, time-consuming step.

"The administrations that every year for 12 years proposed cutting your program by 75 percent and completely eliminating operating assistance have left town. "

. . . . . .

"I believe the Clinton Administration has shown over the past year that this is, in fact, the most pro-transit Administration in nearly a generation."

U.S. Department of Transportation
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For years you waited for FTA to publish the annual formula apportionment tables in the Federal Register. Then you asked Washington for a letter authorizing you to spend the money. Eventually you received a piece of paper that permitted you to begin your capital project.

From now on, the very publication of the annual formula apportionments is all you need to begin spending money on federally assisted projects. You can spend your own money at your own pace and then use federal dollars to pay yourself back -- much the way the highway program has operated for years.

What better example of what Vice President Gore meant by "re-inventing government" than this simple action ...

-- eliminating a whole phase of the grant-making process.

-- empowering transit officials to act in their own interest...

-- and making the federal grant process serve its customers, not the other way around.

We are also automating the grant system so that paperwork will soon be virtually eliminated from your dealings with FTA.

And we are crafting innovative ways to ensure that transit investments are friendly to surrounding neighborhoods. Ideas like the new "liveable communities initiative" which will, for example, connect transit stations to neighborhood shops, health care centers and other local services.

In addition, APTA was among the first organizations to suggest that we create a National Transportation System -- and we began work on it last year.

Mass transit will be a full partner in what will become a system embracing roads, highways, ports, waterways, airports, rail, pipelines and our urban subway, light rail and bus networks. Throughout much of 1994 we will be reaching out to state and local governments, transit agencies, transportation industries, and local communities and citizens groups to develop the National Transportation System. So I urge you to work closely in helping us define the NTS. This is an important initiative that will provide the blueprint for American transportation in the 21st Century.

We have shown our strong pro-transit approach all through this past year in the work we've done with individual transit systems to make improvements in service and financial conditions.

During the aftermath of the earthquake in Los Angeles, for example, we were on the scene to cut paperwork for Metrolink to rent additional rail cars from Toronto; we got Amtrak to loan additional locomotives to Metrolink, and we included mass transit in the FEMA emergency appropriation which the President signed into law.

In Washington, D.C., we helped WMATA refinance the Metrorail system with the same lower interest rates many of us are using to obtain cheaper home mortgages. We managed to

both retire federally-guaranteed debt and allow WMATA to secure a line of credit for the fast-track construction of the rest of the Metrorail system -- at an $800 million savings to the nation's taxpayers.

TOPIC OF SPEECH

Since we agree on so much, it's important that we communicate well on issues where we disagree. Today I want to address the single issue on which we seem to disagree -- that is the $200 million-plus reduction in operating assistance to mass transit that is a part of our 1995 budget proposal.

I also hope to dispel some of the misconceptions that surround this proposal.

I want to address this issue frankly and up front -- because I think we have been talking past each other. We could spend the next 20 years arguing over capital versus operating funding -- and never connect. We cannot allow this to happen because we have the chance in this Administration to work together to give mass transit its rightful place in serving the American economy.....So let's look at the whole picture.

OPERATING ASSISTANCE VERSUS CAPITAL

First, our 1995 budget package increases formula capital assistance by 40 percent from $1.6 billion to $2.3 billion. This fulfills the promise of full funding for ISTEA formula capital projects. And while transit is just 12 percent of DOT's '95 budget -- it is targeted for 23 percent of next year's overall DOT budget increase.

We propose putting federal dollars into capital investment because we think it is a more strategic investment. Capital investment is a more appropriate use of scarce federal dollars because it leverages change in several positive ways.

One, transit capital assistance will allow for modernization of equipment,

Two, faster replacement of over-age vehicles will mean more dependable service.

Three, more rapid repairs to older facilities will make transit agencies more efficient. A new modern bus manufactured to meet clean air standards will help the environment better than a 12 year old bus.

Four, capital funding will help transit agencies comply with the Americans with Disabilities Act, and all these investments will make the system more attractive to riders and thus increase revenues.

Five, we supported capital investment over operating assistance because dollars spent by a public agency on capital investment have a multiplier effect that produces more jobs and does more to stimulate the economy than dollars spent on operating assistance.

But let's continue to look hard and frankly at the issue.

With a total national transit operating budget that is approaching $20 billion a year, the $202 million we're debating about is only about one percent of your overall operating costs.

Now I recognize that it's more than one percent for many medium or small agencies. Just as it may be

less than one percent for some others. In some of the smaller transit budgets the federal contribution to operating assistance is as much as 30 percent and we have taken account of that.

Any areas under 50,000 in population are exempt from the operating costs reduction and in fact there will actually be an increase in the amount of federal dollars that can be used for operating assistance. Our "rural program" will increase from $129.5 million to $154.2 million -- an increase of $24.6 million -- and there is total flexibility as to how the smaller transit systems can use the money.

In the past 10 years they have chosen to use between 40.7 percent in 1984 and 61.9 percent in 1991 for operation expenses. In 1992, the percentage of rural program money used for operating expenses was 56.6 percent.

But look at the larger systems.

In New York, the MTA will see a $25 million drop in operating subsidies...that's 1/2 of 1 percent of New York's operating expense budget. It is estimated that for New York the reduction in operating assistance equals a two cent fare increase. Or a one-half of one percent expense cut would more than cover this reduction.

In Atlanta, MARTA will receive 18 percent more dollars but will have to pick up only an additional one percent of its operating costs.

There's never a better time to make a greater investment in our future, but if ever there was a time when transit agencies could absorb this loss, it's now. Fuel costs are dropping, wage pressures should be easing because of low inflation, the cost of debt service is down and the economy is picking up bringing with it increased ridership and tax revenues. And as capital investment comes on stream it will bring operating efficiencies. All of these factors should help local areas to accommodate the reduction in operating assistance.

Let me be very clear about one thing: unlike previous administrations we are not ideologically or philosophically opposed to operating assistance. We are not out to gut operating assistance or transit service. Our budget process, like yours, forces hard choices and this was a question of making a hard choice.

We believe that transit systems need more capital investment now in order to realize their full potential for carrying our economy into the 21st century because of new responsibilities they have taken on under the Americans With Disabilities Act and the Clean Air Act. Capital investment will help them reach their vision of more mobility and a better environment.

"Let me be very clear about one thing: unlike previous administrations we are not ideologically or philosophically opposed tooperating assistance. We are not out to gut operating assistance or transit service. Our budget process, like yours, forces hard choices and this was a question of making a hard choice. "

We know from New York's experience, for example, that systems that have invested are doing better on service and on controlling costs. New York's system was deteriorating when the MTA embarked on a 10 year, $16 billion improvement program. Now the New York MTA is giving better service -- no graffiti on the trains -- and regaining ridership.

All of our efforts to promote ridership and solid support for transit will be set back if your service begins to decay for lack of investment.

Incidentally -- and this is aside from the issue of the transit budget -- the transit money in FTA's budget is not all the federal money you will have access to for capital improvements. The transit budget doesn't include the flexible money in the Surface Transportation Program (in the highway budget) which can be used for either transit or highways.

You must demonstrate to state and local officials that you can serve the needs of your communities better than building yet another highway. You can use these funds to buy buses to help meet the Clean Air Act attainment standards. You can show how transit better meets the needs of isolated areas of rural America.

This flexibility was discussed at a series of ISTEA implementation meetings we held around the country last fall. I believe some of you attended those sessions, and I hope you will make better use of this flexible funding because someday soon the flexible funding provision may have to be justified -- probably in the reauthorization of ISTEA -- and if you don't use it while it's available you may risk losing it.

This year 42 states are using flexibility provisions and since 1992 they have shifted a total of $954 million from highways to transit.

Some of you may have tried to use it and heard states say "not until ISTEA is full funded." Ask them again this year because our budget this year does meet the test of fully funding the ISTEA formula highway programs.

Good transit services are key to every aspect of the Clinton Administration's vision of the next century in America. We believe transit has a role to play in health care, in job creation, in defense conversion, and in the deployment of new technology.

Look at the role transit played in the aftermath of the Los Angeles earthquake when ridership on the Metrolink, supported by MTA's bus rail feeder services, jumped from 13,000 to 33,000 in one week. If anyone is here from Metrolink, I want you to stand up and take a bow for the outstanding job you did in helping to pull the economy of Los Angeles out of disaster -- simply by doing your job of moving people.

If anyone doubts transit's future role, let them look at Atlanta where preparation for the 1996 Olympics includes plans by MARTA, with Gordon Linton's help and help from many of you, to put 2,000 more buses on the street and showcase urban mass transit to the world.

Or look at an entirely different kind of story with the Virginia Railway Express that brings commuters from

Northern Virginia into Washington, D.C. VRE recently began a mid-day taxi program so people could comfortably take the train that runs only in rush hour but get home fast for any mid-day emergencies that might happen. It works!

And every step of the way -- in Los Angeles, in Atlanta, in Northern Virginia and in a dozen other positive instances -- the U.S. Department of Transportation is working with you to bring service to your current riders, win new riders -- and improve peoples' lives in the process.

So let there be no doubt that what I said last year is true -- this is the most pro-transit Administration in nearly a generation.

So whatever stresses you may face from proposed operating assistance cut-backs, I ask you to bear in mind this simple fact -- the vast majority of government programs faced freezes and absolute cutbacks this year. The blunt truth is that transit was among the winners. I'm very proud of the fact that we've been able to increase the size of the Federal Transit Assistance Program and I think we made the right choice to focus on capital investment.

CONCLUSION

In conclusion, let me say that friends can disagree now and then if they don't lose sight of the higher goal. So challenge me. Argue with me if you must. We will all make our case to the Congress and hopefully come out stronger for having examined our basic premises.

But remember this: you are talking to an Administration that has fought and is fighting for the two biggest budgets in the history of the federal transit program.

This is an Administration that embraces mass transit as a critical element in the NTS.

This is an Administration that has moved to relieve long-standing complaints about the complexity of the federal grant process.

This is an Administration and a Secretary of Transportation who this year pushed for the extension of mass transit to the barrio of Los Angeles, to the Green Line on the outskirts of Washington, D.C., and to the streets of a dozen cities -- large and small -- all across this country.

I hope you will agree too that any disagreement we have should be brought to a speedy conclusion so that we can get on with the business of serving American transit riders.

Recently the Department's Volpe National Transportation Systems Center at Cambridge, Massachusetts, estimated that roughly 30 percent of the American people either have absolutely no access to automobile transportation or have their mobility needs poorly served by the automobile. Thirty percent of our population is 75 million people.

Seventy-five million people is a number larger than the populations of France or Italy or Poland. And that 75 million people is just part of your market. It doesn't include the millions of people who already use mass transit by choice
.

So let's put our differences aside and get on with the business of serving these Americans. Let's get on with the business of creating the finest National Transportation System in the world. Let's work together to make mass transit a centerpiece of that system -- one that lifts our inner cities and connects rural America.

This can be mass transit's finest hour. Let's seize it together.

I respectfully ask your support. I assure you that you can count on mine.

Thank you very much.

###

SECRETARY OF TRANSPORTATION FEDERICO PEÑA
AMERICAN PUBLIC TRANSIT ASSOCIATION
WASHINGTON, D.C.
MARCH 8, 1993

I. INTRODUCTION/ACKNOWLEDGEMENTS

1) Louis J. Gambaccini, chairman APTA, (SEPTA general mgr.)

2) Jack Gilstrap, executive vice president APTA

II. PAST 12 YEARS: TOUGH FOR TRANSIT

A. As a former mayor, I know what it's like to have a federal administration actively trying to gut programs that matter.

1) Between '81 & 92 Federal highway funding doubled and transit funding declined by almost a billion dollars ($4.7-$3.8B)

2) Each year previous administrations proposed cutting your program by 75%.

3) For five years, sent up $1.2B capital budget, compared with $3.7B under the first year of ISTEA.

4) Tried to eliminate operating assistance.

5) Thanks to Congress, transit survived, but you've had to work to maintain the status quo, when you should have been able to move forward.

III. MASS TRANSIT IS BACK-- CARRYING THE ECONOMY INTO THE 21ST CENTURY

A. Clinton Administration supports mass transit and funding is there to prove it.

B. Why?

1) Clean air - one person using transit for a year instead of driving alone saves 76.5 pounds of pollutants from the air.

2) Energy - 10% increase in transit use nationwide would save 135 million gallons of gasoline each year.

3) Mobility - needed by low income people who have no other way to get to work, by elderly to get to health care, by rural Americans otherwise isolated.

4) Most important reason, THE ECONOMY!! Transit is an important part of our transportation system that is essential to rebuilding the economy.

a) In New York PATH carries 45,000 thousand passengers a day into and out of the basement of the World Trade Center. The PATH trains resumed operations as early as Monday after the bombing disaster. Otherwise

45,000 people would not have been able to get to work. That's how important transit is to our economy.

b) Even the Federal Highway Administration projects that highways alone won't meet transportation demand.

C. Support goals of ISTEA:

1) More flexibility

2) Same match for transit as highways

3) Priority given to ISTEA regs.

4) ISTEA means a coordinated transportation network. Your mapping project is an excellent contribution because it will give us a mass transit network to coordinate with the national highway network.

5) Intermodal philosophy will apply to DOT internally. Have been working to appoint Administrators who will work well together and understand the importance of the other modes.

D. President's plan includes short term and long term increases in mass transit funding.

III. CLINTON ECONOMIC PLAN

A. Goals: Change; Invest in People

1) Create jobs

2) Increase incomes

3) Better standard of living now and for next generation

B. Components of Plan

1) Immediate economic investment

2) Long-term investment strategy

3) Deficit reduction

IV. SHORT TERM INVESTMENT PACKAGE

A. Economic investment to create jobs now, while laying the foundation for long-term economic growth.

1) $30B investment = $14B in tax incentives, loans, unemployment insurance + $16B in new spending

2) 500,000 new jobs by the end of FY '94.

B. Transportation Infrastructure portion - $4B

1) Highways, bridges ($3B)

2) Amtrak ($188M)

3) Airports ($250M)

4) Transit ($752M)

C. Transit portion

1) $482M formula grants

2) $270M discretionary grants dedicated to buses

3) 30% more this year

4) Targeted to buses: for example - Chicago, New Orleans, Denver, Los Angeles and Seattle can buy 708 new buses.

a) New jobs in bus manufacturing industry which is operating at only a fraction of its capacity.

D. Will it work?

1) Funds to be spent only on projects that are ready to go.

2) Money must be obligated within 60 days of time of allocation or it will be taken back and redistributed to transit agencies that can use it right away.

3) Short term investment funding only good for this fiscal year which ends September 30.

4) No change in rules, only worthy projects go forward.

5) APTA has been working with its members to get projects ready to go, and we've been working with the Federal Transit Administration to be sure we can be as helpful as possible.

V. PRESIDENT'S PLAN: LONG TERM INVESTMENT

A. Target resources to areas starved for resources and critical to economy:

Rebuilding America

Lifelong learning

Rewarding work

Health care

Private sector initiatives

B. Rebuilding America

1) Highways, transit, airports, rail

a) Overall transit and highway budget increase in '94 - '97 -- more than $12B over current levels.

- FY '94 budget proposes 21% transit increase; 90% of ISTEA authorized levels.

- More growth in one year than transit has seen in any of the past four years.

a) Emphasis on technology development.

Clinton-Gore technology initiative announced on February 22, noted that nearly one out of every six dollars of GDP is now spent in transportation related activities.

- Technologies that improve the transportation sector will also increase the economy's competitiveness and ability to create jobs.
- Toured Transportation Testing Center in Pueblo, Colorado recently. In another day when more emphasis was placed on transit technology, the center did many projects for mass transit. Hope to see more transit technology in future.

2) Clean environment

3) Energy self sufficiency

4) Rural and urban community housing, business development

C. Lifelong Learning -- Education and training for all ages

1) Headstart (full funding)

2) Women infants and children (full funding)

3) Ambitious program of worker training (including defense workers)

D. Rewarding work: People who work hard and play by the rules

1) Increased unemployment benefits

2) Earned income tax credit expansion: families of full-time workers shouldn't live in poverty

E. Health Care

1) AIDS funding

2) Drug treatment/prevention

3) Veterans medical services

F. Private sector initiatives: Government doesn't create jobs, private sector does

1) Target $24B over 4 years to private sector

investment;

2) Technology Development

3) Plant Worker Productivity

VI. DEFICIT REDUCTION

A. By 1998, deficit will increase to $390B if no action taken

1) Goal: $325 by 1997

B. How:

1) Cut government: $9B in administrative cuts

a) DOT -- $150 M; 2,800 FTE

2) 150 programs

3) $243B in spending cuts over 4 years

a) Eliminating unneeded programs

b) Management efficiencies (planes, cars)

4) Health care costs

5) Tax fairness (energy tax)

VII. CLOSE

A. Thanks for support. APTA has been a powerful force for progress and we need your continued support, not only to get the plan in action but to monitor its implementation.

B. We have window of opportunity for once in a generation economic change.

C. This is a bold, comprehensive action plan.

D. It is balanced, fair, honest and effective.

E. Special interests can't be allowed to derail it.

F. **Join us so that mass transit truly can carry the economy into the 21st century.**

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SECRETARY FEDERICO PEÑA

MARITIME SECURITY PLAN PRESS CONFERENCE

MARCH 10, 1994
WASHINGTON, D.C.

Transportation Trends

I'm happy to announce that today we are sending to Congress the Maritime Security and Trade Act of 1994. This landmark legislation will preserve a strong U.S. merchant marine and ensure that more of America's burgeoning exports rides in American bottoms.

This legislation provides for a 10-year program funded at $1 billion, or approximately $100 million a year, to support U.S. flag liners in our commercial trade. We anticipate that this program will support about 46 ships.

This legislation is also part of a broader strategy to revive America's maritime industries. Last year, President Clinton submitted a program to the Congress to strengthen U.S. shipyards. Together with the legislation we are submitting today, we can have a comprehensive package of maritime revitalization that will accomplish three goals:

one, it will strengthen U.S. presence in international commerce;

two, it will maintain a modern U.S. merchant fleet;

three, it will provide sealift capacity for national emergencies.

First, with the resurgence of U.S. export trade and risk of heightened global trade tensions, it is simply unthinkable that there would be no U.S. merchant marine to carry American cargo. The extinction of a U.S.-flag merchant fleet is unacceptable and would undermine our global competitiveness and national security.

Without a U .S. fleet we would become wholly dependent on other countries. In the fierce competition of the world marketplace, any country forced to rely solely on others to move its goods is vulnerable. But even absent trade tensions, we want our own fleet to maintain America's position as a leading world trader. A country with no presence in world shipping has little or no influence in world markets.

Second, this legislation provides the means to maintain a modern merchant fleet. A U.S.-flag fleet is an indispensible link in an intermodal transportation system to link America and the world. It provides essential service and jobs and creates a supporting infrastructure that is paid for by the private sector.

We want our own fleet because American ocean carriers have been the master innovators through this century. Who invented containerization? Intermodalism? Double stack trains? These three inventions caused a global revolution in shipping -- lowering costs, providing

- more -

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enormous efficiencies and economies for shippers and consumers. All three were conceived by the U.S. maritime industry. We cannot let that sort of creative genius die.

Third, as the world's only superpower, the United States needs a viable merchant marine and shipbuilding industry to provide sealift capacity for national emergencies. This program will give us a base of crews -- available to serve on commercial vessels, military vessels and ready reserve vessels in case of national need.

Right from my first day in office, promoting maritime security has been one of my top transportation industry priorities -- the other being revitalization of the aviation industry.

I've visited ports all across the country from Baltimore to Houston to Long Beach, California. I've had countless meetings with people in every facet of the industry -- from shipbuilding to ocean carriers to intermodal seaport terminals. I've talked with workers -- from executives and workers to representatives of the maritime and shipbuilding labor unions. I've also met with the shippers.

Together with a lot of other people, many of whom are here today, I have spent more than a year crafting a realistic maritime plan -- and a mechanism to pay for itself.

As you know, I had a number of conversations with the President about this proposal. President Clinton also met with many of the people who are here today. He is very committed to seeing it through. The President agrees with all of us who have supported the basic principle: "we cannot let this industry die."

This is the first Administration to propose not only comprehensive maritime security program but more importantly, a means to pay for it.

Let me say a few words about paying our own way to maritime security. The increase in tonnage fees will be very small.

This user fee will pay for some of the services of the U.S. Coast Guard, services that are provided to vessels of all nations in our waters and in some cases, around the world. These fees, by the way, will pay only a small part of the total cost that our government shoulders in support of global trade -- services like ocean navigating rescue, port channel marking and worldwide naval security.

This is a good bill -- a fair bill -- a well balanced bill that pays for itself. It deserves prompt enactment and I believe we will achieve that.

One reason I'm confident is because of four people with us here today -- who have brought us this far and who we count on to guide this legislation to the President's desk. They are Senator John Breaux, Chairman of the Senate Committee on Commerce, Science and Transportation, Subcommittee on Merchant Marine; Congressman (Gary) Studds, Chairman of the House Committee on Merchant Marine; Lane Kirkland, the President of the AFL-CIO and himself a

seafarer, and Mike Sacco, President of the Seafarers International Union.

I'll call on each of them to say a few words before we turn the program over to Admiral Herberger to explain the legislation in more detail.

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Transportation Trends

SECRETARY FEDERICO PEÑA

LIFESAVERS TWELVE

WASHINGTON, D.C.
MARCH 10, 1994

INTRODUCTION

We're here today to celebrate the progress that we've made -- together -- in the life-saving work of enhancing highway safety.

Now this may sound like something that everybody can agree with -- and easily -- but the truth is that the fight for safety isn't always popular. Sometimes it takes courage.

So let me begin by acknowledging people who have shown political courage over the past several months.

Governor Jim Hunt of North Carolina faced down a lot of complaints about his "Click It or Ticket" campaign -- and made it politically acceptable to enforce safety belt laws.

Governors Howard Dean of Vermont and Walter Miller of South Dakota have both recently fought tough battles to pass safety belt laws in their states.

And finally, let's acknowledge the Massachusetts legislature for its courage, tenacity and determination to save lives. About a decade ago the Massachusetts legislature enacted a safety belt law which was repealed through a referendum. This year -- with heavy debate and stiff opposition -- the legislature enacted a new law requiring safety belt use in Massachusetts.

I don't think that anyone can doubt that the grassroots organizations that are here today for Lifesavers Twelve have all made highway safety a high priority in this country. And the gains we've made in North Carolina, South Dakota, Vermont and Massachusetts this year reflect your efforts.

At the national level, too, the groups here at Lifesavers and my Department are working together on so many of the same issues -- highway safety, drunk and drugged driving, child safety, motor carrier safety among others -- that we are forging a very strong partnership for safety between the Department of Transportation, citizens groups, state and local governments, law enforcement and automotive manufacturers.

I want to take this occasion to tell you how proud I am of our partnership -- which is saving lives on America's highways every day. This partnership for safety has been -- and will be -- a source of great benefit for the American people.

TODAY'S SPEECH

Today, I want to talk with you on three subjects that are directly related to our partnership.

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The first subject is the remarkable success that we've had in saving American lives on our highways. Far too few people yet realize the vast strides we've made in recent years because of an alliance between concerned citizens, aggressive government action and a growing response by private businesses to highway safety issues.

We've achieved so much that it should give us confidence to go forward and do even better.

The second subject I will speak on is the critical role that highway safety plays in health care. I'll bet some of you didn't know that the first Administrator of the National Highway Traffic Safety Administration was a Medical Doctor -- Dr. Bill Haddon who became the foremost authority in injury prevention.

Just as Dr. Haddon did, we would do well to view highway safety as a public health problem. That is undoubtedly why President Clinton nominated Dr. Ricardo Martinez, another medical doctor and distinguished injury prevention specialist, to head NHTSA. Dr. Martinez comes to this job with a powerful sense of mission. He is determined to dramatically reduce transportation injuries and make a big dent in America's health care costs in the process.

"At the national level, too, the groups here at Lifesavers and my Department are working together on so many of the same issues -- highway safety, drunk and drugged driving, child safety, motor carrier safety among others -- that we are forging a very strong partnership for safety between the Department of Transportation, citizens groups, state and local governments, law enforcement and automotive manufacturers."

I share that determination, and I'm sure that you do, too. We have proven that we can make progress if we work together. But there is much more that we can -- and will -- achieve. So today I'll suggest some new goals we should begin thinking about.

The third subject I want to address is the opportunity and challenge that you in this room have to make a real difference in health care today. By bringing the issue of health care to the front of the nation's agenda, President Clinton has also made it easier for us to press for progress on safety. The two issues are inextricably related. Indeed, the President's Health Security Plan counts, in part, on injury prevention to keep down health care costs.

Despite our successes, transportation injuries remain a leading cause of health care costs. Every crash we can prevent saves money as well as pain. Our work on highway safety is, in fact, one of the keys to affordable health care in this country.

FIRST – THE LIFE-SAVING RECORD

Let me begin by saying that America's achievement in traffic safety is truly one of the fantastic success stories of the century.

Twenty-eight years ago, in 1966, more than 50,000 lives were being lost yearly in traffic crashes on our streets and highways. That's over 10,000 more people per year than die on the highways now -- even though our population has risen dramatically and Americans are driving far more.

Since then, citizens' activism, government action, greater emphasis on safety in vehicle and highway design and stricter law enforcement have all combined to reduce America's traffic fatality rate by two-thirds.

The fatality rate on America's streets and highways is now one of the lowest in the world -- well below Germany, more than one third less than Japan, nearly twice as safe as France. This is an enormous achievement -- and much of the credit belongs to groups like those in Lifesavers.

Here's another way to look at how much things have changed and what we've accomplished: had this country been content with the rate of slaughter we tolerated in 1966 -- more than 800,000 people who are alive today would have died.

"The fatality rate on America's streets and highways is now one of the lowest in the world -- well below Germany, more than one third less than Japan, nearly twice as safe as France. This is an enormous achievement -- and much of the credit belongs to groups like those in Lifesavers."

Eight hundred thousand lives saved -- that is more than twice the number of Americans killed in the Second World War. And because the overall fatality rate is lower, we save more American lives every single day. Provided that we do not let our guard down, this is a permanent gain.

Much of this progress has been made in the last 15 years. Traffic safety has gained tremendous momentum because of the work of citizens groups that have risen up to demand strict law enforcement and safer vehicles.

You have ignited a revolution for highway safety at the grassroots level and you've kept the fires burning for more than a decade.

Largely due to your work, motor vehicles are better and safer now -- they are manufactured with safety standards in mind. Highways are better, too -- they are designed with safety in mind. Commercial motor vehicles are kept in safer conditions and their drivers face tougher licensing tests. In fact, all American drivers are better, largely because the Lifesavers groups have insisted on tougher drunk driving laws and stricter enforcement.

Our nation's whole attitude toward driving and alcohol use has changed. Thirty years ago, many people drank and drove with reckless bravado. Many workers thought it was okay to have several drinks after work before driving home.

Those days are gone. Thanks to effective publicity against drunk driving, to education, to tough law enforcement, and to strict new standards we have laid out for drug and alcohol testing of truck and bus drivers -- drunk and drugged driving is no longer socially acceptable. You have fought for -- and led -- a sea-change in the American peoples' values and public behavior.

The payoff has been huge. More than 40,000 lives were saved during the past decade alone by reducing alcohol involvement in fatal crashes.

We have a similar success story to tell about safety belts. Over the years, the Department faced two issues in occupant protection. One was a manufacturing issue: What kind of occupant protection should be required in vehicles?

That was finally resolved with the (date to come) mandate that by model year 1998 all passenger cars must have automatic protection by either airbags, seatbelts or both. Vans and light trucks must offer automatic protection by the next model year.

The second issue was one of enforcement -- because even as seat belts and airbags became common -- during the past decade -- too many people were dying unnecessarily in crashes because they wouldn't buckle up.

In 1982, only 11 percent of Americans were using safety belts. Since then, with public information, education and the adoption and enforcement of safety-belt use laws by many states, usage has increased to 66 percent. More than 35,000 deaths and 800,000 serious injuries have been prevented.

These are our success stories -- hundreds of thousands of them -- and yet we can do much more.

So, let's look ahead to a bigger challenge -- and the second topic I want to address today -- the critical contribution that transportation safety can make toward the goal of affordable health care.

SECOND -- TRANSPORTATION SAFETY AND HEALTH CARE

Let me suggest the scale of the problem by noting that NHTSA estimates that the total lifetime economic cost to American society of motor vehicle injuries, fatalaties and property damage in the year 1990 alone was $137.5 billion. Of that, American taxpayers will pay $11.4 billion in health costs, lost tax revenues and increased public assistance.

The fatality rate on America's streets and highways is now one of the lowest in the world -- well below Germany, more than one third less than Japan, nearly twice as safe as

France. This is an enormous achievement -- and much of the credit belongs to groups like those in Lifesavers.

Here's another way to look at how much things.

So despite the progress we have made, we clearly have much more to do. Transportation crashes remain the leading cause of all injury deaths, the leading cause of deaths for people between ages 5-34, the leading cause of death on the job -- fully 40 percent -- and the fourth or fifth cause of death overall.

Transportation injuries cost even more than fatalities do -- because they necessitate long hospital stays, higher cost of care, often long-term disabilities and heavy public assistance burdens. And for each death by transportation injury, 14 persons are hospitalized and 136 more are injured.

Clearly we have a great deal to gain in terms of lives saved, suffering avoided, and sheer dollars saved -- by pressing forward on highway safety.

When I spoke with you a year ago (at Lifesavers Eleven in Chicago on March 13), I announced two goals we would aim to achieve together by the year 1997 -- first, to reduce alcohol related fatalities to 43 percent of all highway fatalities; and second, to raise safety belt use to 75 percent.

I'm pleased to tell you today that we have made so much progress toward both of those goals that I expect that we will soon have to set new and tougher targets.

Achieving these goals will bring lasting gains in terms of lives and money saved. For example, reaching the target of cutting alcohol-related fatalities from 45 to 43 percent of crash deaths will mean 1,200 lives saved a year -- every year. And it will also save American society a total of $2.2 billion a year -- every year -- including $74 million in publicly funded health care costs.

Similarly, by increasing safety belt use in passenger cars to 75 percent, 1,700 lives will be saved each year, plus a proportionate reduction in injuries and $3.6 billion in total costs to society, including $180 million in publicly funded health care costs.

Ladies and gentlemen, we are nearly at those goals -- and well before the target date of January 1, 1997.

We don't yet have the latest 1993 alcohol/fatality figures, but I'm told they are headed down toward 43%. Seat belt use, as I said before, is up to 66% last year.

So let me ask you, shouldn't we begin to think about new and tougher goals? Have we, perhaps been too timid in setting targets for ourselves?

The American people, it seems to me, are well into a vast and deep change in their attitude toward highway safety. If we are to continue to lead, not follow or simply react, we may have to think bigger.

Why not raise our goal to 80% safety belt use by 1997? Why not aim to get drunk driving fatalaties

down under 40%? After all, the Scandinavian countries have pushed their drunk driving fatalaties to under 20%.

It can be done. It's not impossible. It seems to me the American people might want us to try for more safety gains than we can actually achieve -- instead of settling for less than the people themselves are already well on their way to achieving.

We can't let up now on any of the safety efforts we've launched in recent years -- whether they center on tougher enforcement of drunk driving laws, greater usage of safety belts, education and enforcement on child safety seats, motorcycle helmets, or high standards for vehicle safety systems.

There is no question that investment in such injury prevention strategies have rapid payoffs.

North Carolina's "click it or ticket" program raised safety-belt use 15% in less than a year. California's motorcycle helmet law cut deaths by bikers and their passengers 36% the first year out of the box. Tougher driver alcohol laws, especially if well publicized, have been proven to cut crashes dramatically.

Clearly, we should also follow through on all safety improvements in vehicle design, crash-resistance, head injury protection and automatic protection devices that are now mandated.

I hope we have come to a point where transportation manufacturers continually push the envelope of vehicle safety on their own -- to meet the demands of safety-conscious consumers -- because markets demand it -- not merely because the federal government mandates safety.

But we in government shouldn't hesitate to suggest reasonable new goals for the next generation of vehicle safety engineering if market forces alone don't suffice. After all, government -- that is, taxpayers -- winds up paying for much of the medical costs, lost taxes, and added welfare spending that preventable crashes cause.

I believe that government should also begin -- soon -- to make clear, understandable information available to consumers on the crash-worthiness of vehicles as determined by government testing.

I can't see why we routinely inform car-buyers of gas mileage -- but not, for example, of side-impact crash worthiness. By making this information available, we can empower consumers -- raise their safety awareness -- and spur the continuing rise in Americans' demand for safer transportation.

This brings me to my third point -- the difference that we in this room can make on health care reform.

HEALTH CARE, SAFETY, PREVENTION AND RESPONSIBILITY.

There is a great deal in common between the fight that you have waged for highway safety and the debate that President Clinton is leading on national health care reform.

For example, health care professionals have long realized the basic principle that everyone commited to the cause of highway safety shares: prevention is better than any cure.

No amount of after-the-fact compensation can truly meet the human costs of an avoidable death, a child maimed for life, a parent who has lost a year's work recuperating from an auto crash.

Similarly, health care reform, like highway safety, depends in large measure on prevention -- on making routine services available so that people not covered by insurance today can be treated early -- instead of waiting until their conditions become life-threatening and hugely expensive.

To achieve real health care reform, we will have to wage the kind of battle that the groups in Lefesavers have waged -- to change the consciousness of a nation -- to lead people to believe that they can actually make change happen -- change that makes their own lives better.

That's what Lifesavers has done. And the example of the success you have achieved gives me hope. Because health care reform is going to require the same broad coalition building, the same patience, and the same determination that those who have fought for highway safety have shown.

I want to urge the veterans of this great highway safety campaign to broaden out your efforts, join us and support President Clinton's Health Security Plan.

This is a once-in-a-lifetime chance to make a dramatic change for the better in the lives of all Americans -- by ensuring affordable, accesible health care for all -- health care that can never be taken away -- ever -- whether you move or lose your job or change jobs or simply fall ill.

The President's Plan rests on six basic principles:

The first is security and guaranteed benefits. That means that your coverage cannot be taken away for any reason.

The second principle is savings -- controlling the spiral of health costs by promoting injury prevention and other ways.

The third principle is quality -- making the world's best medical care system even better.

The fourth principle is choice -- saving what's best about our system by retaining your choice of doctor and increasing your choice of health plans.

The fifth principle is simplicity -- cutting the red tape and complex paperwork that consume so many medical dollars.

The sixth principle is personal responsibility -- by asking people to stay in shape, exercise, get regular check-ups and stop damaging their own health by excessive drinking, eating and smoking.

That last principle, personal responsibility, is what those of us involved in highway safety have always believed in and campaigned for. Sometimes, taking responsibility can be as

simple and basic as buckling up our safety belts or making sure that we never drink and drive or let our friends drive drunk.

But sometimes, as well, we have to take a stand on a larger issue -- something that goes beyond our individual responsibilities -- something that requires us each individually to make the best choice we can for our society.

The debate now underway on health care is one of those times. I hope that many of you -- most of you -- will join President Clinton's side in that battle.

CONCLUSION

Let me conclude by saying you are a part of one of the most dynamic movements in this century -- a movement for all Americans.

You have, in fact, led a citizens revolution -- one that has already saved thousands of American lives and billions of dollars. You have transformed our whole nation's consciousness about safety on our streets and highways. Generations to come are in your debt.

I believe that the fight for President Clinton's Health Security Plan centers on the same basic values that have inspired this movement: the principles of prevention and personal responsibility -- the sense that we Americans share responsibility for ourselves and to each other.

Your work on highway safety has paid huge dividends in lives and money saved and suffering avoided.

I believe that the President's Health Security Plan offers similar dividends for our nation. We have worked hard together on safety -- and we will do even more in the years ahead.

I hope that we make the same effort -- together -- for health security and score the same success.

As I ask your support, I pledge you mine.

Thank you very much.

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS
WASHINGTON, D.C.
MARCH 23, 1994

INTRODUCTION

I want to thank George Kourpias for that very generous introduction and tell you how very pleased I am to be here with you. The International Association of Machinists and Aerospace Workers represents workers throughout America's transportation industries and I've been working closely with you right from the start.

I think you all know by now that President Clinton recognizes and appreciates the role that working people play in making this country prosperous and globally competitive.

People in management positions may make some very important decisions; but, whether it's the career staff at DOT, the employees at an auto plant, at an airline, or at a railroad yard, it's the line workers who really determine the success or failure of any organization. Working people have a stake in every decision. And you make critical contributions.

And, if employees are asked to share in the pain of corporate restructuring -- as they have been -- then you should also be able to share in the gain when things turn around. That's our philosophy.

TOPIC OF SPEECH

Today, I want to talk with you about the challenges and goals we share. First, I'd like to discuss what this Administration has accomplished, working with labor, in our first year in office; and second, what lies ahead in transportation and in the historic battle for Health Care Security.

NUMBER ONE: FIRST YEAR ACCOMPLISHMENTS

In his first year in office, President Clinton took a series of bold actions that have paid dividends for working men and women in this country. He made the first serious attack on budget deficits in nearly a generation -- and he did it without raising income taxes on working people one penny.

The result has been to get our economy growing again -- with more home sale and car sales and more jobs. In fact, we've seen more jobs created in the past year than in the whole previous Administration.

The President's economic plan expanded the Earned Income Tax Credit -- a program that will, this year, lift millions of working families above the poverty line.

That's real "family values" -- in action, not talk. President Clinton also signed the Family Leave Act to enable working people to take leave to care for sick children and elderly parents -- without losing their jobs.

This Administration introduced and passed a new National Service Program to give the sons and daughters of working people a chance to go to college if they want to. And the President has stood firm for real worker retraining and a real "re-employment" program, something that working people can count on.

This Administration has also stood firm for the Workplace Fairness bill that will allow workers to strike without fear of losing their jobs. Be assured that we will work for final passage of that bill in the Senate when it comes up for consideration.

I'm proud of our accomplishments at DOT, as well. Incidentally, I've seen many of you in my office over the last year. I can't tell you how many times I've heard things like, "We've never seen the inside of the Secretary's office," or "It's been 12 years since we've been up here."

Let me reassure you -- my door has been open to you, and, as long as Bill Clinton is President and I'm Secretary of Transportation, it will continue to be open.

During the past year, we've faced major challenges. And, working together, we've found creative ways to deal with them. We've sat together with John Peterpaul and Randy Babbitt and Ron Carey and facilitated an agreement with Northwest Airlines that protected jobs, provided employees with a greater stake in the airline, and kept Northwest in the air, serving passengers -- and out of bankruptcy.

And when American Airlines and its workers and passengers were suffering through its strike, we worked to bring the two sides together. Ultimately, President Clinton suggested the arbitration process that brought the strike to an end.

In maritime, last fall the Secretary of Defense and I announced a program to ensure that America maintains a shipbuilding base and preserves thousands of shipbuilding jobs. Our program calls for 1) pressing to end foreign shipbuilding subsidies, 2) eliminating unnecessary government regulation at home that unfairly burdens U.S. shipyards and their suppliers, and 3) speeding technology transfer from defense to civilian uses in America's shipyards.

Also last year, I fought hard for the Maritime Security Plan which passed the House of Representatives to ensure that we have a U.S. merchant marine and preserve maritime jobs. This year the Maritime Security Bill is high on our agenda -- and we will see it pass Congress.

Our 1994 budget, the one we are operating in now, reflects a strong commitment to investment in transportation infrastructure -- $27.4 billion worth. These investments directly and indirectly create 600,000 American jobs.

... (Pause)

But as much as I'm proud of these and other specific accomplishments, I think that an even greater contribution this Administration may be making is to fundamentally change the atmosphere in which American management and workers conduct their business.

When President Reagan fired the air traffic controllers in 1981, he set a tone for labor relations that permeated American business for the next 12 years. The ban on hiring PATCO members served as a symbol of who the government cared about and who it didn't care about.

When President Clinton lifted the ban last summer, he put an end to that decade-plus of acrimony and bitterness. We said that it's time to put the past behind us, and get on with the business of working together.

We've already seen indications that this new atmosphere is having positive results. Look at the airline industry, where worker-management relations have been as bad as anywhere over the last decade or so.

Take the situation at United Airlines. Several months ago, CEO Steve Wolf met with me and Labor Secretary Bob Reich about his need to make changes at the airline, so that it can stay competitive well into the future. He said that he had two basic choices of direction: one, to cut costs by slashing jobs and reducing services. The second was to work cooperatively with the unions to restructure the carrier and protect jobs.

We encouraged him to work with his employees, and he did. The result? The majority of what is, depending on the day, the nation's largest or second largest airline will soon be largely owned by its workers, assuming all the final steps proceed. I want to again commend the management and the workers of United for their willingness to sit down and work out a deal.

Would that spirit of cooperation have existed under the previous Administrations? I think you know the answer.

SO, WHAT LIES AHEAD?

Let me turn now from our accomplishments to what lies ahead. Clearly, the 1995 transportation budget announced by the President last month shows the President's continued commitment to investment in transportation infrastructure, not only in full funding of core surface transportation programs but in funding for the Maritime Security Plan and in support of Amtrak.

I know your union represents Amtrak employees and I want to emphasize our support for a world class rail passenger service. That's one reason we fought to include funds for passenger rail programs in the 1995 budget, including $252 million for Amtrak capital assistance -- 29 percent more than last year.

In aviation, where so many of machinists work, we also have an ambitious agenda.

This Administration will use every means within our reach to create more and better jobs for workers in the airline and air frame manufacturing industry.

Both I and the President, for example, have been deeply involved in the Boeing and McDonnell Douglas sales to the Saudi Arabian government. I went to Saudi Arabia late last year to support what became a multi-billion dollar sale that will mean thousands of jobs for the nation's aerospace workers.

You can be sure that this Administration and this Secretary are committed to taking hold of every opportunity we can in the international marketplace to create jobs for U.S. workers.

And in international aviation, we are equally aggressive in efforts to open up foreign markets to U.S. carriers.

Be assured also that our strategy is sensitive to the needs and interests of aviation industry workers. In fact, in putting this aviation strategy together we reached out to John Peterpaul of the Machinists and Randy Babbitt of the Air Line Pilots Association to serve on the National Airline Commission and give their views.

As part of our strategy, unlike previous Administrations, we are going to take a good, hard look at the impacts of airline sales and route transfers on workers. We're going to ask to see the plans for addressing any

workforce impacts. And, if these plans are not good enough, we may send them back to the drawing board.

For example, when Southwest Airlines bought Morris Air, I talked to Herb Kelleher about the issue of worker dislocation and it was minimized.

Another major effort in our aviation agenda is the reform of the FAA. We will make the changes necessary to ensure that our air traffic control system remains the safest, most efficient and most advanced in the world.

Let me say that the employees of the FAA, particularly the controllers and specialists, have done a great job of making our system as good as it is. But, they've worked under conditions that simply should not exist -- often with terribly outdated equipment.

Our goal is to change that. We want to ensure that the FAA can respond to the technological revolution sweeping the aviation industry and use these new technologies to enhance safety and efficiency. We're working hard on the details of the new structure that we'll propose to Congress later this spring. And in doing so, we're working closely with the air traffic control workers' unions. They are among the strongest supporters of the change we seek.

With this effort, we have a real opportunity to show that we can "reinvent" government -- and make it work better and cost less. I hope that we can count on your support.

And your support will be even more crucial to the most important fight we face this year: the creation of a health security system for all Americans.

I can't tell you how proud I am to be part of an Administration that has shown the courage to fight for health security for our people -- health care coverage that can never be taken away -- ever.

Make no mistake. This is the most important political fight in a generation. It's a fight we have to engage in -- and win -- for our country, for our communities, for our economy, for our families and for ourselves.

We all know that health care costs have been soaring out of control for years -- straining government budgets, bankrupting businesses, forcing bitter labor disputes and generally weakening America competitiveness -- especially against other nations that have developed good health care systems for their people.

Rising costs and loss of insurance coverage has brought untold suffering to hundreds of thousands of American families. Hard-working people have lost their life savings, their homes, or the lives of their loved ones because they lost coverage or they postponed treatment until too late because they couldn't afford insurance.

These tragedies outrage our deepest sense of justice.

The American people know all this. They know our health care system needs fundamental reform. By electing Bill Clinton they have chosen a leader who will fight for health care reform every single day -- until we get it.

The President's Health Security Act answers the deep and legitimate anxieties of working Americans. And the President's plan meets our peoples' concerns in ways that are clear and simple -- ways that will work.

There are five basic ways this reform will deliver what our people want.

The first is by guaranteeing private insurance coverage to all Americans -- coverage that can never be taken away.

The second is by ensuring every American the right to choose their own doctor and health plan -- not have that choice made by their boss or by some insurance company.

The third way we'll make reform real is by outlawing the outrageous types of discrimination that insurance companies practice today. We'll make it illegal for them to drop your coverage or jack up premiums when you get sick; illegal to set up lifetime cut-offs that kick in just when you need coverage most; illegal to charge old people more than young people.

The fourth way reform will work is to protect and strengthen Medicare. Older Americans can count on

Medicare and the right to choose their doctor. Under the President's plan, they can also count on having prescription druges covered and getting help for home and community-based long-term care.

The fifth way reform will work is by having these health benefits guaranteed at work. Every job will come with health care benefits -- the way most jobs do today. The government will provide real discounts for small businesses and help cover the unemployed.

These are the five key points in the President's plan -- and when you come right down to it, they're very simple.

But the special interests who profit from the current health care mess will spend millions and millions of dollars to keep their profits flowing -- and to keep anything from changing.

Those who profit most outrageously from the current health care system are not going to play fair or debate honestly. They want to keep the American people confused and divided -- they want people to believe that change is impossible, or too complicated, or maybe things are OK as they are.

They will say anything to scare, confuse and divide people. They'll try to frighten small businesses or retired people or doctors -- anybody they can scare.

We know that's what they'll do. And why not? It's worked before.These kinds of scare tactics are one reason why our country is the last industrialized nation on earth without a comprehensive national health care plan.

But I have news for the health profiteers.

This year is different. This year the American people want change. This year the American people demand change. This time we won't be scared. This time we have a leader who's going to keep on coming, keep on pushing -- keep on fighting until we have a health care system we can pass on proudly to our children.

It's up to all of us to support this President, to join this fight, to learn the truth about health care reform -- and to educate and mobilize our friends and neighbors. Our opponents may have a lot of money. But if we do our jobs, we'll have the people.

Real health care security for all Americans has been a long time coming. This is a dream that goes back as far as Harry Truman and the labor movement of 50 years ago. But let me tell you. This year we have a once-in-a-lifetime chance to get this done. If we stick together, nothing will stop us -- and this year -- together -- we'll make this great dream come true.

Thank you very much.

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TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
TRANSPORTATION COMPANIES AND HEALTH CARE
THE WHITE HOUSE
WASHINGTON, D.C.
MARCH 25, 1994

*** I want to thank you all for coming. This group represents a broad spectrum of our nation's transportation industries and I'm sure you realize that the stakes are critically high for us in the current health care debate.**

*** Believe it or not, some people are actually going around this town saying that there's no health care crisis in this country. Those of us in the transportation industry know they are wrong.**

*** 17 percent of all American workers -- nearly 40 million peopkle -- are not covered by any kind of insurance -- but in transportation industries the percentages run much higher: one quarter of the nation's truck drivers, half the garbage collectors and 23 percent of the industrial truck and tractor operators are not covered. One third of our marine engineers and 50 to 60 percent of captains of fishing vessels have no insurance.**

*** And transportation is a high-risk industry. Transportation injuries are the leading cause of all injury deaths and leading cause of deaths in the age group 5 to 34 years old. Transportation injuries consume a large portion of health care resources because they involve long hospital stays, higher cost of care, and long term disability. What's more, for each accidental transportation death, 14 persons are hospitalized and 136 more are injured.**

*** The Department of Transportation works hard every day on injury prevention. But even if we reduced crashes to zero, we would still need serious health reform.**

*** Because even if transportation companies and employees have good insurance today, they can lose it overnight. Two million Americans a month lose their health insurance. Fifty eight million Americans go without insurance at some point during any given year.**

*** 81 million Americans have "pre-existing conditions" that insurers can use to raise rates or deny coverage.**

*** Three out of four insurance policies -- covering 133 million people -- well over half our population -- have lifetime limits that can cut off benefits precisely when people are older, seriously ill and need coverage most.**

*** We need health care reform now -- and we are going to get it this year. Because President Clinton has chosen a plan that is truly American in the sense that it strengthens what's right about our present health care system and fixes what's wrong. It is visionary, but it is also pragmatic: it builds on what we have in place.**

*** Here's how the President's health reform will work.**

1) GUARANTEED PRIVATE INSURANCE

*** It will guarantee every American private health insurance. Comprehensive coverage that can never be taken away -- ever.**

*** Under the President's approach, everyone will get a Health Security card that will guarantee benefits as good as what America's biggest companies offer -- even as good as what members of Congress get. Your benefits and those of your employees will include <u>prescription drugs and preventive care</u> -- things often not covered today.**

*** Under the President's plan, all Americans will be protected against the devastating cost of serious illness. That means a <u>low deductible</u> and <u>no lifetime limits</u> on benefits.**

2) CHOICE OF DOCTOR AND HEALTH PLAN

*** With your Health Security card, you'll be able to follow your doctor to any plan you choose. It could be a plan where you can see any doctor in your community -- they call these "fee for service" plans. You could choose a network of doctors and hospitals, or a Health Maintenance Organization.**

*** Let's be clear about one thing: we're against forcing people into HMO's. The President's approach expands choices -- it doesn't constrict them.**

3) OUTLAW UNFAIR INSURANCE PRACTICES

*** The President's plan will make it illegal for insurance companies to: one, drop coverage or cut benefits; two, jack up your rates if you get sick; three, use lifetime limits to cut off your benefits; and four, charge older people more than younger people.**

*** If we do nothing -- then businesses like yours will continue to be at the mercy of the insurance companies -- paying more each year and getting less.**

4) PROTECT MEDICARE

*** At the same time that we must protect today's workforce and their families, the President believes very strongly that the true test of health reform is whether it's good for older Americans. That's why his proposal preserves and protects Medicare.**

*** The American Association of Retired Persons (AARP) says that the President's approach is the "best option for senior citizens." Older Americans will have: first, the right to choose their doctor; second, new prescription drug coverage; and third, some long term care protection.**

5) HEALTH BENEFITS GUARANTEED AT WORK

*** We want everyone who works to get health insurance at work, with employers and employees each paying part of the cost. This is the easiest, simplest way to make sure everyone has coverage because it's where the vast majority of Americans with private insurance get it today.**

*** So anyone who works will get coverage at work. Employers will be asked to contribute -- so will employees. But this is the most misrepresented part of the Clinton Plan. Most of you have some kind of insurance coverage for your employees today. You are probably straining to afford that coverage. Under the President's plan, small businesses will get discounted insurance.**

*** The government will cover the unemployed, and will continue to cover older Americans with Medicare. That's how we make sure that everyone is covered.**

*** I'm sure that Erskine Bowles, the Administrator of the Small Business Administration will go into a great deal more detail for you on why the President's plan is good for small business.**

*** But let me just say this: those small businesses that today pay for health insurance for their employees -- and that is most small businesses -- will finally have a level playing field. They won't have to pay more for their health insurance to make up for those companies that don't offer coverage or who drop their coverage.**

*** The President's plan will put an end to all of this cost-shifting and free-riding. There will be less paperwork, less confusion -- and for most small businesses -- lower costs.**

*** The debate that is now getting underway on health care is a once-in-a-lifetime chance for us to make change for the better. It will be a tough fight -- and it will take all of the energy of everybody here.**

*** But it's a fight we need to win -- for our country, our communities, our companies and employees and for our families and ourselves.**

*** Those who profit off the current health care mess will do everything they can -- and they will spend millions -- to confuse people, to scare people, to make people think reform is too complicated or that it just can't happen.**

*** This time, though, the American people are not going to be scared. They're sick of being ripped off. They want change. They demand change. If we do our jobs -- we'll have the American people's support to pass this plan -- and their gratitude for health security we can all count on.**

*** In closing, let me just urge everyone of you to get involved, join the President's fight, learn the truth about health care reform and spread the word. Mobilize your friends and your group members and help us win this victory. Because this is something that each one of us is going to look back on in years to come -- and and be proud that we were here to win this one.**

*** Thank you very much.**

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TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NEW JERSEY PIPELINE SAFETY EVENT
EDISON, NEW JERSEY
MARCH 29, 1994

*** I want to thank Senator Lautenberg for that introduction. As he said, the tragedy here in Edison underscores how critical it is that we redouble our efforts to ensure pipeline safety -- especially as suburban and industrial development moves further out along our nation's pipeline networks.**

*** To that end, I am pleased today to announce a $1 million grant to the New Jersey Institute of Technology to support a second year of education, research and technology transfer at the Center for Transportation and Industrial Policy in Newark -- and an additional $225,000 to focus specifically on the issues of development and pipeline safety. We are fortunate to have here at the center a cadre of nationally-recognized experts in research fields directly relevant to the terrible explosion in Edison.**

*** Over the next year, scientists at the Center, under Dr. Lou Pignataro's direction, will have the support they need for an urgent research program into the risks posed by aging pipeline infrastructure and the added hazards caused by rising population and suburban and "exurban" growth.**

*** I urge the Center to make the safety issues raised by this disaster -- not only in New Jersey, but nationally -- their highest priorities for research.**

*** In addition, I am today announcing that the Department of Transportation will convene a Safety Summit at the earliest possible opportunity to explore all of the steps that this nation must take to live safely with our aging pipeline infrastructure.**

*** We will be calling together experts from around the nation to help the Department of Transportation assess the current state of the nation's pipeline network, to evaluate safety risks due to development and population trends and to review rehabilitative measures and protective technologies that can be used to enhance pipeline safety on a long-term basis.**

*** I invite Senator Lautenberg and members of his staff to attend sessions of the Safety Summit and I am sure that I can count on his full support.**

*** Thank you very much.**

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
HISPANIC ASSOCIATION ON CORPORATE RESPONSIBILITY
MARCH 29, 1994
WASHINGTON, D.C.

INTRODUCTION

I want to thank my friend Raul Yzuguirre (NCLR President) for that generous introduction and to say how happy I am to participate in this annual symposium on corporate responsibility.

I also want to congratulate the seven organizations that comprise HACR (pronounced Ha-cer') and the eight corporate partners on an outstanding job of promoting Hispanic representation throughout the corporate sector. You in this room deserve a lot of the credit for the progress we've made not only in promoting Hispanics in corporate America but in heightening the awareness among young Hispanics of the promise of careers in the corporate sector.

SPEECH TOPIC

Today I want to talk about the challenges and rewards of responsibility in three areas: The first, of course, is corporate responsibility; the second is government's responsibility to be the model of diversity; and the third is the broader responsibility to society which President Clinton is asking us to take on as he fights for health care reform.

CORPORATE RESPONSIBILITY

Let me say at the outset that I believe corporate America has a responsibility to its stockholders, to its consumers and to itself to promote diversity at all levels of operation -- from the boardroom to the plant manager's office.

It has been my experience that the greater the diversity of opinions, ideas and cultures that you put into a product or service, the better the results. Diversity produces goods and services that meet the needs and desires of consumers -- which after all, is the first step toward success in business.

And I believe that this simple philosophy works as well in corporate America as it has worked for me as Mayor of Denver and as Secretary of Transportation.

You have proof of the dividends of diversity right here in this room in the corporate partners of HACR -- General Motors, Ford and Chrysler ... Edison Electric Institute, Pacific Bell, U.S. West, Coors Brewing Co. and McDonald's. I'll bet that representatives of these firms would tell you that each of them benefits from having diverse talents at work in their organization -- talents that give them the competitive edge now and in years to come.

Now, let's look specifically at the potential of greater opportunity for Hispanics.

On the eve of the 21st century, our Hispanic population is growing fast. If demographic trends continue, by 2020, the Hispanic population of our country will nearly double from 22 to 43 million people.

Hispanics are the fastest growing major group in the labor force. By 2005, there will be more than 16 million Hispanics in the workforce. Between 1980 and 1990 alone, the number of Hispanics in the workforce doubled.

Today Hispanics have about $200 billion in purchasing power. We are younger than the average American household and we represent a developing market and a new pool of talent. These young Hispanic Americans are growing up in the Information Age which is producing very sophisticated consumers.

In addition, Hispanic-owned businesses make up a flourishing sector in the U.S. economy, and they are increasing in numbers and productivity.

As trade increases under the North American Free Trade Agreement, the demand for the unique talents and skills of Hispanic Americans will grow even more. NAFTA created the largest market on the face of the globe, 370 million people and $6.5 trillion in output, and set the stage for the next obvious market extension -- to Central and South America. And the fastest route to success in this hemispheric market will be through diversity.

Despite growing visibility, indisputable progress, and a bright future, as we all know Hispanics and other minorities still face tough obstacles. For Hispanics, as for other minorities and women the glass ceiling is still a barrier in the business arena.

Your own studies show 105 corporate board seats out of 11,248 are held by Hispanics. Since some people hold seats on more than one board, the net result is really only 72 Hispanic members on corporate boards of directors in this country, barely more than 1/2 of 1 percent of board seats.

More broadly, Hispanics hold only two percent of the managerial positions in corporate America.

We should have Hispanic members not only on corporate boards, and in senior management but at all levels of decision-making and skilled work.

This is a very real problem. But it can be overcome -- and it will be overcome -- by our continued educational advancement, by our hard work and by a commitment by corporate America to adopt and follow through on policies that support the hiring and promotion of qualified minorities and women. The problem can be overcome by the continued work of organizations such as HACR to let corporate America know the talent and skills available in the Hispanic community.

A commitment to diversity is absolutely necessary in the private sector. And that commitment will be good for the bottom line, as well, because diversity is good business.

Just as corporate America must work to strengthen diversity so too must the government, which brings me to my second point.

GOVERNMENT RESPONSIBILITY

I am proud to serve in an Administration committed to diversity. Indeed, President Clinton has made diversity one of the cornerstones of his Presidency. This is reflected in the record number of appointments of Hispanics, African-Americans, Asians and women.

I believe it is government's responsibility to set a model for diversity. After all, government should serve the people who pay for it -- and as far as I know the Internal Revenue Service doesn't ask your race, religion, skin color, gender or sexual orientation when it collects your taxes.

And yet government has a long way to go in meeting our aspirations for a diversified workforce. Hispanics comprise only about five percent of federal workers. We can do better than that -- and we will.

Having said that, let me add that Hispanics have made tremendous progress in government. For example, the U.S. Congress now has 20 Hispanic members. More

than 5,000 elected officials at the state and local level are Hispanic.

In my own department, Michael Huerta, Associate Deputy Secretary, is director of the most important new program office in the Department -- the Office of Intermodalism. Margarita Roque, executive secretariat, controls every written communication with the Secretary's Office. Katherine Archuleta, my Deputy Chief of Staff is one of my closest advisors. Anthony Califa is head of Civil Rights for a department of 105,000 employees and Luz Hopewell is head of Office of Small and Disadvantaged Business Utilization. We have many other Hispanics as well as women and other minorities in high places. And we have a corresponding number of Afro-Americans, women and white males in leadership roles.

Through the Hispanic Association of Colleges and Universities and other organizations we are reaching out to young people and developing programs to recruit and hire Hispanics in career transportation jobs.

We are reaching out to Hispanic-owned businesses. We have entered into cooperative agreements with ten minority chambers of commerce and trade associations to enhance our communications link with contractors, and subcontractors. Six of the ten are Hispanic.

I'm particularly proud of one accomplishment in minority contracting. When I became Secretary, the Department's bonding assistance program was not being

used. I took a personal interest in that program because I know from my experience as Mayor of Denver that lack of bonding is a major constraint for contractors.

I asked that our program be revamped and made more accessible, that we aggressively seek out contractors in need of bonding assistance. Now the results are in. During the first six months of FY 1994, over $5 million in bonds have been written to contractors. It is anticipated that for the first time in the history of the bonding assistance program, the program will actually reach its capacity of $12 million by the end of the fiscal year.

This is a start in the right direction and we intend to continue. The President is committed to ensuring that those serving the taxpayers -- whether in the government or in a contracting capacity -- really reflect the diversity of our people.

A BROADER SENSE OF RESPONSIBILITY

Just as Corporate America and the United States Government itself have the responsibility to ensure diversity, so too do we have responsibilities to ourselves and to each other -- to society as a whole, if you will.

This concept -- of greater personal responsibility -- is one of the central themes of both President Clinton's fight for health care reform and the campaign for safety that my department, the Department of Transportation has waged and will wage.

President Clinton believes that American citizens should take more responsibility for their own health -- by staying in better shape, getting preventive check-ups, stopping bad habits like smoking and excessive drinking.

By the same token, my Department is working hard to encourage our people to take greater responsibility for their own safety by never drinking and driving, by not letting friends drink and drive and by buckling up safety belts and wearing motorcycle helmets. These are simple, basic steps -- but they can save vast numbers of lives and injuries and huge costs to society.

In just the year 1990, for example, the total lifetime economic cost of motor vehicle injuries, deaths and property damage was $137.5 billion. Of that, American taxpayers will pay $11.4 billion in health costs, lost tax revenues and increased public assistance.

My Department has taken on the responsibility of reducing this huge cost to society as much as we can -- through education, law enforcement, safety regulations -- every measure we can bring to bear. It is a crucial element, I believe, of the larger task that President Clinton has taken on of overhauling America's health care system.

THE BUSINESS STAKE IN HEALTH CARE REFORM

I hope you will agree with me that business has a huge stake in seeing a comprehensive reform of health care -- before the current non-system bankrupts our

government, our private industries and millions more American families.

American business, to a large degree, has already taken much responsibility for health care. Most corporations already do provide their employees with benefits. But recent years have seen a crazy pattern in which rising prices force some companies to drop coverage -- and raise prices in the process for those who continue to offer it.

President Clinton's reform plan will put a stop to that and it's very important that business leaders understand that. It's especially important because there's been a great deal of misrepresentation and misunderstanding about the President's health care plan and I want to set the record straight by mentioning five basic points.

One, the President's plan guarantees <u>private</u> health care insurance. It is neither a government take-over of health care -- nor a continuation of the status quo, with its out-of-control costs and mass insecurity for our people. Instead, the President's plan calls for comprehensive <u>private</u> coverage that can never -- ever -- be taken away.

Two, the President's health care plan ensures every American free choice of doctors and health care plans. You will be able to follow your doctor to any health care plan you choose. It could be a plan where you can see any doctor in your community. You could choose a network of doctors and hospitals, or a Health Maintenance

Organization. But let me be clear about one thing: we're against forcing people into HMOs. The President's plan expands choices -- it doesn't constrict them.

Three, the President's approach will outlaw unfair insurance practices such as dropping coverage or cutting benefits, jacking up rates if you get sick, using lifetime limits to cut off your benefits, and charging older people more than younger people.

Four, the President's plan protects and preserves Medicare for older Americans.

Five, we want everyone who works to get health insurance at work, with employers and employees each paying part of the cost. This is the easiest, simplest way to make sure everyone has coverage because it's where the vast majority of Americans with private insurance get it today.

Under the President's plan, small businesses will get discounted insurance. The government will cover the unemployed, and will continue to cover older Americans with Medicare. That's how we make sure that everyone is covered.

Under the President's reform plan, we will finally have a level playing field. Large and small businesses that give their employees health coverage -- which is to say, the

most responsible businesses in this country -- won't have to pay more to subsidize those companies that don't.

We'll finally stop the cost-shifting and free riding that the current system creates. Most small businesses, in fact, will likely pay less -- not more -- to cover their employees.

There will be less paperwork, less confusion, and yes, less arbitrary profit for some health care middlemen.

That's why some insurance companies don't like the President's reform. That's why some of this plan's opponents will spend millions to confuse people, to scare people, to make people believe that any reform we try either won't work or will make things worse.

But President Clinton didn't design this reform for the insurance companies. He designed it for companies like yours -- for producers, not paper shufflers -- and for the American people.

The debate that is now getting underway on health care is a once-in-a-lifetime chance for us to make change for the better. It will be a tough fight -- and it will take the energy of everybody here. But it's a fight we need to win -- and we will win -- for our country, our communities, our companies and employees and for our families and ourselves.

CONCLUSION

So I challenge you -- businesses and corporate executives -- Hispanics and others -- to not only take on more responsibility for workforce diversity but to join the fight for health care reform -- for our country's sake and for our sake.

We are all in this together. We have a responsibility to be a part of the solution to the problems facing our nation. If we don't take this responsibility, who will? And if we don't act now ... then when?

Ladies and gentlemen, this is our time in history -- let's make the most of it.

Thank you very much.

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U.S. Department of Transportation

News:

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STATEMENT OF THE DEPARTMENT OF TRANSPORTATION ON ATX INC.
March 31, 1994

Secretary Peña and the Department of Transportation have acted completely within the letter and the spirit of all applicable laws and regulations concerning the ATX filing. Any allegation to the contrary is without foundation.

The suggestion that evidentiary hearings were undertaken for any reason other than fairness and protection of the public interest is without foundation as well, and incorrectly characterizes the findings of the department's Inspector General.

Throughout this process, the Department has been guided by its statutory mandate to protect the public interest and to ensure that any new carrier meets all established consumer, safety and other criteria. The Department has repeatedly and consistently acted to ensure that this process be conducted with the utmost openess and fairness. The Department's Inspector General has found "no evidence of actual bias or lack of impartiality in the conduct of the ATX hearing."

The Department's decision on ATX's filing will be made on or by April 5, unless the corporation decides by noon tomorrow to avail itself of the offer made by DOT earlier this week of another public hearing on the application.

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TALKING POINTS ON HEALTH CARE
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
BEFORE AMERICAN AIRLINES EMPLOYEES
CHICAGO, ILLINOIS,
MARCH 31, 1994

* All of you know that the most critical -- the most historical -- item of business on America's agenda this year is President Clinton's efforts to win Health Security for all Americans -- health coverage that can never be taken away.

* Believe it or not, some people in Washington actually say that there's no health care crisis in this country. Everyone of us here in this room knows better than that.

* We all know that out of control health care costs have been straining government budgets, bankrupting companies, draining families and causing hard-working people to lose their life savings, their homes or even the lives of loved ones because they didn't have insurance and didn't get treatment until too late.

* The threat of losing health care coverage -- and being exposed to these sorts of disaster -- is a real threat -- not a fantasy.

* 17 percent of all American workers -- nearly 40 million people -- have no health insurance at all -- and even employees who have good health insurance today, can lose it overnight.

* Two million Americans a month lose their health insurance. In the course of this year alone some fifty eight million Americans will have to go without health insurance at some point.

* 81 million Americans have what the insurance contract fine print calls "pre-existing conditions" -- and that means that health insurers can now use their health problems as an excuse to raise rates or deny coverage.

* Three out of four insurance policies -- covering 133 million people -- well over half our population -- have lifetime limits. That means that benefits can be cut off precisely when people are older, seriously ill and need coverage most.

* We need health care reform now -- and with your support we are going to get it this year.

* President Clinton has chosen a plan that is truly American in the sense that it strengthens what's right about our present health care system and fixes what's wrong. It is visionary, but it is also pragmatic: it builds on what we have in place.

* Here's how the President's health reform will work.

1) GUARANTEED PRIVATE INSURANCE

* It will guarantee every American private health insurance. Comprehensive coverage that can never be taken away -- ever.

* Under the President's approach, everyone will get a Health Security card that will guarantee benefits as good as what America's biggest companies offer -- even as good as what members of Congress get. Your benefits and those of your employees will include <u>prescription drugs and preventive care</u> -- things often not covered today.

* Under the President's plan, all Americans will be protected against the devastating cost of serious illness. That means a <u>low deductible</u> and <u>no lifetime limits</u> on benefits.

2) CHOICE OF DOCTOR AND HEALTH PLAN

* With your Health Security card, you'll be able to follow your doctor to any plan you choose. It could be a plan where you can see any doctor in your community -- they call these "fee for service" plans. You could choose a network of doctors and hospitals, or a Health Maintenance Organization.

* Let's be clear about one thing: we're against forcing people into HMO's. The President's approach expands choices -- it doesn't constrict them.

3) OUTLAW UNFAIR INSURANCE PRACTICES

* The President's plan will make it illegal for insurance companies to: one, drop coverage or cut benefits; two, jack up your rates if you get sick; three, use lifetime limits to cut off your benefits; and four, charge older people more than younger people.

4) PROTECT MEDICARE

* At the same time that we must protect today's workforce and their families, the President believes very strongly that the true test of health reform is whether it's good for older Americans. That's why his proposal preserves and protects Medicare -- for our parents and grandparents and for ourselves when we grow old.

* The American Association of Retired Persons (AARP) says that the President's approach is the "best option for senior citizens." Older Americans will have: first, the right to choose their doctor; second, new prescription drug coverage; and third, some long term care protection.

5) HEALTH BENEFITS GUARANTEED AT WORK

* We want everyone who works to get health insurance at work, with employers and employees each paying part of the cost. This is the easiest, simplest way to make sure everyone has coverage because it's where the vast majority of Americans with private insurance get it today.

* The government will cover the unemployed, and will continue to cover older Americans with Medicare. That's how we make sure that everyone is covered.

* Guaranteeing health care benefits at work makes sense because it means that those businesses that today pay for health insurance for their employees -- and that is most businesses -- will finally have a level playing field. They won't have to pay more for their health insurance to make up for those companies that don't offer their employees health coverage or who drop their health coverage.

* The President's plan will put an end to all of this cost-shifting and free-riding. There will be less paperwork, less confusion -- and for most small businesses -- lower costs.

THE STAKES IN THE FIGHT FOR HEALTH CARE

* The debate that is now getting underway on health care is a once-in-a-lifetime chance for us to make change for the better. It will be a tough fight -- and it will take all of the energy of everybody here.

* But it's a fight we need to win -- for our country, our communities, our companies and employees and for our families and ourselves.

* Those who profit off the current health care mess will do everything they can -- and they will spend millions -- to confuse people, to scare people, to make people think reform is too complicated or that it just can't happen.

* This time, though, the American people are not going to be scared. They're sick of being ripped off. They want change. They demand change. If we do our jobs -- we'll have the American people's support to pass this plan -- and their gratitude for health security we can all count on.

* In closing, let me just urge everyone of you to get involved, join the President's fight, learn the truth about health care reform and spread the word. Mobilize your friends and your group members and help us win this victory. Because this is something that each one of us is going to look back on in years to come -- and be proud that we were here to win this one.

* Thank you very much.