4.18

Transportation Trends

REMARKS PREPARED FOR DELIVERY
U.S. SECRETARY OF TRANSPORTATION
FEDERICO PEÑA

18th ANNUAL JOINT BUSINESS CONFERENCE
OF THE USA-ROC AND ROC-USA ECONOMIC COUNCILS

TAIPEI, TAIWAN
DECEMBER 5, 1994

INTRODUCTION

Let me precede my remarks by saying that I ended last week by attending the inauguration of the new President of Mexico, Ernesto Zedillo in Mexico City. I will end this week by joining President Clinton and the leaders of 34 nations from the Western Hemisphere in Miami, Florida for the Summit of the Americas.

Linking those momentous events half way around the globe with this meeting here today is the revolutionary ideal of free trade. It is an ideal embraced by the leadership of Taiwan, of Mexico, throughout the Pacific Rim and increasingly in Latin America.

So it is with profound pleasure that I am here among the people of Taiwan -- true friends and long-standing partners, who share with the American people this ideal of free trade and the prosperity it fosters.

It is a particular pleasure for me to note that the first U.S. Cabinet Secretary to address this distinguished forum was my predecessor at the Department of Transportation, Sam Skinner -- who spoke at your 1991 meeting in Salt Lake City.

And I look forward to returning Taiwan's gracious hospitality next year when I will be hosting the summit of transportation ministers from the Asia Pacific Economic Cooperation economies -- including Taiwan -- to discuss region-wide transportation issues.

I am proud that my Department has played such a vital role in strengthening the close, robust ties between the people of Taiwan and the people of the United States.

This relationship has endured many decades. Today, it is stronger today than ever before. It is sustained by the deeply-held faith we share in education, in the value of work, in savings and investment, in mutually-beneficial exchange and in the dignity of all people. Taiwan's commitment to becoming an ever-more

- more -

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

vibrant democracy further deepens our ties.

As it has been throughout Taiwan's rise to its place as one of the world's strongest economies and great trading powers, the United States' relationship with Taiwan will continue to be that of a close friend.

I say this confidently. When President Clinton asked me to speak to you, he spoke of his own deep belief in the benefits of expanded world trade -- for the United States and for our trading partners.

OUR COMMITMENT TO EXPANDED WORLD TRADE

As many of you know, President Clinton worked hard to expand trade when he was Governor of the State of Arkansas -- visiting Taiwan several times to expand exchange and investment.

He has continued to act on his belief in free trade since first taking office as President.

Last year, despite strong opposition, he won passage of the North American Free Trade Agreement. This agreement now links the United States, Mexico and Canada in the largest free trade zone in human history.

Last week with President Clinton's strong backing, members of Congress from both political parties ratified the latest round of the General Agreements on Tariffs and Trade.

This historic accord, the largest tax cut in world history, will lower barriers to trade all over the world and sustain the movement toward free markets and free enterprise everywhere.

The victory of GATT is good news for America, good news for Taiwan, whose membership in GATT we strongly support, and good news for the entire world's economy.

But it is only one reason why those of us who believe in a more open and prosperous world trading order have found the past few weeks so exciting and so full of hope.

Another reason for celebration was last month's historic commitment by the leaders of the Asia Pacific Economic Cooperation economies to achieving free trade in the whole region by the year 2020.

The developed nations of APEC pledged to tear their trade barriers down even sooner -- by 2010.

Given the continuing strong economic growth of Taiwan, it is expected that you will solidify your position as a developed partner of APEC well before 2010 -- and join in the benefits of fully-free trade.

Together, the people of Taiwan and the people of the United States can both benefit

from the growth of what is clearly the most dynamic economic region on earth.

The economies of East Asia have already grown from just four percent of world output in the early 1960's to a quarter of global production today. These economies are likely to account for one-third of the world's output by the year 2000 -- and the United States will be deeply engaged with them as they grow.

As a Pacific nation, with firm and continuing security commitments to this region, the United States has seen its trade relations shift dramatically eastwards in recent years -- so that cross-Pacific trade is now 63 percent greater than trade with our partners across the Atlantic.

This trend is sure to continue. And our trade links to Taiwan will grow with it.

Taiwan is already our sixth largest export market in the world, second only to Japan in Asia. U.S. exports to Taiwan -- $18 billion last year -- were more than our sales to France or Italy.

And while Taiwan's exports have diversified broadly from the years when the United States accounted for more than half of your foreign sales -- we are still Taiwan's number one customer in the world -- buying nearly $24 billion worth of Taiwan's exports last year.

In fact, there may be no better proof of the mutual gains that trade can bring. As your best customer, we have seen the standard of living of Taiwan's people rise vastly over the past three decades. Now, the people and businesses of Taiwan have become truly major importers of U.S. goods -- one of our best customers in the world.

We anticipate that American exports to Taiwan will continue to increase for three fundamental reasons:

The first is that Taiwan is now well along on a new stage of development, marked by a shift from labor-intensive manufacturing to a high-tech and service economy -- which U.S. makers of electronic components, software, computers, machine tools and other equipment are well-positioned to supply.

The second reason is that Taiwan's commitment to greatly-increased infrastructure development has -- and will -- provide growing opportunities for a wide array of United States' companies.

American firms offer world-class service and experience in highway, airport and port construction, in environmental protection, in motor vehicles, parts, construction materials and other equipment needed to help Taiwan achieve its goal of becoming a hub for regional transportation and commerce.

The third reason why U.S. sales to Taiwan should grow is that American companies and American workers themselves have made dramatic gains in productivity in recent years.

From aerospace to microchips to tractors, computers, power plants, telecommunications, design, engineering, financial services and numerous other sectors -- U.S. companies offer some of the most competitive products in the world today -- in precisely the areas that Taiwan has identified as vital to achieving its own next stage of development.

I believe that U.S. companies have a great deal to offer now -- as Taiwan seeks to dramatically improve its existing transportation infrastructure and position itself as a crossroads for Asia-Pacific commerce.

THE KEY ROLE OF TRANSPORTATION

Taiwan authorities deserve credit for realizing that the quality of any region's transportation infrastructure -- and the liberties that commercial shippers and carriers enjoy in moving people and goods -- have become more important than ever.

We see some of the results in the rise of the port of Kaosiung to become the world's third largest, the strong growth of Taiwan's airline industry, the success of Evergreen Marine Corporation -- the world's largest shipping line -- and the bustle of infrastructure projects throughout the island.

The emergence of a truly global economy makes transportation an even more vital determinant of national and regional success. The mobility of resources and capital poses significant challenges not only to Taiwan, but to all nations, including the United States.

That's why President Clinton has proposed extensive new investment in America's own transportation infrastructure -- our roads, our mass transit systems, our railroads, our airports, and our communications systems -- the new "information highways" of the future.

We believe -- as Taiwan does -- that the "return" on such investments in transportation are enormous.

For example, since transportation accounts for more than 16 percent of the United States' GNP -- more than $1 trillion a year -- a 1 percent improvement in the overall efficiency of our transportation systems could yield $100 billion in total economic gains over a decade.

Indeed, competitive nations all over the world have come to understand the link between transportation

investment and long-term economic growth.

Asian governments will spend upwards of $1 *trillion* on infrastructure in coming years. Western Europe is spending even more on a multi-year, high-speed interregional transportation network of railroads and highways.

This worldwide movement to create modern, efficient highways, ports, airports, railways -- and forge intermodal links between them -- presents every nation and region on earth -- with a strict imperative: continue to invest and upgrade tour national transportation infrastructure or imperil your capability to compete on the world stage.

In transportation, as in riding a bicycle, the basic rule is that there is no standing still.

Any economy that wants to foster industrial and commercial investment -- whether from domestic or global enterprises -- must provide the modern transportation links and business services that such enterprises need -- and increasingly demand.

It is this imperative that makes the ambitious infrastructure investments underway in Taiwan so necessary -- and so promising.

By providing the proper financing and ensuring that these highways and rail lines and airports and ports and transit systems are designed in a way that links them effectively to each other, Taiwan will sustain its long-term economic growth -- attract investors -- and provide the foundation for becoming a key hub of the world's fastest-growing region.

I commend the people of Taiwan for the vision they have shown in committing to these investments -- and we believe that U.S. companies have much to offer in transforming these visions into realities.

We know, as the people of Taiwan do, that physical infrastructure is vital to any area that seeks to attract foreign investment and become a true Regional Operations Center.

But so is the removal of government-imposed barriers to transportation, finance, and other business-related services -- and the commitment by local authorities to allowing real competition in providing these services.

The United States, for example, has reaped great benefits for our whole economy by dramatically liberalizing regulations on trucking, shipping, rail freight, airline services and more recently banking.

We have seen vast increases in the productivity of our economy as a whole -- precisely because U.S. shippers and travellers enjoy lower prices and excellent service from a wide range of highly competitive carriers that offer them a range of

options for moving goods and people to markets and destinations.

In light of that experience, our view is that Taiwan authorities can provide great benefit to their own economy by allowing U.S. transportation firms a fair and equal opportunity to provide the world-class services that all companies seek when establishing a Regional Operating Center.

We already enjoy a mutually beneficial relationship with Taiwan in aviation, for example. If and when air and sea transportation across the Strait begins, we expect that U.S. companies will be allowed to compete in providing those services as well -- services that will be essential if Taiwan is to compete with other potential centers like Hong Kong, Singapore and Shanghai.

We believe this will benefit Taiwan's own economy -- and improve its chances of successfully becoming a regional hub. Opening greater access to U.S. financial service providers, law and accounting firms, cargo carriers and other business service providers can serve the same goal.

Ambitious regional centers everywhere -- including those within the U.S. itself -- increasingly realize that access to a full range of globally-competitive business services -- in transportation, finance and communications -- is the central consideration in any international company's location decisions.

Moreover, permitting and fostering such a full array of business services brings great benefit to the most dynamic domestic companies as they grow and seek to extend their reach to new markets around the world.

Economies that allow entrepreneurs -- foreign and domestic -- to develop these services are the ones that will attract international investment in the 21st century.

We applaud the efforts of Taiwan's authorities to liberalize access to these markets and we urge you to continue them.

Again, we do so not just because U.S. companies can benefit -- although they will -- but because we can <u>both</u> benefit.

This was a revolutionary theory when Adam Smith advanced it more than two centuries ago in his Wealth of Nations.

Today, it is the common sense of the whole planet.

Literally billions of people are now seeking the wealth and opportunity that free markets bring.

In the past four decades and more, the people of Taiwan and the people of the United States have proven that this theory works -- in practice.

In the decades to come, I am sure that we can sustain our growing trade, deepen our friendship and prove that liberal economic policies are also liberating -- enabling free peoples everywhere to realize the potential they have always had inside.

Thank you very, very much.

#####

4 17

DEDICATION OF THE ROBERT S. MARX MEDIA CENTER

BY THE SECRETARY OF TRANSPORTATION

A PROCLAMATION

WHEREAS Robert S. (Bob) Marx served the Department of Transportation for 27 years, joining the Secretary of Transportation's Office of Public Affairs in 1971, and rising to become Director of Public Information; and

WHEREAS Bob Marx exemplified the finest traditions of public service as he continued the legacy of professionalism in his office and maintained its reputation for fairness and excellence during his time as its leader; and

WHEREAS Bob Marx was a wise counselor and confidant to successive Secretaries of Transportation, a respected and trusted liaison with the news media, and an admired friend to his fellow employees;

NOW, THEREFORE, I, FEDERICO PEÑA, Secretary of Transportation, do hereby proclaim that the Department of Transportation's Multipurpose Briefing Room shall be renamed the Robert S. Marx Media Center to honor his memory.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of December, in the year of our Lord nineteen hundred ninety-four and of the Independence of the United States of America the two hundred and nineteenth.

Federico Peña

4.16

U.S. Department of Transportation

News:

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

Contact: Bill Adams
Tel.: (202) 366-5580

TAIWAN DEPARTURE STATEMENT BY SECRETARY FEDERICO PEÑA
Wednesday, December 7, 1994

I would like to thank the people of Taiwan for the warm welcome I have received. I have enjoyed my first visit to Taiwan, and look forward to an opportunity to return.

I also want to thank the USA-ROC Economic Councils for inviting me to address their 18th Annual Joint Business Conference. These two organizations have made outstanding contributions to the strong commercial ties between Taiwan and the United States.

During the course of my unofficial visit, I had the honor of meeting with President Lee, Premier Lien and other Taiwan leaders. These discussions were very productive reflecting the deep, long-standing friendship between our two peoples. I reaffirmed President Clinton's commitment to strengthen this friendship through economic and cultural ties. I also commended Taiwan's leaders for their success in creating a more vibrant, open democracy. The people of Taiwan should be proud of the strong turnout at the polls last Saturday.

I told President Lee and his colleagues that the United States is proud of the contribution American companies have made to Taiwan's "Economic Miracle". Our businesses -- especially the transportation sector -- stand prepared to help Taiwan's economy continue its progress into the next century.

The American private sector is highly competitive and a world leader in advanced technologies. This week, I witnessed the signing of an important contract underscoring the ability of American technology to help Taiwan protect its environment. Westinghouse Electric Corporation will be providing advanced technology for two municipal solid waste incineration plants. This is the first time Taiwan has chosen American technology in its incineration projects.

- more -

Once again, I would like to thank the people of Taiwan for their hospitality. I look forward to reciprocating next year when I host the APEC Ministerial Summit Meeting on Transportation. I hope that my visit this week has contributed to the strengthening of economic and cultural ties between our people.

Thank you very much.

# # # # #

DRAFT

415

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SUMMIT OF THE AMERICAS LUNCHEON
MIAMI, FLORIDA
DECEMBER 9, 1994

Good afternoon. Today, I would like to speak about three topics. First, the importance of reducing barriers to free trade. Second, how transportation can allow us to benefit from increased trade. And finally, strategies for providing the transportation infrastructure we need to tie the Americas together.

I. The Importance of Free Trade

We are heir to a world of expanding democracy and free markets. This expansion of freedom gives all of us the opportunity -- and the duty -- to find ways to raise the standard of living of our peoples.

President Clinton wants to do this by increasing trade and other economic links between our nations. We Americans believe that free people have nothing to fear from free trade -- that we can all prosper together. That is why the Clinton Administration believes so strongly in knocking trade walls down -- not in hiding behind them.

And that is why we so strongly support free trade treaties -- like the North American Free Trade Agreement and the General Agreement on Tariffs and Trade -- GATT.

Lower trade barriers and bigger markets enable companies and workers everywhere to reach more consumers. That is why the United States has also begun bilateral market-opening efforts around the world -- as we are doing, for example, in trying to liberalize aviation agreements.

Now that NAFTA and GATT have been approved, the next step -- as envisioned by President Cesar Gaviria of Columbia -- is "the Americas, integrated from north to south."

We can realize this dream. We can begin breaking down the outdated economic barriers which now separate us, by shifting towards freer movement of trade and investment capital and supporting democracy throughout our Hemisphere.

II. The Role of Transportation

A) Transportation and Trade

The stakes in achieving freer trade -- and the benefits that it can bring to our peoples -- are enormous. But trade cannot increase -- and our economies cannot grow -- unless we can move people and goods efficiently.

Inadequate transportation infrastructure and restrictive transportation policies are among the greatest barriers to increased international trade.

These are problems common to most nations of this hemisphere -- including the United States. Because, while a sound infrastructure will not guarantee economic success, the lack of one certainly is a barrier.

As free trade stimulates economic development, good transportation links become even more important. For example, after Venezuela signed a free trade agreement with Columbia, trade soared by 40 percent in the next year -- spurring the need for highway, port, and airport improvements to handle the increased traffic.

Clearly, we all need to maintain and develop our transportation infrastructure if we are to realize our potential for growth.

Free trade also pushes us all to clarify and simplify business rules and strengthen safeguards for investors. That, in turn, lowers risk and helps attract capital to investments in toll-roads, highways, and other infrastructure projects.

III. Serving Trade Through Transportation

A) Strategic Public Investment

As we look at the problem of inadequate infrastructure, we see several solutions.

First, we call for greater public infrastructure investment. Although many nations in our hemisphere face severe budgetary constraints, we *must* continue to invest in projects of national strategic importance -- because public spending on transportation projects yields *real* benefits.

In the United States, President Clinton set priorities, and found reductions elsewhere in the budget -- while raising our public investment in transportation to record levels.

B) Involving the Private Sector

But government can't solve all of our transportation problems ourselves. That leads to the second solution: involving the private sector in transportation infrastructure development. Given the scale of infrastructure needs and the limits on government revenues, new private investment is absolutely necessary.

What is more, we need not only private money -- but also the spirit of entrepreneurship and the efficiencies of private management.

Although private investment capital is critical, strategies in which the private sector builds and operates facilities have great potential, too. Nations such as Chile, Mexico, and Argentina have used this strategy with great effectiveness, and we are beginning to do so here in the U.S.

C) Transportation Deregulation

The other side of privatization is deregulation. The U.S. began to significantly liberalize air, rail, truck, and ocean shipping regulation during the late 1970s. Other nations, such as Canada, Mexico, and Chile, have followed the same course.

These reforms allow carriers greater flexibility to choose markets, to set prices to reflect market conditions, and to make a fair profit.

Our experience is that, by stimulating competition in price and service, deregulation has saved shippers and travellers billions of dollars, raising our whole economy's efficiency. U.S. manufacturers, for example, have been able to adopt "just-in-time" production methods that would not previously have been possible.

Most of these reforms have been limited to domestic service, however -- there are fewer examples of liberalization of international operations.

Many aviation agreements permit only limited carriers and routes, and rigidly control fares. Trucks frequently are not allowed to cross borders, and must transfer their cargoes. Railroads, built to serve domestic needs, do not effectively serve long-haul international markets. Strict foreign investment rules often bar overseas capital from investing in sectors that sorely need improvements.

All of these restrictions prevent the creation of strategic alliances among carriers to serve international markets, and inhibit the development of international intermodal services.

None of us can any longer afford to tolerate the waste that unnecessary or inefficient regulations create. *All of us* have to reexamine the goals which our transportation regulations were intended to meet -- and determine whether they still make sense.

We must evaluate our regulations -- for both domestic and international services -- and eliminate those which no longer meet public goals. And for those regulations which *are* necessary -- such as those for safety -- we must ensure that they are as clear, fair, and efficient as possible -- so that they do not needlessly limit competition or keep private businesses from participating in our transportation systems.

D) The Role of Technology

Some of the most promising solutions to transportation problems are technology-based. In the U.S., we have made the deployment of high technology -- the technology that won the Cold War and the race to the Moon -- one of our highest transportation priorities.

These technologies can increase the efficiency of operating systems, reduce costs, and improve the links between forms of transportation.

Technology also means the creation of an *information* infrastructure that parallels the *physical* infrastructure of our transportation system -- providing detailed data on our system and what is being transported on it.

Such technology has enormous potential for improving border crossing management, where modern sensing devices, information processing, and communications systems can ensure border security and safety even while reducing processing time. We already are testing such a system on a major U.S. highway.

And global positioning system satellites will not only bring a revolution in airline navigation, but also allow the tracking of cars, trucks, railcars, barges, and ships -- and the goods they carry -- from anywhere in the world, letting shippers plan better.

This will improve the transportation systems of *all* nations, and the United States stands ready to help other nations -- as we have by offering the use of our satellite positioning systems to the world's aviation community.

Closing

The things I have called for today -- increased free trade, investment in transportation infrastructure, deregulation, and the deployment of high technology -- are not radical ideas. Rather, they are common-sense strategies for removing the barriers which separate us -- whether regulatory, institutional, or political.

And that is the way it should be. From north to south, we are one hemisphere -- born of the Old World, and yet we are wonderfully different. *We* are the future of this planet.

We in the Americas have always claimed the right to throw off the burden of the Old World's conflicts and prejudice.

Our hemisphere is hardly perfect -- *far from it*. But 500 years after Columbus, we are *still* the *New* World -- the place where men and women from all over this planet have come to begin anew, together.

In that spirit, let us resolve to continue working together, to strengthen our trade links, to deepen our common commitment to freedom and democracy, and to improve the lives of *all* of the people of our Americas.

Thank you.

# # # # #

4.14

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
LATINO LEADERS RECEPTION
MIAMI, FLORIDA
DECEMBER 10, 1994

Good morning. Before I begin my remarks, I want to thank Joe Velasquez for that introduction -- and I would like to thank the members of the Congressional Hispanic Caucus and the Latino Alliance on the Summit of the Americas for their sponsorship of this session.

I also want to salute my old friend, Luis Laredo, for his efforts in his role as executive director of the Summit. It's already clear that the Summit will be a success -- and that's due in large part to his leadership.

Finally, I want to recognize the work that my fellow member of the Cabinet, Henry Cisneros, has done at the Department of Housing and Urban Development over the past two years. Henry and I came to know each when we were both mayors -- he in San Antonio and I in Denver -- and my respect for his vision and sensitivity has continued to grow through the years.

This is a remarkable moment in the history of our nation -- and of the Western Hemisphere. It is a time when the rhetoric about a global community founded on democratic, market-oriented values is becoming reality -- a time in which we have the best prospects in generations for worldwide economic prosperity.

We have the chance to create a community of free states -- diverse in many ways, but sharing a commitment to freedom, to open economies, and to higher standards of living for all of their peoples.

The Summit of the Americas is only the latest in a series of events over the past year which have opened the door to this opportunity -- together with the passage of trade treaties such as NAFTA and GATT, last month's APEC summit at which Pacific Rim nations agreed to move

towards free trade, and the ongoing efforts to open Japanese markets to foreign goods and services.

Although it is but the latest step, this week's Summit is of the greatest significance. Our nations have declared that democracy must remain the norm throughout the Hemisphere -- that a strong dedication to democracy is the foundation for a hemispheric partnership which will improve the quality of life for people from the Yukon to Patagonia.

This partnership also will promote prosperity by increasing trade and investment. We need to do this if we are to take full advantage of the incredible resources our hemisphere offers. By the turn of this century, we will have a combined gross national product exceeding $9 trillion, and a population which will approach 800 million people -- all of whom yearn for a better life, and are willing to work hard for it.

Such a partnership also is necessary if we are to meet the many challenges which we will face in the coming century: competing in a demanding global economy; providing access to education, to health care, and to other needed human services; and protecting our natural environment.

We also will need to work together on issues which transcend national borders, such as terrorism and the smuggling of illegal drugs. These threaten not only the health and safety of individuals, but the quality, even the survival, of democracy itself.

Most importantly, all of these efforts must be sustainable if our children and grandchildren are to enjoy their benefits as well.

After extensive consultations among all of the Summit's participants, three broad themes were established for this Summit's agenda.

First, *making democracy work*. We seek to institutionalize representative, democratic states -- governments which are responsive to the concerns of their peoples, and effective at addressing those needs.

Second, *making democracy prosper* through hemispheric economic integration -- maximizing the potential of our economies by cooperation, and promoting open markets and the free movement of capital to sustain -- and expand -- the benefits of growth.

Finally, *making democracy endure* -- through sustainable development. That means improving the well-being of the peoples of the Americas by alleviating poverty and raising standards of health and education, and by creating an awareness of the need to protect -- and renew -- environmental resources for future generations.

This Summit will begin the work of achieving these goals by generating specific initiatives which will be adopted by the participating nations.

In coming years, the American nations will work to ensure open and honest government, and try to ensure that necessary basic educational and health care services are provided. Meeting these basic human needs is essential to preserving the legitimacy of democratic governments everywhere.

The leaders of the American nations will also take concrete steps to advance free trade and the liberalization of capital markets throughout the hemisphere, building on the work done through NAFTA, through the Central American Common Market, the Andean Group, Mercosur, and the new G3 group.

And finally, we will support the development of the physical -- and the information -- infrastructures necessary for economic success in the 21st century. As these infrastructures are developed, we want to provide incentives for energy efficiency, for sound environmental protection, and for the preservation of biodiversity so that the well-being of future generations can be ensured.

For Latino Americans, there are important roles to play in many of these solutions -- and especially in developing the economic institutions and relationships which are essential to political stability and to sustained prosperity.

Latino businesses have flourished in the United States in recent years -- the result of generations of dedication and hard work. Our growing economic ties to Latin America offer an unparalleled opportunity for us to help our neighbors become stronger trading partners and to strengthen their own economies.

Building bridges is better than building walls, and supporting the efforts of Latin American nations to build strong market economies can serve other goals. Rising economic opportunity around the world, for example, can reduce the incentive for illegal immigration to the U.S.

The Latino American leadership we need to do all that is right here -- *in this room*. We already have made great strides -- Latino Americans hold positions of leadership throughout business, government, and other sectors.

This leadership must extend to the international realm, and not be limited to domestic issues such as civil rights or bilingual education. The decisions which are being made on trade, on immigration, and on a host of other issues have significant impacts on our communities. Whatever your views, it is crucial that *you* take *your* place at the table.

It is clear that Latino organizations do indeed have the clout to affect issues of national importance. And, in an era in which the line between domestic and foreign policy issues is increasingly blurred, there are natural issues which merit the focus of the Latino community -- such as effective implementation of the North American Development Bank, immigration, and trade issues with Latin American nations.

We see already see the fruits of a rise in Latino leadership on foreign policy issues. For example, the Latino community fully understood the stakes in the debate on NAFTA, and was instrumental in its passage. Some developments -- such as NADBank -- were largely due to our advocacy.

So, the opportunities for leadership are there. We have only to seize them. It is up to you, as Latino leaders, to carry this beginning forward. Because *you* are the future of this nation. Within our lifetimes one in four Americans will be of Latino descent -- and *you* must be prepared to accept the responsibilities of leadership.

The stakes are so very high -- but the prize is worth it. President Cesar Gaviria of Columbia has set forth a vision for the future of "the Americas, integrated from north to south."

What an inspiring vision that is! A vision of our nations working together to improve the lives of our peoples. The heirs of George Washington and Simon Bolivar once again sharing a dream of freedom and progress!

We *can* realize this dream. We *can* begin breaking down the outdated economic barriers which now separate us, by shifting towards freer movement of trade and investment capital and supporting democracy throughout our hemisphere.

As Latino Americans, we have a unique opportunity -- and a special responsibility -- to lead this effort. *We* can be the bridge *between* north and south.

Because, *from* north to south, we are one hemisphere -- born of the Old World, and yet so wonderfully different. 500 years after Columbus, we are *still* the *New* World -- the place where men and women from all over this planet have come to begin anew, together.

In that spirit, let us resolve to continue working -- together -- to strengthen our Latino communities, to deepen our common commitment to freedom and democracy, and to improve the lives of *all* of the people of our Americas.

Thank you.

# # # # #

4.13

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SUMMIT OF THE AMERICAS LUNCHEON
MIAMI, FLORIDA
DECEMBER 10, 1994

Opening

Good afternoon. I'm pleased to join you for this session at the Summit of the Americas -- a milestone for the economic future of all the American nations.

I'd like to thank my old friend Luis Laredo and the Florida host committee for making this session possible. They understand the critical role that rising international trade will play in ensuring that Florida's -- and the entire nation's -- economy thrives in the coming years.

This summit carries on the work that the Clinton Administration began with our victorious campaigns for NAFTA and GATT -- our efforts to open Japanese markets to American goods and services ranging from medical technology to telecommunications to insurance -- and our work at last month's APEC summit, where Pacific Rim nations agreed to move towards free trade in the years to come.

This is a magic moment in the Western Hemisphere, a chance to ensure the lasting success of democracy and market economies by making free trade a reality.

And so today I would like to speak about three topics.

First, the importance of reducing barriers to free trade.

Second, how transportation can help us to benefit from increased trade.

And finally, strategies for providing the transportation infrastructure we need to tie the Americas together.

I. The Importance of Free Trade

We are heir to a world of expanding democracy and free markets. Just within the last decade, the number of people living in countries with capitalist economies has tripled -- from one to three billion. In the Western Hemisphere, every nation but one has a freely-elected government.

This expansion of freedom gives all of us the opportunity -- and the duty -- to find ways to raise the standard of living of our peoples.

President Clinton wants to do this by increasing trade and other economic links between our nations. We Americans believe that free people have nothing to fear from free trade -- that we can all prosper together. That is why the Clinton Administration believes so strongly in knocking trade walls down -- not in hiding behind them.

And that is why we so strongly supported free trade treaties -- like NAFTA and GATT.

NAFTA, in place for just a year, has already been a success. U.S. exports to Mexico are at record levels, and rose 17 percent in the first six months of this year alone.

And imports from Mexico have grown strongly as well -- not only reflecting the U.S. economy's solid recovery, but also demonstrating the mutual benefits of free trade.

GATT will be equally successful. GATT will have the effect of the largest worldwide tax cut ever -- and we estimate that it will contribute $110 billion a year more to U.S. production alone -- with far greater gains worldwide as trade barriers fall.

Ratifying GATT was the right thing to do -- the single best way to fuel the economic growth that the whole world needs.

Lower trade barriers and bigger markets enable companies and workers everywhere to reach more consumers. That is why the United States is working not only for broad trade treaties, but for bilateral

market-opening efforts around the world -- as my own department is doing, for example, in trying to liberalize world trade in aviation.

Now that NAFTA and GATT have been approved, the next step -- as envisioned by President Cesar Gaviria of Columbia -- is "the Americas, integrated from north to south."

And what an inspiring vision that is! A vision of our nations working together to improve the lives of our peoples. The heirs of George Washington and Simon Bolivar once again sharing a dream of freedom and progress!

We can realize this dream. We can begin breaking down the outdated economic barriers which now separate us, by shifting towards freer movement of trade and investment capital and supporting democracy throughout our hemisphere.

II. The Role of Transportation

A) Transportation and Trade

The stakes in achieving freer trade -- and the benefits that it can bring to our peoples -- are enormous. But trade cannot increase -- and our economies cannot grow -- unless we can move people and goods more efficiently.

Inadequate transportation infrastructure and restrictive transportation policies are among the greatest barriers to increased international trade.

These are problems common to most nations of this hemisphere -- including the United States. In fact, we estimate that it would cost almost $300 billion to eliminate the backlog of deficiencies on U.S. roads and bridges.

Now, while a sound infrastructure will not guarantee economic success, the lack of one certainly is a barrier.

And the World Bank has calculated a direct, one-for-one correlation between improvements in infrastructure and increases in Gross Domestic Product.

The links between transportation and growth do exist, and they are made clearer by the demands created as free trade stimulates economic development.

For example, after Venezuela signed a free trade agreement with Columbia, trade soared by 40 percent in the next year -- spurring the need for highway, port, and airport improvements to handle the increased traffic.

Clearly, we all need to maintain and develop our transportation infrastructure if we are to fully realize our potential for growth.

Free trade also pushes us all to clarify and simplify business rules and strengthen safeguards for investors. That, in turn, lowers risk and helps attract capital to investments in toll-roads, highways, and other infrastructure projects.

And free trade accords can help to create institutions to provide infrastructure development capital -- such as the North American Development Bank, which funds environmental and infrastructure projects along the U.S.-Mexican border.

III. Serving Trade Through Transportation

A) Strategic Public Investment

As we look at the problem of inadequate infrastructure, we see several solutions.

First, we call for greater public infrastructure investment. Although many nations in our hemisphere face severe budgetary constraints, we *must* continue to invest in projects of national strategic importance -- because public spending on transportation projects yields *real* benefits.

In the United States, we have reduced the federal budget deficit for the third consecutive year by cutting spending. *But we did not adopt mindless, across-the-board cutbacks.*

Instead, President Clinton set priorities, and found reductions elsewhere in the budget -- while raising our public investment in transportation to record levels.

We are devoting more than 70 percent of our 1995 federal transportation budget to such investments. And we are crafting new, innovative financing ideas to help states and local government to raise their transportation investments, too -- often in partnership with private business.

And, in the future, we will guide investment through a new National Transportation System -- an integrated network that includes the most strategic roads, railroads, waterways, and other forms of transportation throughout our nation -- as well as their connections. This National Transportation System will focus our investments to meet national goals of greater efficiency and competitiveness.

B) Involving the Private Sector

But government can't solve all of our transportation problems ourselves. That leads to the second solution: involving the private sector in transportation infrastructure development. Given the scale of infrastructure needs and the limits on government revenues, new private investment is absolutely necessary.

We have seen private bond issues devoted to transportation in the U.S. rise 500 percent over the decade from 1983 to 1993 -- from $6 billion a year to $30 billion. Just over one-third of those bonds -- $11 billion worth in 1992 -- are being used to finance highways and toll roads.

These are substantial numbers. But we are not only mobilizing private money -- we are also applying the spirit of entrepreneurship and imagination and the efficiencies of private management to our transportation needs.

Although private investment capital can be a critical partner in some projects, strategies in which the private sector actually builds and operates facilities have great potential, too.

This is a strategy which nations such as Chile, Mexico, and Argentina have used with great effectiveness -- and which we are now beginning to employ here in the U.S. through innovative financing programs, use of road tolls, and privatization.

C) Transportation Deregulation

Deregulation of burdensome government rules in transportation is another key element in our strategy. The U.S. began to significantly liberalize air, rail, truck, and ocean shipping regulation during the late 1970s. Other nations, such as Canada, Mexico, and Chile, have followed the same course.

These reforms allow carriers greater flexibility to enter and exit markets, to set prices to reflect market conditions, and to make a fair profit.

Our experience is that, by stimulating competition in price and service, deregulation has saved shippers and travellers billions of dollars, raising our whole economy's efficiency.

Most of these reforms have been limited to domestic service, however -- there are fewer examples of liberalization of international operations.

Many aviation agreements permit only limited carriers and routes, and rigidly control fares. Trucks frequently are not allowed to cross borders, and must transfer their cargoes. Railroads, built to serve domestic needs, do not effectively serve long-haul international markets. Strict foreign investment rules often bar overseas capital from investing in sectors that sorely need improvements.

All of these restrictions prevent the creation of strategic alliances among carriers to serve international markets, and inhibit the development of international intermodal services.

None of us can any longer afford to tolerate the waste that unnecessary or inefficient regulations create.

All of us have to reexamine the goals which our transportation regulations were intended to meet -- and determine whether they still make sense.

We must evaluate our regulations -- for both domestic and international services -- and eliminate those which no longer meet public goals.

And for those regulations which *are* necessary -- such as those for safety -- we must ensure that they are as clear, fair, and efficient as possible -- so that they do not needlessly limit competition or keep private businesses from participating in our transportation systems.

D) The Role of Technology

Some of the most promising solutions to transportation problems are technology-based. In the U.S., we have made the deployment of high technology -- the technology that won the Cold War and the race to the Moon -- one of our highest transportation priorities.

These technologies can increase the efficiency of operating systems, reduce costs, and improve the links between forms of transportation.

And this is more than automated highways and similar innovations. It also means the creation of an *information* infrastructure that parallels the *physical* infrastructure of our transportation system -- providing detailed data on our system and what is being transported on it.

Such technology has enormous potential for improving border crossing management, where modern sensing devices, information processing, and communications systems can ensure border security and safety even while reducing processing time. We already are testing such a system on a major U.S. highway.

And global positioning system satellites will not only bring a revolution in airline navigation, but also allow the tracking of cars, trucks, railcars, barges, and ships -- and the goods they carry -- from anywhere in the world, letting shippers plan better.

This will improve the transportation systems of *all* nations, and the United States stands ready to help other nations -- as we have by offering the use of our satellite positioning systems to the world's aviation community.

Of course, we also expect all nations to help themselves -- by reducing the regulations that limit technology deployment and by developing the institutional frameworks which make technology-sharing feasible. *Together*, we can significantly improve the flow of goods across our borders.

Closing

The things I have called for today -- increased free trade, investment in transportation infrastructure, privatization, deregulation, and the deployment of high technology -- are not radical ideas. Rather, they are common-sense strategies for removing the barriers which separate us -- whether regulatory, institutional, or political.

And that is the way it should be.

From north to south, we are one hemisphere -- born of the Old World, and yet so wonderfully different. *We* are the future of this planet.

We in the Americas have always claimed the right to throw off the burden of the Old World's conflicts and prejudices.

Our hemisphere is hardly perfect -- *far from it*. But 500 years after Columbus, we are *still* the *New* World -- the place where men and women from all over this planet have come to begin anew, together.

In that spirit, let us resolve to continue working together, to strengthen our trade links, to deepen our common commitment to freedom and democracy, and to improve the lives of *all* of the people of our Americas. Thank you.

# # # # #

4.12

SUMMARY TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SUMMIT OF THE AMERICAS LUNCHEON
MIAMI, FLORIDA
DECEMBER 10, 1994

* **Summit of the Americas a milestone: carries on work of NAFTA, GATT, APEC summit, effort to open Japanese markets.**

* **Expanding democracy and free markets gives all of us the opportunity -- and the duty -- to find ways to raise the standard of living of our peoples. President Clinton wants to do this by increasing trade and other economic links between our nations: we believe in knocking trade walls down -- not in hiding behind them.**

* **Inadequate transportation infrastructure and restrictive transportation policies are among the greatest hurdles for increased international trade. While a sound infrastructure will not guarantee economic success, the lack of one is a barrier.**

* **Economic growth generated by free trade will create demands on our transportation infrastructure, so full realization of our potential for growth requires a fully-developed and maintained infrastructure.**

* **Free trade can help to solve infrastructure problems -- by simplifying business rules and safeguarding investors and by creating institutions that can provide infrastructure investment capital.**

* **Solutions to transportation infrastructure deficit: first, greater public infrastructure investment. Second, involving the private sector in infrastructure financing, development, and operation. Third, deregulation to stimulate competition and increase efficiency. Fourth, deploying advanced technology -- ITS, GPS -- to increase efficiency and reduce costs.**

* **These are not radical ideas, but common-sense strategies for removing the barriers which separate us -- whether regulatory, institutional, or political -- the removal of which will allow us to improve the lives of *all* of the people of the Americas.**

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NINTH STREET PEDESTRIAN MALL PROJECT RIBBON-CUTTING
MIAMI, FLORIDA
DECEMBER 11, 1994

* **It's great to be in Miami today to celebrate the latest step in revitalizing this great city. Your whole region has shown the commitment necessary to successful urban renewal -- a renaissance that we see symbolized before us in this beautiful new pedestrian mall.**

* **Miami's willingness to invest in its own future parallels President Clinton's determination to invest in America's infrastructure and in our people. Like you, this Administration is committed to building a better future for America.**

* **And the future is here in Miami. That's why I'm especially pleased today to carry out one of the most pleasant duties of my office: taking part in the opening of a new transportation link.**

* **The development of a complex project such as this required extraordinary efforts by a deeply-committed group of public officials. For the record, I'd like to acknowledge the efforts of those who are with us today.**

* **[ACKNOWLEDGEMENTS OF OTHER DIGNITARIES -- TO BE PROVIDED BY EVENT ORGANIZERS.]**

* **In recent years, Miami has become a national leader in developing transportation alternatives -- with cutting-edge projects like the Metrorail system, the Metromover, the Tri-Rail commuter rail system, and the South Dixie Busway currently under construction.**

* **Miami is continuing this new tradition by expanding the Ninth Street Pedestrian Mall -- an effort to improve mobility while revitalizing the historic Overtown community.**

* **And, by providing access for buses and jitneys and being located near the Overtown Metrorail Station and the Arena/State Plaza Metromover Station, it supports our goal of integrating different forms of transportation into a seamless system. It gives travelers more options, and lets them select the best way to travel and to make easy connections.**

* **Miami has demonstrated that this city aims to find efficient, environmentally-sound ways of meeting its people's travel needs. It has made walking, bicycling, and mass transit a more vital component of the city's transportation system, and provides viable alternatives to the single-occupant automobile.**

* **These integrated solutions place Miami at the cutting-edge of solving the traffic congestion and smog which choke so many of our cities. That's why I'm especially pleased to help open Phase II of the Mall, which was financed by over $2.1 million in Federal Transit Administration funds.**

* **In closing, I want to congratulate Miami on its excellent progress to date, and I look forward to and commend you for serving as America's model for the 21st century.**

# # # # #

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
MEETING WITH TELECOMMUNICATIONS INDUSTRY LEADERS
MIAMI. FLORIDA
DECEMBER 10, 1994

* **I'd like to welcome all of you to what I hope will be a very productive meeting. Today, I'd like to begin a dialogue with you about the opportunities in transportation for the information and communications industries.**

* **All of you are leaders in the effort to create the information highway -- and I know that I can speak for both President Clinton and Vice President Gore when I praise the work you've done in making America the world's leader in this area.**

* **My role involves a different type of highway -- the physical highway of roads, waterways, railroads, air flight paths -- the links which made this nation an economic powerhouse.**

* **Our transportation system has come under increasing pressure from limited capacity and from the rapid travel growth that comes with a strengthening economy.**

* **We no longer can afford to build *all* the roads and airports and other facilities that we might need, so we are working to manage travel demand more effectively through strategies which include advanced technology applications -- such as intelligent transportation systems.**

* **Why? Because, increasingly, the performance of these physical systems -- and their ability to sustain our economy -- is going to depend on how much information we can provide to travelers, shippers, and other system users.**

* **We see ITS as a way to increase transportation system efficiency, safety, and convenience. States and cities around the country are already looking to it as the next stage in their transportation systems**

-- because, in the future, more highways probably will be made from fiber optic cables than from asphalt.

* Over the next 20 years we expect that about $200 billion in public and private funds will be spent to make this a reality -- most of which will be spent on communications systems and information processing for monitoring traffic and supplying travelers with information.

* Your firms are among the champions of the National Information Infrastructure. Much of the technology you have been developing is going to be equally useful for transportation services.

* In the past, our two industries have been moving on parallel tracks. It's time for us to merge our courses, because there are benefits to be had by linking telecommunications, information processing, and transportation.

* Transportation agencies can build monitoring and control systems faster and cheaper by partnering with telecommunications firms. And new information technologies will help them to provide travelers with real-time information about travel conditions.

* Telecommunications firms can expedite *their* infrastructure development by taking advantage of public rights-of-way, and information providers and telecommunications firms can expand the markets for their products.

* None of this is fantasy -- *it's happening today*. Less than two months ago, Digital Teleport agreed to install a statewide fiber optic network in Missouri in exchange for being allowed to use highway rights-of-way for the communications services it will provide to medical and educational institutions. The state will receive its ITS communications backbone free of charge.

* In the northeast, Nynex Venture Company -- through Project Northstar -- is testing a personalized, real-time travel information service using cellular phones and FM sub-carrier communications, along with speech synthesis and personal communications devices.

* **And just 10 days ago *(November 30)*, we issued a Request for Information for a 1996 showcase of travel information services in the Atlanta area -- linked to the Olympics. It's an opportunity for private firms to demonstrate how advanced technology can speed travel and reduce aggravation.**

* **The opportunities for firms involved in ITS work are not just here in the U.S.: Latin America also offers opportunities for collaboration.**

* **For example, NAFTA is stimulating the flow of people and goods at border crossings -- and "smart cards" and other information technologies can allow paperless documentation for customs and immigration.**

* **Trucking firms will use fleet management technologies -- including global positioning systems and on-board computers -- to track drivers, vehicles, and cargo.**

* **Rapidly-developing new Latin American economies need not only new roads but also new telecommunications links -- and they can be provided together -- and not retroactively, as here in the U.S. -- reducing costs even further.**

* **We've been working to promote the use of ITS in Latin America through the Pan American Institute's transportation technology-sharing program and by helping Puerto Rico to develop an ITS strategic plan and become a showcase for its neighbors -- and we'll continue our financial support of research and development.**

* **But ITS won't -- *can't* -- happen without the private sector. That's why we want you to become involved. Today, I wanted to hear your thoughts about ITS, and how you think we can work together to make it a reality. Afterwards, I want to continue this dialogue, and expand it to include people like Dr. Chris Johnson, Director of our ITS Program office *(at [202] 366-2208)*.**

# # # # #

4.10

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
NINTH STREET PEDESTRIAN MALL PROJECT RIBBON-CUTTING
MIAMI, FLORIDA
DECEMBER 11, 1994

* **It's great to be in Miami today to celebrate the latest step in revitalizing this great city. Your whole region has shown the commitment necessary to successful urban renewal -- a renaissance that we see symbolized before us in this beautiful new pedestrian mall.**

* **Miami's willingness to invest in its own future parallels President Clinton's determination to invest in America's infrastructure and in our people. Like you, this Administration is committed to building a better future for America.**

* **And the future is here in Miami. That's why I'm especially pleased today to carry out one of the most pleasant duties of my office: taking part in the opening of a new transportation link.**

* **The development of a complex project such as this required extraordinary efforts by a deeply-committed group of public officials. For the record, I'd like to acknowledge the efforts of those who are with us today.**

* **[ACKNOWLEDGEMENTS OF OTHER DIGNITARIES -- TO BE PROVIDED BY EVENT ORGANIZERS.]**

* **In recent years, Miami has become a national leader in developing transportation alternatives -- with cutting-edge projects like the Metrorail system, the Metromover, the Tri-Rail commuter rail system, and the South Dixie Busway currently under construction.**

* **Miami is continuing this new tradition by expanding the Ninth Street Pedestrian Mall -- an effort to improve mobility while revitalizing the historic Overtown community.**

* **And, by providing access for buses and jitneys and being located near the Overtown Metrorail Station and the Arena/State Plaza Metromover Station, it supports our goal of integrating different forms of transportation into a seamless system. It gives travelers more options, and lets them select the best way to travel and to make easy connections.**

* **Miami has demonstrated that this city aims to find efficient, environmentally-sound ways of meeting its people's travel needs. It has made walking, bicycling, and mass transit a more vital component of the city's transportation system, and provides viable alternatives to the single-occupant automobile.**

* **These integrated solutions place Miami at the cutting-edge of solving the traffic congestion and smog which choke so many of our cities. That's why I'm especially pleased to help open Phase II of the Mall, which was financed by over $2.1 million in Federal Transit Administration funds.**

* **In closing, I want to congratulate Miami on its excellent progress to date, and I look forward to and commend you for serving as America's model for the 21st century.**

# # # # #

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
THE WINGS CLUB
MANHATTAN, NEW YORK
DECEMBER 14, 1994

INTRODUCTION

Thank you for that very kind introduction.

Before we begin, I want to ask everyone to observe a moment of silence for the fifteen people who died last evening in the air crash near Morrisville, North Carolina.....

I want to express on behalf of President Clinton and the American people, the sorrow we feel for all those who lost loved ones on the eve of the Christmas holidays.

This morning I visited the command center in Raleigh-Durham to find out as much as I could from the officials on scene.

I recent months, I've had the sad experience of visiting other crash sites -- and meeting people who lost loved ones. I will never forget what I have seen on the ground in these terrible incidents -- or what I felt in talking to survivors and the relatives of the lost.

Last night's tragedy only deepens my determination to ensure the safety of all air travelers.

At this time, with the investigation by the National Transportation Safety Board just beginning, we have no idea as to the cause of this crash. It is far to soon to speculate.

But it is not too soon for all of us involved in U.S. aviation to rededicate ourselves to the highest value that we have in common -- protecting the millions of lives entrusted to us every day.

I had planned to speak to the Wings Club today about the Clinton Administration's achievements in aviation and about the very dramatic initiatives we'll be taking in the near future -- on FAA reform, on consumer protection, in international aviation and other issues.

But what happened last night -- and what I saw this morning -- has moved me to focus today solely on aviation safety -- a concern that millions of Americans share today as we enter the busiest travel season of the year.

Ensuring safety is the highest priority of my Department -- and the most solemn obligation of my job.

It is first of all a moral commitment -- one that all of us in aviation share -- and which it is my duty to enforce. But safety is also, clearly, a bottom line, operational imperative for this industry.

We all know that despite last evening's tragedy, America's airline industry has compiled a track record -- for many years running -- of increasing safety and declining rates of accidents.

Aircraft manufacturers, airlines and the federal government all share credit for achieving consistent, long-term -- truly remarkable -- gains in safety even while airline passenger travel has expanded dramatically.

Last year, more than half a billion people flew more than half a trillion miles on U.S. airlines. And by doing so, they travelled in the safest possible way. The numbers bear it out.

Measured by person-miles of travel, major airlines are roughly thirty times safer than travel on our Interstates -- which are themselves the safest intercity highways on earth.

But these statistics have little meaning at a time like this. They cannot console the bereaved -- or sustain the public confidence this industry needs.

That's why safety has been the highest priority for me as Secretary and for FAA Administrator David Hinson.

Over the past two years we have taken a series of strong actions to increase air safety.

* We have hired 300 new safety inspectors and are proposing to hire 200 more.

* We have established a new FAA office whose sole responsibility is safety -- and which will report directly to Administrator David Hinson.

* We have insisted on retaining safety oversight within the FAA -- even after the air traffic system is restructured into a new entity.

* We have issued new duty-time and training regulations for flight attendant safety personnel and will propose such rules for pilots as well.

And just last week -- despite the inconvenience and expense it caused -- we acted to bar flights by ATR-42 and ATR-72 aircraft when icing conditions are present or forecast.

But last night's crash shows us that we have to do more.

Ladies and gentlemen, this was the fourth fatal commercial aviation crash in six months.

While there does not appear to be any link between these incidents, they do raise serious questions -- questions that the American people have a right to have answered.

These tragedies make it imperative that both industry and government redouble our efforts to ensure public safety and keep faith with the trust the people place in us.

Today, frankly, the reality is that Americans are increasingly uneasy with the state of aviation safety.

We in government must do better -- and so must the airline industry.

Today, I am announcing a three-point initiative to make that promise a reality.

First, we are committing to have a comprehensive regulatory proposal in place within 100 days.

The FAA is undertaking the most comprehensive set of rule changes ever to ensure that travellers enjoy one level of safety -- the highest -- whether they fly on 10-seat commuter planes or 400-seat jumbo jets.

We want any passenger stepping aboard any commercial flight in this country to be guaranteed that highest level of safety.

This comprehensive initiative is focusing on all key areas -- maintenance, operations, cabin safety, and certification.

This effort will be the single most urgent priority of my Department. We are making this commitment -- and we will keep it.

We are also finalizing new rules on crew pairing, to ensure that there is always enough experience in the cockpit, and will be revising training and duty-time requirements.

Secondly, David Hinson, the Administrator of the FAA and I are calling for a meeting of airline chief executives, safety chiefs, chief pilots and manufacturers.

We are asking all of you to join us in Washington immediatly after the New Year to work with us to systematically address public concerns about aviation safety.

We want to talk face-to-face about what we expect -- and we want to know what you are prepared to do to strengthen the confidence of the American people in air travel safety.

This is a shared responsibility. You have your jobs and we have ours.

Whenever necessary, we will not hesitate to exercise our full legal authority and take strong actions to ensure that our rules are fully met.

That brings me to the third element of our safety initiative: a special review of all air carrier safety programs and procedures -- beginning today -- to see that they are, in fact, using every tool available to comply with our safety rules. This special review will supplement some 400,000 safety inspections already conducted by FAA each year.

I know the people in this room share my view that safety is -- and always will be -- the fundamental thread running through everything we do in aviation.

It is the foundation stone on which this Administration's whole aviation strategy -- and the airline industry's future -- must rest.

Because no matter what else we do to improve our economy, or to re-structure airline businesses -- long term recovery depends on sustaining public confidence -- and public confidence depends on our making continuous gains in passenger safety.

The American people expect us to do this.

We can do it.

And by working together, our airline industry and our government will do it.

CONCLUSION:

I want to thank the Wings Club for your kindness in inviting me today.

I hope to come back soon at another -- happier -- time to talk with you about all of the actions we're taking in aviation:

-- to strengthen airlines finances
-- to open new foreign markets for U.S. carriers and aerospace companies
-- to reform ATC services and to protect consumers

All of these efforts fit together into a single, coherent strategy -- a whole that really is greater than the sum of its parts. It is a strategy designed to sustain U.S. airlines and aerospace industries as the leaders of world aviation for the 21st century.

But I know that all of you will agree with me that this lofty goal depends crucially on convincing the American people that we are doing everything humanly possible to uphold and improve the standards that have made U.S. aviation the safest in the world.

That is my highest value. It is my duty. And I will do everything I can to advance it.

Thank you very much.

#####

Transportation Trends

REMARKS AS DELIVERED BY SECRETARY OF TRANSPORTATION FEDERICO PEÑA

THE WINGS CLUB

MANHATTAN, NEW YORK
DECEMBER 14, 1994

INTRODUCTION

It's a great pleasure for me just to be here at the Wings Club.

Some of you may recall that I was originally scheduled to speak to you eleven months ago today but had to go to California instead to work on relief efforts after the Northridge Earthquake.

It was another earthquake, this one in Washington -- over the budget, the Congress and the structure and role of government -- that almost forced me to postpone this visit.

So it really is good just to be here -- with so many distinguished leaders of American aviation.

I had wanted to use this occasion to assess what this Administration has accomplished at the mid-point and -- more importantly -- look ahead to some very dramatic changes we're making now and goals that we want to achieve in the future.

TODAY'S TOPICS

And the three subjects I wanted to cover included:

First, our progress in assisting and supporting the financial recovery of U.S. airlines and aerospace industries -- and increasing their competitiveness -- both at home and in markets all over the world.

Secondly, our efforts to reform the FAA and the Department of Transportation itself to provide more efficient, effective service to the nation's aviation system and,

Thirdly, a reaffirmation of our mission to enhance safety and increase public confidence in air travel.

***"Aircraft manufacturers, airlines and the federal government all share credit for achieving consistent, long-term -- truly remarkable -- gains in safety even while airline passenger travel has expanded* dramatically."**

- more -

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

But in light of the tragic accident in North Carolina, from which FAA Administrator David Hinson and I have just returned, let me first address our efforts to enhance safety and public confidence in air travel.

For many years running, America's airline industry has compiled a track record of steadily increasing safety and declining rates of accidents and fatalities.

Aircraft manufacturers, airlines and the federal government all share credit for achieving consistent, long-term -- truly remarkable -- gains in safety even while airline passenger travel has expanded dramatically.

Last year, more than half a billion people flew more than half a trillion miles on U.S. airlines. And by doing so, they travelled in the safest possible way. The numbers bear it out.

Measured by person-miles of travel, major airlines are roughly thirty times safer than travel on our Interstates -- which are themselves the safest intercity highways on earth.

But at the Department of Transportation we have been determined to make air travel even safer.

That's why Administrator Hinson acted last week to bar flights by ATR-42 and ATR-72 aircraft when icing conditions are present or forecast.

That's why we have hired 300 new safety inspectors and established a new FAA system safety office reporting directly to Administrator David Hinson.

That's why we will retain safety oversight within the FAA -- even with the proposed restructuring of the air traffic system as a corporate entity.

And that's why we are taking action to ensure that safety standards for commuter airlines rise to the levels of major commercial carriers -- so that any passenger stepping aboard any commercial flight in this country will enjoy the same high level of safety.

I know that each of you, as with the American people, share my view that safety is -- and always will be -- the fundamental thread running through everything we do in aviation. Safety is the foundation stone on which our whole aviation strategy -- and the industry's future -- must rest.

Because no matter what else we do to improve our economy, or to re-structure airline businesses -- long term recovery depends on sustaining public confidence -- and public confidence depends on our making continuous gains in passenger safety.

And that is why today, after our trip to Raleigh-Durham, the site of yesterday's crash, I announced a series of three immediate, but prudent and methodical steps, to assure the American people that the government and industry will do all that we can to guarantee the highest level of safety.

First, the Administration and I are convening a meeting in Washington, of Senior Flight Operations Officers and Chief Pilots, of all air carriers in order to personally express our deep concern over this series of recent accidents. This meeting will provide an opportunity for a focused and intense session to discuss a broad range of safety issues.

Second, we are instructing FAA inspectors to conduct a special "safety procedures audit" of every carrier. This is in addition to their on-going inspection and safety responsibilities. Please remember that we are already adding 300 additional inspectors.

"I know that each of you, as with the American people, share my view that safety is -- and always will be -- the fundamental thread running through everything we do in aviation. Safety is the foundation stone on which our whole aviation strategy -- and the industry's future -- must rest."

Third, within the next 100 days, we will conclude the rule-making process already underway to elevate commuter airline safety standards to the same level as major carriers. This will include:

-- pilot training and certification

-- flight and duty time

-- and flight dispatching procedures.

I want to emphasize that aviation safety is a shared responsibility. Industry has its job and responsibility and the government has its responsibility. When necessary, we will not hesitate to take all necessary action to see that our rules are full met.

I believe these three steps are important to demonstrate to the American people that we will continue to maintain the highest safety standards in the world.

Let me now address my second topic: our efforts to support the recovery of America's airline industry.

RECOVERY AND COMPETITIVENESS

All of you remember that 22 months ago, when this Administration took office, we faced an airline industry in crisis, with multi-billion dollar losses still mounting, simmering labor

disputes, falling aircraft orders and rising airline protectionism worldwide.

The times demanded action -- and we acted.

In my very first days in office I called for the creation of the National Commission to Ensure a Strong, Competitive Airline Industry.

Today, we are acting -- on 50 of the Commission's 61 specific recommendations.

Of course, the Commission's advice was not all directed to government. One of its most important recommendations was that U.S. airline management and labor make the tough choices needed to cut costs and improve competitiveness.

Over the past two years, we've seen an on-going series of such actions by labor and management -- most notably at Northwest and United -- actions that we have facilitated and encouraged. These and other carriers have made the tough choices that have not only kept them in business, but positioned them to take part in a recovery.

"Because no matter what else we do to improve our economy, or to re-structure airline businesses -- long term recovery depends on sustaining public confidence -- and public confidence depends on our making continuous gains in passenger safety."

But as important as these efforts have been, the Airline Commission's single most crucial prescription -- one that reflects the highly-cyclical nature of the airline industry -- was that this Administration get America's economy moving again.

That is exactly what we're doing.

In the year and a half since President Clinton took office, America's economy has strengthened visibly -- creating more than 5 million new jobs, and a record number of new business incorporation last year.

This healthy, low-inflation economic growth is now fueling a real, measurable financial recovery in America's airline industry.

Of course, a full recovery from the financial losses of 1989 to 1993 will take several years. But we are seeing clear signs of a turnaround. Most analysts expect this still-young aviation recovery to continue.

For the first time in the 1990s, there are no major U.S. airlines operating in bankruptcy. And for the year that ended this September 30th, the nine major American carriers went from a net loss of $2.8 billion in the previous year to net profits of $700 million.

Revenues, passenger traffic and load factors are all up.

America's airline industry -- (management and labor) -- deserves credit for their hard work and sacrifice in achieving this recovery. But no one looking at the record can doubt that this Administration -- and my Department -- have acted forcefully to secure a healthy, competitive future for this nation's airlines and aerospace industries.

For example, we have:

* proposed restructuring FAA's air traffic control systems into a far more efficient, businesslike corporation....

* scrapped outdated and over-budget computer systems such as the AAS and MLS and moved to rapidly implement navigation by Global Positioning Satellite systems that will save airlines hundreds of millions of dollars a year in delays and fuel costs once fully deployed.....

* supported the passage last year of a limitation on product liability for general aviation manufacturers. This tort law reform alone is projected to generate 25,000 new jobs by 1999.....

* authorized a record number of new airline entrants -- twenty-seven of them -- and fought off anti-competitive practices.....

* resolved one major dispute between an airport (LAX) and the airlines that use it and begun work on rules to settle similar disputes in the future.....

* undertaken the first comprehensive review ever of the high-density rule -- with a report on options for change due very soon.....

* supported legislation to permit up to 49 percent foreign ownership in U.S. airlines.....

* actively assisted the sales of U.S. aircraft and avionics around the world -- from Saudi Arabia to my recent trip to Taiwan.

All along the way, we have forged new partnerships with airline management and labor, with cargo carriers and shippers, with aircraft makers, airport managers and with America's airline consumers.

PROGRESS IN INTERNATIONAL AVIATION

In short, we have defined the most engaged and productive role for government in aviation in more than a generation.

Perhaps the area where we have made the greatest progress is in opening international markets to freer trade in aviation services.

This goal is embodied in our comprehensive international aviation policy -- the first such

policy document since 1978.

This new policy lays out a clear vision of where we believe world aviation is going -- and a strategy for adapting our actions -- in sync with market forces -- to shape our vision of a fully open aviation world.

This pursuit of free trade in aviation is consistent with our Administration's visionary -- often courageous -- advocacy of worldwide free trade in other goods and services.

From the passage of NAFTA and GATT to the major regional free trade accords in the past month with Asian and Latin American nations -- no Administration has done more for global free trade than this one.

These historic achievements will bring great benefits to world aviation. More rapid growth in world trade will spur more business travel, tourism, and rising air cargo volumes.

My goal -- and my dream -- is to free up world trade in aviation services -- to overcome protectionist forces -- and to convince nations all over the world of the benefits they can derive from more open, competitive air service.

This goal requires us to make steady, patient, case-by-case progress -- within a clearly outdated, conflict-prone system of bilateral air rights negotiations.

It isn't easy. But we are making progress.

Last month, I announced my intention to negotiate for full free trade in aviation with nine individual European nations. Since then, we have perfected the elements to be incorporated in these new bilateral agreements. We have shared this draft with our airlines and intend to forward it to our European partners very soon.

My goal is to complete these agreements in the first quarter of 1995.

Without going into the details, let me also say that we are making significant progress in exploratory talks with Canada -- our single largest bilateral aviation partner.

"My goal -- and my dream -- is to free up world trade in aviation services -- to overcome protectionist forces -- and to convince nations all over the world of the benefits they can derive from more open, competitive air service."

More broadly, ladies and gentlemen, let me suggest to you that we are still in the early days of a genuine transformation in attitudes --- by which more and more nations will come to realize that seeking free and open air service accords and fostering competition are economic imperative -- nations and airlines that

lag behind -- will be left behind.

This is particularly true for those nations that turn to airline protectionism, adopt unfair subsidies or discriminate against U.S. carriers.

From the moment of taking office, we have vigorously defended the rights of U.S. carriers in negotiations with nations around the world -- from Japan and China to Chile and Australia -- among others.

And we have actively opposed subsidies for flag carriers. We will soon be sending a letter to the European Union, for example, protesting their new subsidy policy. And we will be considering how our own international aviation policy should respond to the subsidization actions.

REFORM AND PERFORMANCE

Let me turn now to my third topic -- our efforts to reform and revitalize government itself so that we can improve our service to the nation's aviation system.

Clearly, the voters of America sent a powerful message in this November's election. It was, I believe, that they want the government that they pay for to work better and cost less.

The truth is that this Administration has pioneered in doing just that.

Just over a year after Vice President Gore formally launched his initiative on re-inventing government, more than 90 percent of the recommendations of the National Performance Review are now underway. Approximately $47 billion in savings have already been enacted. Federal employment has already dropped by 71,000.

We have cut more than 4,000 positions at the DOT alone. Government-wide, we are well along toward the target of cutting 262,000 positions by 1999 -- creating a smaller federal workforce than when John F. Kennedy was President over 30 years ago.

Nine key agencies, including my own, have started major streamlining efforts -- and President Clinton will outline even more dramatic changes in his speech to the nation tomorrow night.

Still, I don't want you to believe all the rumors ... It is simply not true that Fred Smith, Bob Crandall and Herb Kelleher have formed a new buy-out group to bid for the Department of Transportation.....

What is true is that the business principles that these leaders practice -- efficiency, innovation, responsiveness to customers and competitiveness, are reflected in the efforts of this entire Administration to make

government work better and cost less.

This year, my Department will continue to lead on the single most dramatic action yet to re-invent government.

That is to restructure the Air Traffic Control System now run by FAA. By doing so, we will take $6 billion -- and 38,000 employees -- off of the formal government payroll.

"We simply cannot have a vibrant and successful airline industry unless we continue to commit ourselves to the highest standards of safety every day."

ATC reform is important because we need to dramatically improve this system's ability to manage technology and personnel and secure a steady, reliable stream of financing.

If we are to safely and efficiently accommodate the 60 percent rise in air traffic that the FAA forecasts by early in the next century -- from 500 million people today to 800 million -- we need to reform ATC services.

This will be a significant opportunity for the new Congress to work with the Administration to bring positive change for the good of the country.

CONCLUSION:

Let me conclude by saying that all of the actions we're taking -- to strengthen airlines finances -- to open new foreign markets for U.S. carriers and aerospace companies -- to reform air traffic services and improve performance of our whole aviation system -- are important.

But none are as important as our continued commitment to safety. We simply cannot have a vibrant and successful airline industry unless we continue to commit ourselves to the highest standards of safety every day.

The strategy, I outlined today as a whole, really is greater than the sum of its parts.

And the goal that strategy seeks is one that I'm sure you all share: seeing that U.S. airlines and aerospace industries -- the pioneers of 20th century aviation -- remain the leaders of world aviation for the 21st century.

Thank you very much.

#####

Transportation Trends

SECRETARY OF TRANSPORTATION
FEDERICO PEÑA
NATIONAL DRUNK AND DRUGGED DRIVING PREVENTION MONTH
WASHINGTON, D.C.
DECEMBER 15, 1994

(Remarks as prepared for delivery)

I am pleased to join you as we observe National Drunk and Drugged Driving Prevention Month. Today, we celebrate the progress we have made to reduce drunk and drugged driving -- and we challenge ourselves to do even more to prevent senseless deaths on our roads.

Few popular movements in recent years have drawn such broad public support as the alliance we have forged between government and citizens to get impaired drivers off the road.

No movement has had greater success -- a success measured in lives saved and injuries prevented.

Just a dozen years ago, *57 percent* of fatal crashes involved the use of alcohol -- *more than 25,000 deaths a year.*

That rate has been dropping steadily, so that the number of deaths has dropped to about 17,500. That still means one death every *30 minutes* -- and one injury every *two* minutes.

Last year, I set a goal of reducing alcohol-related traffic fatalities to only 43 percent of the total by 1997.

Well, in 1993 they were down to 44 percent -- and if trends hold up, we'll achieve our goal *this* year -- *two full years ahead of schedule*.

***That's* cause for celebration. It's an example of what a real government-citizen partnership at all levels can do. But the fact that we've accomplished so much so fast should give us confidence to set our sights *even higher*.**

Today, I call for a meeting -- to be organized by Dr. Ricardo Martinez of NHTSA -- to be held early next year -- among *all* of the partners in our effort to save lives -- safety advocates, businesses, state and local governments, police and sheriffs -- a meeting at which we will set *new* -- *and even tougher* -- goals for reducing drunken driving. Dr.Martinez and I have talked about this, and the time is right to act boldly.

Why now? Because there are new opportunities. The states are energized, there is an awakening about public health, growing community and local coalitions, and the information superhighway allows us to communicate instantly and share models of success.

I don't want us to try for incremental reductions -- I want new goals which will *dramatically* reduce deaths and injuries. In the U.S., alcohol

(more)

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

involvement in fatal crashes ranges from about 28 percent in South Carolina and Maryland, up to a high of about 59 percent.

So we *know* we *can* do it, because the leading states *already* have rates *15 percentage points* lower than the nation as a whole.

I also want us -- for the *first* time -- to take a longer view, and set firm goals to be achieved over a *10-year period*.

Achieving our goals will take a renewed commitment from each of us -- and I'm here to tell you that the federal government -- through the National Highway Traffic Safety Administration -- *will do its share*.

Dr. Martinez -- who is a nationally-recognized trauma specialist -- is someone who brings not only the knowledge and skills to lead NHTSA's effort on drunk driving, but also a deep personal commitment to saving lives.

Under his leadership, we will support safety groups, police, and state and local governments as they carry out the most effective strategies: first, educating the public. And second, passing tough laws -- and enforcing them.

In the coming year, more than $70 million in federal funds alone will be provided to state governments, safety advocates, and other groups to help educate the public and to carry out anti-drunk driving programs.

NHTSA will also work to identify best practices in drunk and drugged driving prevention -- strategies which safety officials are using to save lives *today*.

Strategies such as the strict enforcement programs in states like Tennessee, North Carolina, and in Maury Hennigan's home state of California. We'll take what works and share it with other state and local governments around the country.

Since strict anti-drunk driving laws are critical, we will support state governments as they work to adopt them. In particular, I call upon *all* states to adopt *three* laws -- each of which has proven to be *highly* effective:

First, adoption of a zero-point-zero-eight *(0.08)* blood alcohol limit -- the level at which virtually *all* drivers have *some* impairment of their ability to drive a car safely -- and by which the risk of a crash increases dramatically.

Second, an administrative license revocation law which allows police to *automatically* revoke the licenses of drivers found with blood alcohol concentrations above the legal limit. That means *on the spot* -- without giving irresponsible drivers the chance to risk lives again.

(more)

And third, <u>zero tolerance laws for drivers under age 21</u> found with *any* alcohol in their systems. These young drivers are not supposed to be drinking *at all* -- and their inexperience as drivers makes them prime candidates for fatal traffic crashes -- with even low levels of alcohol in their blood.

A new study done by a Boston University team led by Dr. Ralph Hingson -- which is being released today in *Public Health Reports* -- confirms this, and shows that zero tolerance laws could prevent several hundred fatal crashes each year. Maryland's zero tolerance law has already reduced these crashes by *11 percent*.

Together, these strategies make up a formidable package that could save hundreds of lives and prevent thousands of injuries each and every year.

Six states -- Oregon, California, Utah, New Mexico, Virginia, and Maine -- *already* have *all* three of these laws on the books, *and we will strongly support their adoption by other states throughout the nation*.

Tomorrow, *millions* of Americans will observe Lights on for Life, the nationwide observance in remembrance of those killed and injured in alcohol-related crashes -- and the beginning of Holiday Lifesaver Weekend.

I hope that seeing those headlights shining across the country tomorrow will remind all of us of the awful cost -- in the emotional toll as well as in dollars -- of drunk driving -- and strengthen our commitment to preventing these tragic losses.

When we reach our goals -- *and we will* -- it will be due in great measure to the leadership of groups such as MADD, the International Association of Chiefs of Police, and the other groups represented here today which have been fighting for safety from the start.

But it also will be due to the many millions of Americans who are increasingly concerned about the safety of their families, friends and neighbors -- who stand up and take responsibility for their own actions -- and who support the efforts of police, sheriffs, and public safety officials.

With their cooperation, we know we will continue to save precious American lives -- *today* -- *tomorrow* -- and *every* day.

Thank you.

# # # # #

REMARKS PREPARED FOR DELIVERY
NATIONAL LIFESAVER WEEKEND
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
WOODROW WILSON HIGH SCHOOL, WASHINGTON, D.C.
DECEMBER 15, 1993

I want to thank Maurice Hennigan for that introduction and thank all of you from Woodrow Wilson High School for having us here today.

This holiday season is a time for celebration and happiness. I know I'm looking forward to taking some time off to be with my family and to visit friends.

But I also know that for many American families this year's holidays will be a time of sudden and terrible sorrow.

Because somebody will be irresponsible. Because somebody will get into a car drunk or drugged and innocent people will be killed or terribly injured.

We have made some progress, but drunk and drugged driving is still killing way too many people in this country.

Car crashes caused by drunk driving are still the leading cause of death among people from age 5 to age 34.

That's one reason why our country's drunk and drugged driving laws have gotten tougher in the last few years -- and they're going to become still tougher. Believe me, they will.

Because tough drunk driving laws -- and aggressive enforcement by the police and the courts -- save lives by getting drunk and drugged drivers off the roads.

That's important. We need to make violators pay. We need to take their licenses away. Sometimes we need to send people who drink and drive to jail.

But it's really a lot better to prevent drunk driving in the first place. And prevention starts with two simple words: personal responsibility.

It's up to all of us to take responsibility for our own actions and our own behavior.

Taking responsibility means obeying the laws -- and most of all making sure that we never -- ever -- drive a car drunk or under the influence of drugs.

Let me tell you just a few facts about what drunk and drugged driving costs our country every year -- in money and blood and pain.

Every year -- every single year -- motor vehicle crashes cost this country $137 million in total damages. That's more than $375 million a day -- $15.6 million an hour, every hour, around the clock all year.

While I talk with you for just three minutes, car crashes will cost more than $750,000 in economic damages -- in just three minutes.

And that's just money. The human cost is 40,000 killed in car crashes every year..... 5 million injuries.

One hundred and seven people die in car crashes every day -- many of them young people under age 21.

You may think it can't happen to you. But it can. It does. And the worst thing about all this is that in nearly half of all of car crashes, alcohol abuse is involved.

We are absolutely determined to stop this senseless slaughter -- through tougher drug and drunk-driving laws and rigorous enforcement.

But it's also up to all the students here today to understand that drinking and driving really is a lethal combination.

The government can't stop it all. We need you to take personal responsibility, to promote safety, to buckle up, to obey the law and to never -- ever -- drive drunk or drugged.

Especially if you love driving, if you love your car -- don't drink and drive.

<u>You will get caught</u>. You may lose your license. You might wreck your whole life.

If you love your friends -- don't let them drink and drive. If they drink, take their car keys away from them. Get help. Call a taxicab.

If you care about your friends -- and I mean <u>really</u> care about them -- that's what you'll do. And if they won't listen -- don't get in the car with them. Don't ever do anything that "helps" a friend drive drunk or drugged.

That might take some guts. Your friends might be mad at you at the time. But they'll thank you when they wake up still in one piece -- and they still have their driver's license.

I know we can count on all of you to do the right thing.

Thanks for listening. Have a very happy holiday. season.

Let me now introduce our Secretary of Health and Human Services, Donna Shalala....

#####

4-6

STATEMENT ON DOT RESTRUCTURING
SECRETARY OF TRANSPORTATION
FEDERICO PEÑA
THE WHITE HOUSE
WASHINGTON, D.C.
DECEMBER 19, 1994

Transportation Trends

Almost two years ago, this Administration came to Washington determined to make this government work better for the people who pay for it -- the working families of America. At the Department of Transportation, that's exactly what we've done.

We've increased investment in America's roads, bridges and other vital infrastructure. We've helped revitalize critical American industries -- like aviation and shipbuilding -- and saved thousands of good jobs. We've cut red tape to speed help to Americans hit by floods and earthquakes. And we've cut 4,000 government employees -- saving $250 million a year in salaries.

My vision for the DOT is to position it for leadership in the 21st Century. That vision would:

- **give more authority and flexibility for transportation investments to governors and mayors who best know what the priorities should be;**
- **increase total transportation investment by cutting red tape and leveraging scarce federal resources through partnerships with state and local governments and the private sector;**
- **reduce the size of government and to eliminate waste and duplication -- the way so many American businesses have done.**

I believe this vision reflects what Americans want from their government. And I look forward to working with the Congress to bring this change. Today, we're taking the next bold step by announcing a major restructuring designed to focus our resources even more sharply on our two most fundamental missions: investing in transportation infrastructure and ensuring the safety of the travelling public.

We have three key strategies to do this.

First, consolidation. We will continue to simplify the DOT by reducing the current ten operating administrations to three.

Second, downsizing. We will continue to eliminate every redundancy we can find, to reduce our workforce, to save the taxpayer's money, and to get the most we can

out of every dollar we invest. We will function more like the private sector by transferring 40,000 air traffic control employees out of the government and into a new corporation.

Third, streamlining. DOT now operates more than 30 grant, loan, and subsidy programs -- each with its own rules and regulations. We propose to streamline these into three targeted programs.

The first will be a unified grant program -- to be given directly to states and localities who will be able to decide which investments best meet *their* needs. The incentive to come to Washington to beg for special projects will be sharply reduced. The second will establish State Infrastructure Banks -- to stretch taxpayer dollars -- by continuing to "leverage" federal seed money in partnerships with local governments and private businesses. The third will be a federal discretionary fund to invest in transportation infrastructure projects of regional or national significance that states may not be able to complete without national support or coordination.

All these steps will produce a leaner, more efficient Department of Transportation. What we are all about is: building bridges, not bureaucracy; picking real priorities, not pork; moving people, not paper; and above all, ensuring travellers' safety. It's also about continuing the crusade that President Clinton and Vice President Gore have led so well -- to make this government work better and cost less. All told, these changes will save taxpayers at least $6.7 billion by 1999. We'll pass those savings on -- as tax relief -- to working families.

To the millions of Americans who want better transportation to get to work or get their kids to school or get their products to market, I say: these changes will give you the transportation you need. To the mayors and governors and industries and citizens' groups with real stakes in transportation, I say: work with me to make these changes work for you. And to the dedicated employees within my Department, I say: your efforts have been and will always be valued. Your input and insight is critical to how we manage change.

To everyone who cares about our country and how good transportation makes us stronger, I say: the question is not whether we will change, but how. How will we give Americans more value for the dollars they send us? How will we do more with less? How will we manage change so that we can keep travellers safe and continue to build the roads, bridges, subways, rail systems, seaports, and airports that Americans depend on?

The President and Vice President have my commitment to deliver these changes to make government work better and deliver a difference to working Americans. Thank you very much.

# # # # #

U.5

FINAL

FINAL DRAFT -- 12-19-94

VIDEO SCRIPT FOR ATLANTA MAYOR'S STATE OF THE CITY SPEECH

Congratulations to Mayor Campbell and the citizens of Atlanta for working so hard to create a multi-modal transportation system for downtown Atlanta. When it's finished -- in time for the 1996 World Olympics -- Atlanta's transportation system will be a model for the world. It will be a dynamic system of roads, MARTA, rails, and airport that link together smoothly with safe, comfortable pedestrian walkways -- to move people and goods -- and help clean Atlanta's air at the same time.

The Department of Transportation has been your partner

- **in enhancing Atlanta's pedestrian corridors and bridges, greenways and bike trails,**
- **in the 1994 addition of HOV lanes on Interstate 20 that cut pollution, and**
- **in projects that link rail cars to subway to buses and autos to airplanes.**

I especially want to applaud Atlanta's commitment to walkways and bike paths that are so well designed to encourage people to use them.

In 1995, President Clinton and I remain dedicated to working with Mayor Campbell to ensure that Atlanta's visionary transportation system keeps on getting better so that this Olympic City becomes the gold medal winner for best urban transportation in the world.

Thank you. ###

4.4

VIDEOTAPED REMARKS TO DOT EMPLOYEES
SECRETARY of TRANSPORTATION FEDERICO PEÑA
WASHINGTON, D.C,
DECEMBER 19, 1994

I am speaking with you today because, over the past couple of weeks, there has been a great deal of speculation in the press and elsewhere about DOT's future.

I know this is of great concern to all of you, and I want to take this occasion to clear up some of the misleading rumors that you may have heard.

Let me first of all assure you that the Department of Transportation is here to stay. President Clinton believes, as I do, that the work we do here is vital to strengthening our whole economy and ensuring the safety of the American people.

America needs an *efficient* transportation system to compete in the global economy of the 21st century, and we in the Department of Transportation must deliver such a system.

America also needs a *safe* transportation system -- and we are committed to ensuring the safety of travelers, transportation workers, and the general public.

This vital work must be carried on.

But there will be substantial changes here at DOT in the way we perform our duties and serve the public.

That is as it should be. The American people have made clear that they want a smaller, more effective federal government. *That is our goal as well.*

In the spirit of reinventing government -- an effort that this agency has played a lead role in -- the President has asked me to outline a plan to

restructure DOT so that we can better fulfill our missions of rebuilding America and enhancing the safety of our transportation system.

This effort will build on the progress we have already made over the past two years to streamline this agency, to cut red tape, and to improve service to our customers.

The process of reinvention begun two years ago is now moving to a new stage. This restructuring focuses on carrying out our two most fundamental missions: ensuring safety, and investing in infrastructure.

We have three key strategies to do this.

First, consolidation. We want to rationalize -- and simplify -- DOT by consolidating its 10 current operating administrations into three or four units focused on broad missions, such as safety and infrastructure investment.

Second, downsizing. Eliminating redundancy will allow us to reduce our workforce, with significant taxpayer savings. We also will take every opportunity to let the private sector or public corporations carry out functions such as operating the nation's air traffic control system.

I want to make it clear that this downsizing *must* happen -- but that we are committed to carrying it out in a thoughtful, responsible, and compassionate manner. I firmly believe that we can accomplish it through attrition, and through efforts such as the corporatization of air traffic control.

The third strategy is streamlining. DOT now operates more than 30 grant, loan, and subsidy programs -- each with separate eligibility requirements, procedures, and regulations. These will be converted into three broad programs.

We will establish a formula block grant program to be allocated directly to the states. States will be able to select the investments which best meet *their* needs -- without being locked into pork barrel projects.

We will establish State Infrastructure Banks, which will stretch taxpayer dollars by leveraging federal seed money with private capital investment.

And we will establish a federal discretionary grant program, to fund infrastructure projects of regional or national significance.

We are carrying out discussions among the Department's senior officials about the details of these proposals -- many of which we will implement in partnership with Congress.

Very soon, these discussions will broaden into a dialogue with all DOT employees as we seek ways to make this agency more efficient and productive.

Throughout this process, I will welcome *your* ideas -- and I will keep in touch with you about our plans.

I will use every means I can -- through memos, satellite broadcasts, videos like this one, meetings, and TV10. I want *every* DOT employee to stay "in the know" about what's happening.

I have asked all modal administrators and other senior officials to provide more information and answer any questions you have -- because I know that change can be unsettling. *But it can also be challenging and exciting*.

As we work together in the weeks and months ahead to re-examine our mission, I'm convinced that we make DOT a better organization -- and a better place to work -- one in which employees have greater fulfillment and job satisfaction.

And these steps will produce a more efficient Department of Transportation which focuses on essential responsibilities of safety and infrastructure investment -- one that will meet our goal of a smaller, more effective federal government while fulfilling the needs of the American public and giving us the transportation system we need for the next century.

Let me close by assuring you, that "yes, there will be a DOT" -- for many years to come.

I am proud to stand at the head of this great agency. And I'm proud of *you*.

I want to thank all of you for the service you give service to this Department and to our nation.

Please accept my best wishes for a very happy, healthy holiday season.

# # # # #

u.3

REMARKS PREPARED FOR DELIVERY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
INNOVATIVE FINANCING ROLL-OUT
WASHINGTON, D.C.
DECEMBER 22, 1994

Today, I'm pleased to announce the Partnership for Transportation Investment -- but before I do so, I'd like to introduce some of the partners.

Joining me are Federal Highway Administrator Rodney Slater..... Federal Transit Administrator Gordon Linton..... Federal Railroad Deputy Administrator Don Itzkoff..... and Federal Aviation Administrator David Hinson.

I'd *particularly* like to welcome our special guest, Mayor Beverly McAnally of Romulus, Michigan. She represents our state and local partners in this effort -- one which initially will fund more than $2.5 billion in *new* transportation infrastructure projects in 25 states -- and support 60,000 jobs nationwide.

This has been a historic week, one in which the Clinton Administration has demonstrated its commitment to middle class Americans by cutting down the federal bureaucracy and making it more effective and responsive to the nation.

On Monday, I joined President Clinton and Vice President Gore to unveil a restructuring of the Department of Transportation.

And today I am announcing a dynamic new initiative which supports that restructuring, and will increase its effectiveness.

The Partnership for Transportation Investment will give states and localities greater flexibility, more authority, and the ability to leverage private capital as they build the roads, transit systems, rail lines, and airports they need.

Traditionally, we have supported transportation projects through matching grants to the states. But over the years, this grant process grew rigid and inflexible -- with red tape and restrictions that discouraged private business involvement and which made innovative financing strategies common in the business world impossible in government.

For example, these antiquated rules required that the entire federal share of a project's cost be accumulated before being spent -- delaying projects for years and adding billions in unnecessary costs.

Red tape made it effectively impossible for states to enlist the help of businesses and community organizations to get needed projects moving.

And creative, yet wisely conceived strategies such as revolving loan funds and credit enhancements that are common in American business are unheard of within the narrow confines of the federal bureaucracy.

These are ideas which are common sense -- ideas that have been tested in the business world, ideas that can be used by many states in projects that pay for themselves.

President Clinton -- who had to find ways to pay for necessary projects as Governor of Arkansas -- recognized the usefulness of these techniques as we tried to close the infrastructure deficit in a time of limited federal funding.

Last January, he issued an executive order to break down the barriers to these strategies. We formed a DOT Innovative Financing Task Force to carry out his order and explore new strategies for all forms of transportation.

We also solicited the states for projects -- asking for proposals, with the assurance that we'd cut through the red tape.

Today, we are announcing the results of this effort.

We have initially approved 41 projects in 25 states -- involving a total of $2.5 billion in public and private funds...*without costing taxpayers one dollar in new federal funds*. We're building bridges, not bureaucracies.

These are critical projects which would have been delayed for years under traditional grant processes -- *if they had been built at all*. Instead, the Partnership for Transportation Investment means that they will be built -- and on accelerated schedules. The results will be impressive.

First, the gains from this investment will be felt *now* -- through 60,000 jobs and immediate economic stimulus in 25 states.

Second, we'll see the benefits of completed projects *years* faster -- reduced congestion, faster freight shipping, better air quality, and new opportunities for job creation.

Third, earlier construction means lower costs -- by avoiding inflated construction costs when jobs are delayed for years, and by reducing the interest on loans or bonds that states may use to fund their share. In fact, we believe that these strategies will create savings, on average, of *15 percent a year* just from accelerated construction.

And finally, our common-sense approach to cutting red tape will attract more private resources -- leveraging them to get maximum benefit for taxpayer dollars, and reducing the need for more *public* spending in the future.

The Partnership for Transportation Investment will be an ongoing effort, tied closely to our overall restructuring.

We will continue to solicit projects from the states. We'll take the lessons we've learned here and apply them as we develop the unified state allocation grant program, so that the states can continue to benefit from these ideas.

Finally, our proposed State Infrastructure Banks, which will use federal seed money to attract private investment, will rely heavily on innovative financing techniques to increase the value and leverage potential of federal funds.

Now, I'd like to talk about three of these projects to show you what they mean in the real world.

In New York, we formed a partnership with state and local governments and public authorities in the Niagara Falls region. The Mobility Improvement for Niagara International Transportation Through the Use of Advanced Technology -- MINITECH, for short -- will use federal and state funds for automated toll collection equipment and enhanced computers.

MINITECH will improve customs and immigration, speeding crossings of people and freight between the U.S. and Canada -- and preparing us for the increased trade between our nations generated by NAFTA.

In Arizona, the state is leasing highway rights-of-way to private communications companies laying fiber optic cables.

Not only will the state receive $6 million a year to be invested in transportation projects, but it also will have the infrastructure for a high-tech freeway management communications system which will significantly reduce freeway congestion.

And finally, in Romulus, Michigan, local authorities have long wanted to add an interchange to I-94 in order to connect it to the regional airport and to open up a major site for economic development -- but have been stymied for a decade by a lack of state matching funds.

As a former Mayor, I can understand -- and sympathize with -- the frustration this causes. So, we've changed the rules to let the city sell bonds, and to let a developer contribute funds towards the state match -- allowing this project to finally get underway.

I'd like to let Mayor McAnally tell you herself about what this means for Romulus -- and then -- with our federal modal officials -- answer any questions you may have.

# # # # #

4.2

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
SES TOWN MEETING ON DOT RESTRUCTURING
WASHINGTON, D.C.
DECEMBER 22, 1994

* I want to spend this time with you, hearing your ideas -- your thoughts -- and your concerns about DOT's restructuring. But first, I want to share with you my vision of what this means.

* When we began discussing DOT's restructuring, one thing was clear: it would succeed or fail with the Senior Executive Service. The career managers of the SES have been the backbone of the federal government for 15 years, and now we are counting on you to help us implement this restructuring successfully.

* Our fundamental goal today is the same as set forth when I first became Secretary -- and which I further articulated in last January's Strategic Plan: to deliver to the American people a transportation system which "ties America together" -- one which is safe, efficient, environmentally-sound and technologically-advanced, and that promotes economic growth and competitiveness.

* Our experience in implementing the Strategic Plan since then has made clear two fundamental things.

* First, we recognized that DOT wasn't so much created as stitched together as a crazy quilt of federal agencies. That has created too many redundancies, and it has inhibited the coordinated policy-making we need. In fact, rationalizing DOT's structure and programs has been a goal of Secretaries from the very start.

* Second, our effort to reinvent government has made it obvious that -- with the best of intentions -- we've tied ourselves into knots with red tape, frustrating both our employees and our customers. We came to understand that radical and fundamental change was necessary.

* **Some say that this change is just a response to what happened in November. *And that's true* -- except that we're continuing to respond to what the voters called for in November *two* years ago, when they elected Bill Clinton and Al Gore on a mandate of change.**

* **My vision of change for DOT will position it for leadership in the 21st century. It will give more authority and flexibility for transportation investments to governors and mayors who best know what the priorities should be.**

* **It will increase total transportation investment by cutting red tape and leveraging scarce federal resources through partnerships with state and local governments and the private sector.**

* **And it will reduce the size of government and eliminate waste and duplication -- the way so many American businesses have done.**

* **These are the broad principles of the restructuring -- and they are the *easy* part. The *hard* part is what we're counting on *you* for -- developing the program delivery processes, developing a budget which reflects our fundamental principles, writing implementing legislation, and working through the myriad of details.**

* ***This process of change is here* -- and we need *you* to make it happen. As DOT's senior career managers, *you* are in the best position to tell us the best way to achieve our goals. Over the coming months, we're going to count on your experience and professionalism as we manage this process. During that time -- and beyond -- we need to work closely with you.**

* **I've asked Mort Downey to quarterback the entire restructuring effort. As a career transportation official with prior federal service, he knows the system -- and shares your commitment to making it work better. I'd like to ask him to step up here now and talk about the process of reinvention -- especially how we plan to keep everyone involved.**

# # # # #