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REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION
WILLIAM T. COLEMAN, JR. TO THE NATIONAL PRESS CLUB, WASHINGTON, D.C.
JUNE 20, 1975

It is customary to open by saying how delighted one is to be here. However, in talking with some friends who have been in this position before, I have been cautioned not to speak too soon!

I can certainly say, however, that I am honored to be invited into this bastion of the fourth estate. I thank you for this opportunity.

As a drawing card, I am sure I am no competition for Sonny Jurgensen, who played to a full house here several weeks ago.

I can understand that. After all, I haven't made even one touchdown yet. But I can assure you I've been trying --- and plan to continue.

I passed my hundredth day in office earlier this week. So, since four months make you an expert in this town, let me share with you a few observations:

One -- Life in Washington has its anxieties and its frustrations, but it also can be satisfying and intellectually rewarding. It's especially gratifying, for example, to bring two factions together or to see long-standing differences overcome or softened. I've found the pressures of a Cabinet office much more bearable when you can see a little light being shed on a murky problem.

Two -- Congress can be a tough critic, and a difficult taskmaster; but the inhabitants of Capitol Hill are fair and reasonable, and it's possible to disagree without being disagreeable. The members of Congress are committed to a common end: the desire to improve the quality of life and government in the United States. Thus we are engaged in a great enterprise.

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Three -- The Ford Administration is, in the best sense, an open Administration. I have been impressed by the open way inter-departmental matters are discussed at Cabinet meetings, by inter-agency cooperation, and by President Ford's willingness to enter into discussions and settle any differences. The President is accessible to members of his Cabinet, and there's no doubt that he knows what's going on and that he cares.

In fact, from what I know of Washington, I would say there is more access to the President, and more free and frank discussion on major policies by Cabinet members, with each other and before the President, than at any time since the first term of President Roosevelt.

Then, four -- The members of the press, as I was warned, seem to be omnipresent and - at times - even omniscient; but eminently fair and clearly well informed. I have met with representatives of the press, both individually and in groups, as frequently as my schedule permits. It's the best way I know to communicate what we are trying to do to improve transportation.

So I am genuinely pleased to be here today. I want to touch lightly on our key programs and legislative proposals, and then let you have the floor for as many questions as your time and mine permit.

First: Energy must continue to be a primary concern and a dominant influence on our transportation policies, decisions and actions. Congress simply has not been responsive to the energy crisis, either by endorsing the President's program or by developing a meaningful alternative program.

I stirred up a little resentment in some automotive circles a month or so ago when I wondered out loud why America's automakers were letting foreign manufacturers capture 20 percent of the new car market by building cars that are more fuel-efficient.

I was not, and am not now, trying to make matters worse for our auto industry. The industry has had a rough year. But I can't help noticing that in the past few weeks the U.S. manufacturers have come out with and are heavily promoting models having EPA mileage ratings equal to or better than the foreign models. I think that is the direction our industry must take, and I believe free market competition will be effective in achieving the necessary shift to fuel-efficient automobiles.

The industry, I am confident, will do its part. The rest of us must do ours. As yet, we are only nibbling at the potential energy savings implicit in carpooling. An increase in average commuter occupancy from 1.4 to 2 persons per car would save 500,000 barrels of oil a day. And if the proven fuel and life-saving benefits of the 55 mile per hour national speed limit don't persuade motorists of the law's merits, then perhaps strict enforcement will. In a test program on a 70-mile section of Interstate 5 in Southern California, the California Highway Patrol achieved an 85 percent compliance level in just a few days of highly visible, active enforcement effort. If we could achieve that level nationwide, we would save 185,000 barrels of oil a day.

At my swearing-in, the President advocated "stern enforcement" of this fuel conservation measure, and I intend to use the authority given me under the law to carry out that directive.

Second: For energy as well as national economy reasons, we must put the Northeast railroads in order and revitalize the entire rail industry.

As you know, the United States Railway Association must submit the final system plan for Northeast rail restructuring to Congress by July 26. The Department's recommendations on the preliminary system plan should precede that July 26 deadline, so we are clearly close to a conclusion on our position relative to the Northeast situation.

I am not prepared today to announce that position other than to say that I remain hopeful that a largely private sector solution can be achieved.

As part of the ConRail concept, we have looked at the possibilities of "controlled transfer" of bankrupt rail properties. By that we do not mean an auction on the courthouse steps, with rail properties going to the highest bidder, but rather the ultimate consignment of all railroad properties designated by U.S.R.A. as the appropriate Northeast-Midwest network to established solvent operators either within the region or outside of it.

I have never believed that the public interest would be best served by outright government ownership of the roadbeds and other facilities. One thing we must achieve is a substantial disinvestment in parallel, redundant, unnecessary main line, along with selective reductions in uneconomic branch lines.

I want to make it clear that U.S.R.A. does not require abandonment of the light density lines. What U.S.R.A. has done is determine that there are lines not required for a national, viable rail system in the Northeast-Midwest. But if state or regional authorities, or shippers feel that lines are essential to the economic needs of the state or the region, those lines will continue to be operated if the state pays 30 percent of the operating losses. The Federal Government will pay the other 70 percent.

This arrangement will continue for two years, allowing the state, the region or the shippers to work out ways for continuing needed service after two years.

Thus, U.S.R.A.'s proposal with respect to the low density lines is not a question of abandonment; rather it is whether the Federal Government will subsidize such lines after two years or should that be a local/state obligation. Obviously, if the low density line is needed for local or state economic purposes rather than national economic needs, the responsibility should logically be other than a national one.

When we look beyond the urgent and critical needs in the Northeast, it is clear that the entire industry is in need of revitalization.

I believe the proper government roles in rail revitalization should be those of regulatory reform and financial assistance. It is not the Federal function or intention to subsidize a rail system operating under conditions and constraints that virtually preclude efficient or profitable performance. It is the Federal purpose to change that situation so that the railroads can compete effectively in the marketplace, innovate without penalty, and act with greater freedom in organizational matters. The Railroad Revitalization Act President Ford proposed to Congress last month serves those objectives.

We have preached the merits of regulatory reform long enough and loud enough that I'm sure I don't need to talk that subject again today. I do want to mention another feature of the bill that I consider just as important.

The bill provides a \$2 billion revolving loan guarantee fund. As a condition of receiving loans under the guarantee provision, a railroad may be required to enter into a restructuring agreement -- through merger, consolidation, sale or acquisition of assets, or joint operation. A coordinated DOT-ICC decision on any such restructuring action would be required in nine months.

Let me mention in passing -- and I must be brief because I promised you ample time for questions -- that we also plan to send motor carrier and air carrier regulatory reform legislation to the Hill this session. The Trucking Regulatory Reform Act is in the final stages of preparation now.

As with the rail, giving motor carriers greater leeway in rate-setting will result -- we believe -- in improved service, a more economical distribution of traffic among the modes, a greater variety of service alternatives, and a lower and more equitable overall freight bill.

Third: Before the end of this month the President will send our proposal to Congress for highway legislation, covering fiscal years 1977 through 1980. More details will be available when the proposal actually moves to the Hill, but basically our program does three things.

One: It makes the Highway Trust Fund permanent, but limits expenditures to the Interstate System. Of the present four cent Federal gasoline tax going into the Trust Fund, one cent plus the so-called "fringe taxes" -- diesel fuel, manufacturers excise tax, etc. -- would remain -- for interstate construction and, eventually, reconstruction purposes. Two cents would go into the General Federal Fund for highways and other purposes, and one cent would be repealed in favor of any state that increases, by one cent, its own gasoline tax.

Two: Our program will identify two types of Interstate highway -- those linking cities, and those serving primarily as commuter roads in urban areas. Those highways of "national significance," which in most cases are the intercity segments, will get priority funding. About 90 percent of projected Interstate mileage and slightly more than half of the remaining costs fall into this category. Our intent is to complete the Interstate System as quickly as possible in keeping with the original concept.

Three: Our highway proposal will consolidate all existing categorical grant programs and finance them from the General Fund.

In my opinion, we have a good highway program -- one that serves the Nation's changing highway transportation and energy needs responsibly and intelligently.

Fourth, and finally: I want to say just a word about mass transit.

The National Mass Transportation Assistance Act of 1974 was one of the most enlightened and innovative pieces of legislation in recent years. It has made significant sums of Federal money available for public transportation purposes.

Here in Washington, of course, the Metro system is well underway. The President, earlier this week, indicated that, if possible and all the local communities cooperated, the proposed 98-mile system should be completed. He's assigned me the task of bringing that to pass. He did not, however, authorize me to reach for the Federal checkbook to accomplish that purpose. I have a feeling that any powers of persuasion I ever learned in addressing a jury will come in handy in the days ahead.

In fact, I suspect that Congress would not permit that solution. There is money in the Interstate fund for the Washington metropolitan area allocated for highways which probably will never be built that might be sufficient for the Metro system's needs. We hope, too, that the local communities will increase their commitments. Mayor Washington already has shown leadership in those directions by suggesting the transfer of \$500 million from District highway funds.

I believe it can be done without additional Federal grants other than those already designated for the area in the highway fund. The transfer of such funds are permitted by the 1973 Highway Act.

We want to see Metro completed. The President and I want other urban communities to move forward into transit programs that make sense for their cities, save fuel, and serve the people well. I assure you, transit remains a priority concern of this Administration.

I have not had time to address every transportation topic or comment on every issue. I'm sure, however, that there are those here who will be quick to remind me of subjects I have missed.

May I have the first question please.

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