

SECRETARY OF TRANSPORTATION ANDREW CARD JR.
PUERTO RICO CITIZENSHIP COMMEMORATION
MARCH 1, 1992
PUERTO RICO

Thank you Major-General Miranda-Marin (representing Governor Colon); Former Governor Luis Ferre; Major Sorentini.

It is a distinct pleasure to return to Puerto Rico. And it is indeed an honor to be with you today on this very special occasion -- the 75th anniversary of the granting of United States citizenship to the people of Puerto Rico. With your renowned hospitality and lush geography, I clearly understand why Puerto Rico has earned the nickname of "La Isla del Encanto."

Given the bounty of this land and its strategic location, one can easily see why Columbus -- and others seeking to establish a place for themselves in the New World -- came to settle on this beautiful island.

It is appropriate that this visit to Puerto Rico is my first trip as Secretary of DOT. My very first trip here -- way back in 1967 -- was also, in a sense, under the charge of DOT. I was a cadet-midshipman on the SS Claiborn as it made its cargo run to Ponce, Mayaguez and San Juan. Since then, I have traveled often to this island -- visiting almost every community.

In fact, Congressman Robert Lagomarsino -- the Ranking Member of the House Subcommittee with jurisdiction over Puerto Rico -- and I helped celebrate U.S. citizenship for Puerto Ricans in Bayamon on March 1, 1987: the 70th anniversary. And I would be amiss if I didn't pass along greetings and best wishes from Congressman Lagomarsino -- who is well known for his work on the behalf of Puerto Rico.

He also asked that I convey his considerable admiration for Dr. Miriam Ramirez de Ferrer for organizing this event and her dedicated efforts for the people and nation of Puerto Rico.

When Miriam asked me to join you for this celebration I unhesitatingly agreed. For this day holds more than the simple celebration of U.S. citizenship: it honors the long standing relationship and trust held between the governments of this Island and the United States. And it honors the close and mutual respect of each other's people and unique culture.

One cannot help but be moved by the unfeigned loyalty Puerto Rico has shown to the United States since citizenship was first bestowed seven and one-half decades ago. In particular, the heroism and gallantry of the people of this island have been demonstrated time and time again -- beginning with World War I, and

continuing through the Second World War, Korea, Vietnam and of course during Operation Desert Storm in the Persian Gulf.

We solemnly honor the valor, courage and sacrifice of these veterans -- these men and women who stood ready at a moment's notice to lay down their lives for the principles of justice and democracy. We cannot, and must not, forget our indebtedness to these soldiers. And let me here offer a special salute to the members of the 65th Infantry Regiment who are with us today to receive special honors.

This outstanding record of Puerto Rico's commitment to the United States takes on a special meaning when one considers that this island's unswerving dedication has continued in spite of judicial pronouncements some 70 years ago -- when the Supreme Court ruled that the U.S. Constitution applied only in part to Puerto Rico.

Moreover, we must remember and take note that in enacting the law to grant U.S. citizenship to the people of Puerto Rico, our Congress did not expand the Constitution in full as it had done earlier in other territories and trusts.

Yet, Puerto Rico has remained loyal to the principles and values of the U.S. and her Constitution -- the principles of democracy, individual rights and equality.

Indeed, you have become a beacon of liberty that shines throughout the Caribbean.

You, the people of Puerto Rico, have continuously shown your zeal for and support of our constitutional form of government. In fact, one of the things I admire most about Puerto Rico, is the intense involvement of her people in the democratic processes.

Our President, George Bush, has traveled throughout Puerto Rico and is deeply aware of the unique commitment shown by the people of this island to the democratic process. He has seen your passion for freedom and political participation. It is also something he sees often and first-hand as Commander-in-Chief.

President George Bush also knows well of the spectacular growth that has occurred throughout the Island over the past 75 years since U.S. citizenship was granted.

Operation Bootstrap, which transformed this island from what was once called the "poorhouse of the Caribbean," to one of the richest islands in the region, remains a sterling example of what can occur when a people unite to press forward for economic change and development.

Of course, problems still exist here -- as they do on the mainland -- but we have made major gains in meeting the challenges of poverty, illiteracy and drug abuse. Because of the determination and commitment of the Puerto Rican people, the future does indeed look bright for this Enchanted Island.

Before closing, let me personally thank the City of Guaynabo for hosting this event and commend Mayor Junjior Cruz and the President of Puerto Ricans in Civic Action for their leadership in sponsoring this non-partisan civic event -- this ceremony, which has brought together individuals regardless of their differing political views to commemorate that which we all cherish: United States citizenship.

The people of Puerto Rico should be particularly proud of the dedicated efforts of Dr. Miriam Ramirez de Ferrer, who continues to advance the citizenship rights of her people. From within the White House, I have witnessed first-hand Miriam's unselfish devotion. She is an effective and tireless advocate for her homeland.

Thank you also, Mayor Cruz and Dr. Ramirez de Ferrer, for being with us today on this special event. And thank you again, the people of Puerto Rico, for your long-standing loyalty and commitment to our constitutional democracy, our nation and our President.

Let me now share with you a proclamation written and signed by the President for this 75th anniversary celebration. It reads:

[READ PROCLAMATION]

Thank you again for the invitation to be here on this very special day

Good afternoon.

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SECRETARY OF TRANSPORTATION ANDREW CARD
TRAVERSE CITY, MICHIGAN
MARCH 7, 1992

- Governor John Engler's "Build Michigan" program will help get Traverse City, Grand Rapids, Detroit, and other Great Lakes cities and towns back in the passing lane.
- "Build Michigan" is going to do more than simply upgrade roads and bridges as Governor Engler pointed out. It's going to help put Michigan back to work.
- It will create good paying jobs. It will speed the shipment of good and services -- especially those in the auto industry -- to neighboring states and foreign lands. It will bring workers to factories, students to schools, and equally important, tourists to Michigan's vacation areas -- areas such as Sleeping Bear Dunes and so many other beautiful spots up and down western Michigan.
- The upgrading of US 131 is a vital part of "Build Michigan." This long term plan to widen this 200-mile lifeline is an excellent example of how state and federal governments, and their DOTs, are working together as partners to boost the economy.
- "Build Michigan" is what President Bush envisioned when he signed ISTEA. When the President signed

the Bill, he opened the door for \$12 million in obligations to state and local governments. He also ordered us at DOT to expedite the release of these dollars.

- What does this mean for Michigan? Michigan gets \$454 million in surface transportation funds -- an increase of 25 percent compared to FY 1991. And that translates into some 26,000 good paying jobs.
- Michigan has already obligated 30 percent -- \$125 million -- of available funds. And more projects are flowing off the planning board and into construction sites each week.
- ISTEA means more to Michigan than jobs though -- it focuses investment on a 155,000 mile National Highway system. And a well maintained network of nationally-significant highways will help us get Michigan goods to market faster -- whether across the street or across the international time zone.
- It also does something I think is long overdue and which Governor Engler strongly agrees with -- putting more power in the hands of state and local officials to decide how transportation dollars are invested. Be they for highways or mass transit.

- Moreover, ISTEA offers greater opportunities for private sector involvement in rebuilding Michigan's transportation system -- be it operating or building toll roads.
- Finally, the President's signing of the new Act increases our investment in dynamic new technological developments -- such as "smart cars" and "smart highways" -- which will revolutionize our automotive and car parts industries.
- Overall, as President Bush said, "mobility is the life blood of the modern economy." And what we are doing here in Michigan, is giving the state a major blood transfusion.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
NATIONAL ASSOCIATION OF COUNTIES
MARCH 3, 1992
WASHINGTON, D.C.

As some of you may know, my first experience in public life was at the local level. So it's no coincidence that my first major speech outside the DOT should be to the National Association of Counties -- which I have worked with for many years.

People who work at the county level I've learned, have a good, common sense approach to transportation issues -- be it building roads or naming streets.

Let me give you a recent example. Last September the Avon Colorado town council ran a contest to name a new bridge over the Eagle River -- linking I-70 with U.S. Highway 6. Sifting through some 84 suggestions the council opted for the most reasonable choice. What was it? No, not Eagle Crossing. By a 4 to 2 vote, the council voted to give the bridge the official name of "Bob." If that's not simplicity and practicality at its best, I don't know what is!

In any case, let me assure you that you not only have a friend at DOT, but also in the Oval Office. The President is doing absolutely everything he can to get county governments into a position where they can accomplish many of the things that they've set out to do. He has directed cabinet departments and federal agencies to speed up pro-growth expenditures as quickly as possible. And we want you as a full partner in the process.

The President has touched on many issues of critical importance to the future of this country. In his State of the Union Address he spoke at length about our economy -- from economic competitiveness to health care initiatives. As we saw in the papers this morning, we are seeing more indications that our economy is coming back. Construction spending and consumer spending are higher. Furthermore, a survey by the National Association of Purchasing Management showed business activity jumped to 52.4 percent in January -- one of the the strongest indications of

an advance in the overall economy since October. As we know, this will mean more jobs -- jobs which the President has stressed are his top priority.

Surface Transportation Act

As I told the Senate during my confirmation hearing, one of my first priorities will be to implement the new Surface Transportation Act which the President signed just before Christmas. It's called ISTEA - the Surface Transportation Efficiency Act. An Act which authorizes \$151 billion over the next six years.

It's an investment in our future that means jobs today, jobs that will ensure the long term growth of our economy, and jobs that will enhance our nation's competitiveness in the world marketplace. Specifically, the Act immediately released nearly \$11 billion in federal aid highway obligations to the states -- supporting more than 600,000 jobs in FY 1992.

There are four key economic elements to the Act that will directly impact on counties and the national economy.

- The first is focused investment in a National Highway System. It will designate a 155,000 mile highway system consisting primarily of already existing roads -- roads that will comprise only four percent of our total public road mileage, but will carry 75 percent of our inter-city truck traffic and 40 percent of all highway travel.
- The second is the unprecedented flexibility that will be allowed state and county governments in the use of federal funds.

Now, you -- within overall general federal guidelines -- will have the opportunity with the states to determine and manage for yourselves, those surface transportation programs targeted at meeting local transportation needs.

Flexibility has always been a key watchword of the President's domestic agenda. Talking to leaders of the transportation industry back in June 1991, President Bush said he believed that "our nation is best served by providing greater flexibility -- greater accountability -- at the state and local level."

As never before, state and county governments have the "right" to use a large portion of federal funds as **they** see fit for local transportation needs -- be they for highway or transit projects. This includes the ability -- for the first time ever -- to transfer up to 68 percent of highway dollars to transit projects. Likewise, a major portion of transit program monies is now available for the funding of highway projects -- if state and county decision makers decide that is where the needs are greatest.

Of course, this unprecedented flexibility is not a blank check to fund one mode's projects to the detriment of another. For example, flexibility to use federal transit funds for highway projects would be available as long as there is a "balanced local approach" to transit funding -- that is, as long as states have dedicated sufficient funds to meet transit needs.

- The third key element of the Act is the creation of new opportunities for private sector involvement in meeting surface transportation needs.

For the first time ever, federal funds will now be available to help entrepreneurs who are willing to build or improve roads that motorists want and are willing to pay to use. This would generate more investment in infrastructure, and in the process, create more employment opportunities.

- The fourth is a new emphasis on technology development -- one which fosters revolutionary advances in such promising areas as Intelligent Vehicle and Highway Systems, magnetically-levitated and other high speed ground transportation systems.

Accelerated Funding

This Act will, beyond doubt, launch the post-Interstate era of America's surface transportation system. And its effects are now being felt nationwide as we accelerate payments to the states as the President directed to get America moving again. We saw evidence of this last week when the Commerce Department announced that durable goods were up 1.5 percent in January, led in part by transportation related orders.

Overall, since the Act, the states have obligated nearly \$3.7 billion -- which exceeds by 20 percent the level of obligations incurred last year for the same period.

Let me give you a few examples of how quickly the states are spending their highway funds.

- In my home state of Massachusetts, over 44 percent of the \$687 million in 1992 highway aid has already been obligated and is at work -- creating jobs, improving roads.
- However, not all the news is good as seven states have obligated less than 10 percent of available funds.

This is one of my top priorities. I want to make this federal money available quickly. I want to make this money available efficiently. We are eager to work with you to accelerate this process.

Why are the states not spending? There is plenty of money in the pipeline -- it's that the spigot is not working.

Safety, Environment, Congestion Relief

These examples mean jobs, of course, but there's much, much more to the Act. The Act includes several new safety provisions to keep drunk and drugged drivers off the roads. It also encourages motorcycle helmet and safety belt usage and increases funds for enforcement of truck and bus safety rules.

The Act also recognizes your need to protect and improve the environment. It builds on the Clean Air Act. It provides new tools to create wetland banks and mitigate damage to wildlife habitats.

And last, but not least, there's congestion relief. This Act, by providing record funding levels for bridge replacement and rehabilitation, new highways,

encouragement of high occupancy vehicles (HOVs) and investment in IVHS -- will help reduce the eight billion worker hours wasted on our congested roads each year.

The President and Congress have now done their part in enacting this landmark legislation. And the President ordered the Department of Transportation to speed up the release of funds to the states and to you as soon as possible -- which the Department did.

We now need your help in working with the states to put these dollars to good use -- in meeting your specific needs and wants. It's time for you to pull up a seat at the table and meet with your state DOT and other officials -- whatever their title. We stand ready, of course, to offer guidance in the interpretation and implementation of this Act. As partners, we'll get this economy and this nation moving again.

Aviation Initiatives

Surface transportation isn't the only issue on our plate -- so is aviation, airports and in particular the passenger facility charge (PFC) which provides a funding source for local airport authorities.

We have authorized three airports -- Savannah, Georgia; Muscle Shoals, Alabama; and Las Vegas, Nevada -- to begin collecting PFCs in order to finance a variety of projects: ones that will increase capacity, improve safety or deal with noise problems. In fact, more than 200 airports are expected to file for PFCs this year alone.

We recognize that local airports act as a tremendous force for economic growth in the community. That's why Airport Improvement Program (AIP) funding was increased 36 percent in the first quarter of FY 1992, compared to the same period in FY 1991.

Moreover, we realize that if the United States is to remain competitive in the global marketplace, we must maintain our outstanding aviation system -- that's why the reauthorization of federal aviation programs will be one of our highest priorities this year.

Conclusion

Before concluding, let me tell you where my energies will be in transportation:

- safety
- accessibility
- efficiency
- competitiveness
- creating a seamless transportation network.

I'm sure by now you've got the message -- this President, this Secretary and this Department, stand ready to revitalize our transportation system, beginning in your localities and communities.

As I mentioned earlier, you are practical people. You know and understand that not everything we want to do will be done quickly -- it will take time. But I'm sure you would agree that we are headed in the right direction in getting this country ready for the challenges of the 21st century.

Thank you again for the opportunity to talk to you -- good afternoon.

SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
DRAFT TALKING POINTS
MEDIA ROUNDTABLE
MARCH 4, 1992

- Thank you for being here today. The past 10 days have been exciting and busy. I've hit the ground running, fully prepared and productive.
- I hope I get a chance to say hello to everyone here before we get started. If I miss anyone, please come up after.

BROAD OBJECTIVES

- Let me start off by restating my commitment to provide a safe, efficient, accessible, affordable and seamless transportation system that enhances our ability to compete in the world marketplace.

FAA REAUTHORIZATION

- Just to make sure you don't leave empty handed today, I do have an announcement. The Administration today is forwarding to Capitol Hill our proposal to reauthorize the Federal Aviation Administration for the next three years. Its components include:
 - CAPITAL INVESTMENT: Represents a 25% increase in capital funding made available over three previous years -- a major investment in our

infrastructure that means jobs. Additionally, it slashes the trust fund surplus by more than one half, from \$7.5 billion at the end of FY 92 to \$3.7 billion by 1995. It would also fund 85% of FAA's budget from the trust fund.

- **INCREASING CAPACITY:** Aggressively incorporates military airfields into our general aviation system. Also expands from 7 to 25 the number of current or former military airports eligible for funds under the military program.
- **FOSTER INTERMODALISM:** Airport entitlement funds could be used for the first time to help finance projects that directly improve airport access for passengers or freight (caveat: does not extend to funds derived from PFC's).
- **EXPANDED PARTNERSHIP:** Would allow all states to participate in the State Block Grant program once minimum standards are met.

ROUTE TRANSFERS

- Since we're on the topic of aviation, I know many of your are interested in several pending route transfer decisions. So am I. Decisions on many of those will be forthcoming, including Detroit-

London, Baltimore/Philadelphia-London, and routes from the U. S. to Latin America.

NATIONAL TECHNOLOGY INITIATIVE

- Let me also mention that our Deputy Secretary, Admiral Busey, is in Austin, Texas, today to launch the second in a series of conferences on the National Technology Initiative. NTI is a joint undertaking of four agencies: The Departments of Commerce, Energy, Transportation, and NASA. The goal of these conferences is to help show industry the opportunities they have to commercialize new technologies. I hope a number of you will be covering these meetings around the country, especially those that focus clearly on transportation.

SURFACE BILL IMPLEMENTATION

- Many of you heard me state that one of my first priorities is the speedy implementation of the new surface act. As of February 25th -- five months into FY 92 -- 20 percent more funds have been obligated than at the same point a year ago. Eight states have obligated over 50 percent, and we will continue to work closely with the states to put their full obligation to work just as soon as possible.

- Let me give you a few examples of how quickly the states are spending their highway funds:
 - Massachusetts, 44% of the \$687 million in 1992 highway aid has already been obligated and is at work, creating jobs, improving roads.
 - Nebraska has 73% of its \$131 million already obligated; Colorado has 70 percent. In all, seven states have over 50 percent obligated.
 - But another five states have obligated less than 10 percent of available funds. I will be happy to provide you with more information.
 - Establish SWAT team (more to come).
- We are seeing evidence already that spending is having an effect on the economy. Durable goods orders were up 1.5 percent in January, and transportation was a contributing factor in that increase. Today's newspapers are reporting that January home sales were up 12.9%.

RAIL LABOR MANAGEMENT

- Speaking of the economy, many of you are aware of yesterday's offer of arbitration by the National Mediation Board. I issued a statement on that yesterday. I believe that offer provides the parties

to the Conrail, Amtrak and Machinists labor negotiations the fairest, most effective and most objective method to resolving outstanding issues. A strike would benefit no one, certainly not our nation's economy.

- I also know many of you are interested in the President's 90-day regulatory moratorium and review. DOT was the first federal agency to publish a request for comments as a part of this moratorium, on our regulatory program. That notice was published in the Federal Register on February 7th, and we received extensive and interesting comments. We are in the process of analyzing those while at the same time we are doing a top to bottom review of our proposed and existing rules. We will keep you posted on our progress and recommendations as they develop.
- Let me also take this opportunity to reiterate my very strong support for our budget proposal now pending before Congress. As you know, it calls for \$36.6 billion in appropriations and obligation limitations in FY 93. The request is 6.3% above the FY 92 enacted level and provides 41% growth versus FY 89, when President Bush took office.

HAITIAN REPATRIATION

- Before we go into questions, let me report to you on my first trip as Secretary to Guantanamo Bay, and let you know how well the Coast Guard is performing.

TALKING POINTS FOR SECRETARY OF TRANSPORTATION ANDREW CARD
COAST GUARD UNIT VISITS

- Although I've only been Secretary of Transportation for less than a week, I really want to get out and meet as many of the men and women of the United States Coast Guard as I can. And this is my first visit.
- In my previous job as Deputy Chief of Staff at the White House, I followed closely the seemingly endless -- and I must say -- incredible accomplishments of the Coast Guard -- as you responded to crises, catastrophes and major natural disasters world wide. All this while continuing to maintain your essential missions of saving life and property and enforcing laws at sea.
 - I know there are countless numbers of people whose lives were in peril who are grateful a "Coastie" was there at the right moment.
- It takes dedicated men and women like you to translate all the policies we make back in Washington into service for our nation and actions on our seas, waterways, coasts, and wherever the Coast Guard is needed.

-- As a citizen, I thank you for those services. As Secretary of Transportation, I am proud to be associated with you.

- I want you to know that I have heard the President on many occasions speak very highly of the Coast Guard. He even has his "sticker" for **Fidelity** -- his boat he keeps docked at Kennebunkport, Maine. Even the President is not going to take any chances of running afoul of the Coast Guard.
- From my involvement through the years with the departments of State and Defense, Congress and the Administration as well as other members of the public and private sectors, I can tell you the Coast Guard enjoys a hard earned and well deserved reputation of being a hard working efficient organization.
- What a pleasure to be able to meet the men and women who make the Coast Guard motto, Semper Paratus (always ready) -- really happen.
- And what better place to begin than in one of the busiest districts in the Coast Guard -- on what I'm told is one of the hardest working units in the Coast Guard. -- (crowd reaction)
 - I stand corrected -- the hardest working unit in the Coast Guard.

-- I'm still new on the job but I should have known that.

- They are already talking about me back at headquarters. My coming in at 0600 and leaving at 8:30 p.m. has a lot of people talking. But by no way do my hours compare with those you put in.
- Like each of you, I believe in hard work. And I intend to work as hard as I know each and every one of you to make sure the Coast Guard gets the resources it needs to do its job.
- Admiral Kime places strong emphasis on taking care of people -- and I support that emphasis. We are moving ahead on a 93 budget which reflects this with a continued growth in housing among other high priorities.
- I am confident that the downsizing of the other services will not be a factor which affects the Coast Guard. The Coast Guard mission continues to remain an integral element of our nation's fabric.
- I came here today because I want you to know that I'm very much aware of your hard work, sacrifice and on occasion separation from loved ones to get the job done.

- The Coast Guard has continued to be responsive to changing national priorities. And I believe that as a result of the recent court ruling we turning the corner on the AMIO situation.
- Finally, let me say again I'm very proud to be a member of this team. I applaud your humanitarian efforts.
- Any questions I can answer after being on the job for a week, I would be happy to do so at this time.

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SECRETARY OF TRANSPORTATION ANDREW CARD
PIONEER VALLEY TRANSIT AUTHORITY GRANT
SPRINGFIELD MASSACHUSETTS
MARCH 6, 1992

- \$5 million Discretionary Grant to the Pioneer Valley Transit Authority (PVRTA), Springfield Massachusetts.
- Grant will allow PVRTA to purchase up to 35 fixed route, lift equipped buses. By retiring the old buses and purchasing these newly equipped lift vehicles -- bus transportation will now become both more accessible and reliable for those with disabilities.
- Ever since President Bush signed the Americans with Disabilities Act of 1990, the DOT has been at the forefront of implementing this vital piece of legislation -- one that gives people with disabilities a chance to enter the mainstream of American life.
- This Administration, this Department and this Secretary remain committed to the goal of making sure that every citizen -- regardless of disability -- has accessible, efficient and safe public transportation.

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SECRETARY OF TRANSPORTATION ANDREW CARD
MBTA GRANT
BOSTON, MASSACHUSETTS
MARCH 6, 1992

- Over the past several years, a major effort has been underway by the MBTA to completely rebuild the historical South Station -- the terminus for over 200 daily MBTA commuter rail trains and AMTRAK's Northeast Corridor service.
- Since the very beginning of this major undertaking, DOT has been involved. The MBTA received \$39 million from the FTA and \$34.1 million from the FRA for South Station renewal.
- Today's grant -- \$10 million -- is for the construction of a new bus terminal for MBTA and private bus carriers at South Station. By linking rail and bus lines, we further boost the inter-connectivity of various modes of transportation: that which we call intermodalism.
- Currently, MBTA and private buses have to pick up and drop off passengers outside the Station -- which not only is inconvenient for passengers and bus operators, but is hazardous as well.
- With a new terminal, both MBTA and private bus service will have a comfortable, convenient and safe area from which to operate. Moreover, by providing

a centralized facility, bus service should become more efficient and accessible.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
HUNTSVILLE INTERNATIONAL AIRPORT PFC ANNOUNCEMENT
MARCH 9, 1992
HUNTSVILLE, ALABAMA

Event: CEREMONY ANNOUNCING PFC. 10 MINUTE REMARKS.

Thank you very much. I am delighted to be in Huntsville, the Rocket City, hometown of high technology, and an outstanding pioneer in intermodal transportation.

I've only been Secretary of Transportation a few days, and I'm pleased that Huntsville is one of my first official visits. When I look at the companies served by this airport, the high-tech companies that are the backbone of our nation's research and development, I am reminded of my native Massachusetts.

But your emphasis on intermodal transportation makes you unique. Bringing all modes of transportation together at this airport is exactly what this Administration and this Department are trying to accomplish. Here at Huntsville we find a great example of what the National Transportation Policy meant by "linking up America" and providing links to the world beyond. And I want you, Blair Conrad (Executive Director) and you, Henry Oldham (Chairman), to know that Huntsville International Airport is way out front and you have our strong and enthusiastic support.

The announcement I am making today not only strengthens the intermodal connection but assures economic growth in this part of north Alabama into the 21st century.

Huntsville is the fourth airport to receive Federal Aviation Administration authority to make improvements by using funds generated by a Passenger Facility Charge or PFC. With this PFC authority, the Huntsville-Madison County Airport Authority will raise nearly \$21 million to cover 16 projects.

These projects will enhance safety, security and capacity. They will mitigate noise impacts resulting from the airport. And they will encourage competition between and among air carriers at the airport. Thousands of good paying jobs will be created in Huntsville over the life of your development plan. And this PFC authority puts Huntsville right in step with what the President is doing on a national level -- creating jobs, strengthening the economy and improving our nation's ability to compete in the world marketplace.

Your intermodal facility moves in the same direction. You started the train-truck-plane connection in 1986. But it really came into its own when your airport officials aggressively sought and succeeded in getting international cargo service in 1990. And make no

mistake about it: this airport is and always will be the cargo gateway of the South and the lifeline of your growing tourism and convention industry.

So in a sense, air shippers are the real beneficiaries of the PFC authority. Providing more opportunity for international cargo service will cut transportation costs.

You in Huntsville were with us very early in developing the PFC. You did your homework, coming up with this master plan for improvements. The plan is excellent. You filed your application early. And you deserve the credit for leading the nation in this pro-growth initiative.

And I can assure you of this: the PFC initiative is just one of many the President has undertaken to strengthen our economy.

President Bush has made abundantly clear, no stone is being left unturned, no good idea is being ignored that can help get America back to work. Like you in Huntsville, we in Washington know very well that transportation is a vital element in moving this economy forward. As the President said "Mobility is the lifeblood of the modern economy."

Clearly, the economy is the President's number one priority. He wants you to know we are doing absolutely

everything to get state and local governments -- local authorities like the Huntsville-Madison County Airport Authority -- into a position where they can accomplish many of the things that they've set out to do.

The President has directed cabinet departments and federal agencies to speed up pro-growth expenditures as quickly as possible. This does not mean we are going to spend more money. We are just speeding up what we intended to spend anyway, giving the economy a jump start at job creation. As the President said, this speed-up should "put an extra \$10 billion dollars into the economy in the next six months."

And all signs show we are on the road to recovery. According to January figures, Americans spent more ... bought more homes ... while inflation was stable ... and manufacturing steadied.

Any one of President Bush's pro-growth initiatives will add momentum to this upswing. The creation of a new 15 percent investment tax allowance ... permitting first time home buyers to withdraw savings from I.R.A.'s without penalty ... and providing a five thousand dollar tax credit for the first purchase of that home ... all are sound common sense solutions to get America moving again.

As I said at the outset, the Massachusetts economy, not too unlike Huntsville's, is anchored in high technology. And the President's FY 1993 budget request for DOT includes a 12 percent increase for research and development over the previous year's level.

The PFC itself is a growth mechanism -- as it means an investment in America's economic present and future.

Two hundred airports, and possibly more, are expected to follow in your footsteps. When the PFC is in place around the country, \$1 billion a year could be collected for airport improvements. These funds have the potential for creating up to 40,000 good paying jobs nationwide. The resulting improvements can, in turn, further stimulate growth and create a cycle of economic boom.

The Department of Transportation will continue to provide local authorities more flexibility to move ahead on projects that will create jobs and ensure our economic future.

So in conferring this PFC authority, I am proud to have a small part in your rich heritage of transportation. Huntsville didn't really begin to grow until Redstone Arsenal became the focal point of the space program,

and growth in this city took off like a rocket and hasn't let up since.

Congratulations on this new step. DOT is prepared to make the journey with you. Now, let's get on with the job of reinvigorating our economy -- locally and nationally.

Thank you very much.

(invite Conrad and Oldham to join you at the podium for the presentation.)

#

STATEMENT BY THE SECRETARY
ON THE OCCASION OF HIS CEREMONIAL SWEARING IN

Thank you very much, Mr. President, for your kind remarks. My respect and admiration for you are unbounded. America and the world are fortunate to have your leadership. I am grateful for the confidence you have placed in me to guide the best agency in Government. And I am truly honored.

From Holbrook, Massachusetts to the White House, I have had the benefit of working with talented, dedicated people. Each one contributed to this moment. I thank, too, the United States Senate, which confirmed me both unanimously and expeditiously.

Many thanks to Sam Skinner, whose leadership at D.O.T. was historic. So I have some large shoes to fill.

Let me also thank our Deputy Secretary, Admiral James Busey, for his outstanding leadership during this time of transition. He ably guided the Department as Acting Secretary. Thank you, Jim. I'm honored to have you on my team.

You who know me know this: There are none from whom I derive more support and happiness than my family. You have already met my daughter, Tabetha. I'd like to introduce other members of my family who are here today.

Mr. President, I promise not to tell my grandmother story. But, in addition to those I just introduced, I must add my thanks to her, because she instilled in me early a desire to be an activist in politics -- to serve, to contribute, to make a difference.

As Secretary of Transportation I can assure you that I will base my decisions each and every day on whether what we are doing will promote safety, accessibility and efficiency in our transportation system. I know that I have the firm commitment of this Department behind me.

I'm deeply impressed with the dedicated men and women who work here, Mr. President. The Coast Guard saves a life every 90 minutes, our FAA air traffic control work force guides more than 170,000 operations a day, and our highway safety programs save nearly 20,000 lives a year. That's 52 lives every day -- talk about responsibility and making a difference on the job!

We have here with us today, Mr. President, many of these employees whose work affects the lives of all Americans. With willing hands and open minds, they make things happen -- whether behind a desk, out at sea, or on the road -- throughout our nation's transportation system.

All of you accomplish so very much -- each day, year in and year out. I'm proud to be joining your team.

In closing, we know that things do not happen -- things are made to happen. This museum is proof that vision requires hard work and total commitment. From the Wright Brothers, to Chuck

Yeager, to the crew of the aircraft **Voyager** -- which accomplished the amazing feat of flying nonstop around the globe without refueling -- Americans have been at the forefront of making the dream become a reality.

This same spirit of innovation is evident across the range of transportation in this country. Whether by land, sea or air, we are a people who refuse to take "no" for an answer when meeting a tough challenge.

On April 1st, the Department of Transportation becomes 25 years old. The theme for our 25th year is "The Future Starts Here." How true that is! How we will travel to jobs, to market and to our homes tomorrow depends on how we do our job at D.O.T. today.

So today, let me say that all of us at the Department will face head-on the demanding challenges to ensure safety, accessibility and efficiency in our transportation system in the coming years.

Thank you.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD
SWEARING IN CEREMONY
MARCH 11, 1992
WASHINGTON, D.C.

Thank you very much Mr. President, for your kind remarks. My respect and admiration for you are unbounded. The United States and the world are fortunate to have your leadership.

I am grateful for the confidence you have placed in me to guide the best agency in government. And I am truly honored.

Thank you Justice Thomas for administering the oath of office. You are a true and valued friend. And my thanks to you, too, Rev. Keller.

Cabinet colleagues, Members of Congress, distinguished guests and friends -- thank you for sharing this day with me and my family. Seeing five of my predecessors here reminds me that I have to fill very big shoes indeed. So thanks, Alan Boyd, Bill Coleman, Neil Goldschmidt, Jim Burnley and Sam Skinner.

Let me also thank our Deputy Secretary, Admiral Jim Busey, for his outstanding leadership during this time of transition. He ably guided the Department as Acting Secretary. Jim, I'm honored to have you on my team.

From Holbrook, Massachusetts to the White House, I have had the benefit of working with talented, dedicated people. Each one contributed to this moment.

Yet those who know me know this: there are none from whom I derive more support and happiness than my family. You have already met my daughter, Tabetha. I'd like to introduce other members of my family who are here today.

Mr. President, I promise not to tell my grandmother story. But, in addition to those I just introduced, I must add my thanks to her, because she instilled in me early a desire to be an activist in politics -- to serve, to contribute, to try to make a difference.

As Secretary of Transportation I can assure you that I will do just that. Ethics will be my guide and my decisions each and every day will be based on promoting safety, accessibility and efficiency in our transportation system. I know that I have the firm commitment of this Department in support of this mission.

Mr. President, I'm deeply impressed with the dedicated men and women of DOT. The Coast Guard saves a life every 90 minutes. Our FAA air traffic control work force guides more than 170,000 operations a day. Our highway safety programs save nearly 20,000 lives a

year -- that's 52 lives every single day -- talk about responsibility and making a difference on the job!

We have here with us today, Mr. President, many DOT employees whose work effects the lives of all Americans. With willing hands and open minds, they make things happen -- whether behind a desk, out at sea, or on the road -- throughout our nation's transportation system.

All of you accomplish so very much -- each day, year-in and year-out -- I'm proud to be joining your team.

In closing, we know that things do not simply happen -- things are made to happen. This museum is proof that vision requires hard work and total commitment. From the Wright Brothers, to Chuck Yeager, to the crew of the aircraft **Voyager** -- which accomplished the amazing feat of flying nonstop around the globe without refueling -- Americans have been at the forefront of making their dreams reality.

This same spirit of innovation animates America's transportation professionals. From the days our ancestors spikes to span the national by rail, to more recent construction of true intermodal transportation links, we are a country that thrives on meeting difficult challenges.

On April 1st, the Department of Transportation becomes 25 years old. The theme for our 25th year is "The Future Starts Here." How true that is! How we travel to jobs, to markets and to our homes tomorrow depends on how well the job is done at DOT today.

So let me say that all of us at the Department are ready to face head-on the demanding challenges. To create jobs now. And to ensure safety, accessibility, and efficiency in our transportation system in the coming years.

Thank you.

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SECRETARY OF TRANSPORTATION ANDREW CARD
REPUBLICAN SENATORIAL INNER CIRCLE MEETING
MARCH 12, 1992
WASHINGTON, D.C.

- Thank you. It's an honor to be here.
- We wear many hats at the Department of Transportation, but the hat we're wearing today features a four letter word -- jobs. We are the President's front line troops in his effort to improve our economy, thanks to a revolutionary new surface transportation bill he signed last December.
- That bill released nearly \$11 billion from the Federal Highway Trust Fund into our economy to build and maintain our nation's highways, bridges and transit systems. It also supports more than 600,000 jobs in this fiscal year.
- The President didn't just sign the transportation bill that incorporates his vision of our national transportation system. He directed us at DOT to work with the states and put those dollars to work quickly, creating jobs. Not just make-work jobs, but real jobs, rebuilding our infrastructure today so we can provide jobs and opportunity to our children and grandchildren tomorrow. I'm pleased to report that the states have obligated 20 percent more money today than at this same point a year ago.

- We're now beginning to see the positive impact from that investment and other signs of economic growth. Retail spending in February was up at many outlets, including a 20 percent increase at Walmart stores. Payrolls expanded in February by 164,000 jobs. Construction in February jumped .9 percent, the highest increase in 9 months. In January, home sales jumped 12.9 percent. And durable good orders in January were up 1.5 percent, led in part, I'm proud to say, by transportation.
- During my time in the White House, I had the opportunity to travel to the former Soviet Union. I talked to a lot of people, and never having been there before, paid careful attention to the way they lived. I learned that while the shelves were empty in their stores, it wasn't because they weren't producing any food and fiber -- they were. But they didn't have the means to get much of it to market. A lot of what they grew was left to rot in the fields.
- We don't have that problem in America because we have the best transportation system in the world. It is our single greatest competitive advantage in the world economy. Thanks to his experience on the international front, George Bush understands that, and that's why he has invested so much time and

energy on the transportation element of his domestic agenda.

- The President's National Transportation Policy was the foundation on which the new Surface Act was crafted. It gives state and local governments more responsibility for their own transportation systems, and their future; it increases investment in our nation's infrastructure; by empowers and creates opportunities for private sector investment and involvement in transportation; and it ensures that all Americans have both affordable access to and confidence in our transportation system.
- It's not splashy, but it works. And when our transportation system is working, our economy is working and Americans are working, building a future that provides jobs tomorrow.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
GOVERNOR'S CLUB ADDRESS
MILWAUKEE, WISCONSIN
MARCH 14, 1992

Thank you, Governor Thompson. We all know of the fine work you have done as chairman of the National Governors Association Transportation Committee. I have long admired your leadership in Wisconsin and look forward to working with you.

Governor Thompson invited me here to talk about transportation and politics. Let me start with the policy issues and then we'll move on to politics. When you talk about transportation, you talk about the economy. The economy, of course, is on everyone's mind -- especially the President's. Economic recovery -- getting our economy back into the passing lane -- is his number one priority.

A key part of President Bush's economic recovery plan includes empowering local and state governments to accomplish many of the things that they've set out to do -- like your "Mobility 2000" six-year strategy to revitalize Wisconsin's transportation network.

He has also directed cabinet departments and federal agencies to speed up pro-growth expenditures as quickly as possible -- and you in Wisconsin are full partners in the process.

This injection of federal dollars into the economy is having a positive effect throughout the nation. People are going back to work and new and good jobs are being created -- payrolls increased last month alone by 164,000 jobs.

All the signs show that we truly are on the road to recovery. According to recent figures, Americans spent more in February -- retail sales were up in many outlets. And in January, they bought more homes -- as sales jumped nearly 13 percent. Even durable good orders were up in January by 1.5 percent, led in part, I'm proud to say, by transportation related purchases.

Any one of the President's recent pro-growth initiatives will add momentum to this upswing. The creation of a 15 percent investment tax allowance ... providing first time home buyers a five thousand dollar tax credit ... cutting the capital gains tax rate ... are all sound common sense solutions to get Wisconsin and all America moving again.

Just look at the State of Wisconsin. With Governor Thompson's help, not only is the unemployment rate well below the national average, but cities like Milwaukee are leaders in the nation in job creation.

We at DOT are among the President's front line troops in his effort to improve our economy -- thanks to

a revolutionary new surface transportation bill he signed last December. It's called the Intermodal Surface Transportation Efficiency Act -- ISTEA, for short.

When the President signed the bill, he opened the door for \$11 billion in federal highway and transit obligations -- monies to be used by state and local governments solely to rebuild and maintain our transportation system. He also ordered us at DOT to expedite the release of these dollars as quickly as possible -- in order to support some 600,000 jobs this fiscal year.

Here's what ISTEA means for Wisconsin. For the first time in 35 years, Wisconsin will get a fair return on its federal highway tax dollars. Wisconsin, as a result of the efforts of the Governor, is in fact the only state to receive its own special line appropriation in the Act to the tune of \$279 million over six years.

Moreover, in Fiscal Year 1992 alone Wisconsin gets over \$316 million in Federal-aid highway funds -- an increase of 48 percent compared to FY 1991. That translates into support for some 20,000 jobs.

And I'm especially proud -- and not surprised -- that Wisconsin is one of eight states which has already obligated almost 60 percent of Federal Aid Highway Funds. Governor Thompson, thank you for responding

so effectively to the President's call to put those dollars to work quickly.

The new surface act does more than create jobs, of course. It focuses investment on a 155,000 mile National Highway System of primarily existing roads that we will be designating over the next two years -- in consultation with state and local officials.

In fact, Wisconsin's "Corridors 2020" plan for improvement of some 3,400 miles of interstate, rural arterial and major urban routes, can be viewed as a prototype of the National Highway System we are building. A well maintained network of nationally-significant highways will help us get Wisconsin's goods to market faster -- whether across the street or across the international time zone.

ISTEA does something else that I think is long overdue and which Governor Thompson strongly agrees with -- putting more power in the hands of state and local governments to decide how transportation dollars are to be invested. Be they for highways or mass transit. That's because the President knows that the best decisions about how the public's money is spent don't come from Washington, but are made at the local level here in Wisconsin.

Another unique aspect of this Act are the greater opportunities afforded the private sector in transportation -- including building and operating toll roads funded in part by the federal government.

The President believes, as I do, that the private sector, the free enterprise system, has a significant role to play in our transportation system. Up until now, they've been kept at arms length. Today, with all of this changing, I hope that many of Wisconsin's businessmen and women will become active participants in the revitalization of the states' roads and bridges.

Like the President, I'm also a believer in high tech solutions to many of our problems. And ISTEA increases our investment in dynamic new technological developments such as "smart cars" and "smart highways" -- all of which should help us cut down on the billions of hours we waste in traffic congestion each year.

I know Wisconsin under Governor Thompson's leadership has been active in seeking high-tech solutions to this and other local problems. And DOT is especially aware of your planned use of special and unique paving materials to extend road life ... your Freeway Traffic Management System initiative to design a computerized network of signs and signals to monitor

traffic ... and your upcoming conferences and meetings to discuss alternative fuel and "bullet train" technologies.

Finally, ISTEA gives uncompromising attention to safety -- a top priority of the President, his Transportation Secretary, and the Governor of this state. The President called for -- and got -- increased funding for safety programs on our highways, including authority for states to get tougher than ever on drunk and drugged drivers. In fact, because of the Administration's initiatives in this area, we now have the lowest highway fatality rate since records were kept. And I know the same is true here in Wisconsin -- with the latest 1990 figures being the best ever recorded in the state for highway safety. I have made safety a top priority of mine as Secretary.

So ISTEA then, is one of the President's major initiatives to revitalize the national economy. It's a highway bill, mass transit bill, safety bill and jobs bill -- all rolled into one neat package.

But jobs aren't being created just on the ground and through ISTEA. They're being created in aviation and through other Administration transportation initiatives as well.

Another product of the President's vision is the authority we are now granting many local airports to collect passenger facility charges, or PFC's to expand airport capacity. No community, no country, can grow economically without good airports, and the President knows that. These monies will improve the nation's airport system and create up to 40,000 jobs. In Wisconsin, Green Bay is consulting with its carriers prior to filing for a PFC authority and Madison and Mosinee have expressed an interest.

The President's growth agenda moreover isn't just limited to the wise investment of tax dollars. He wants to make sure government isn't hindering economic growth through excessive or unwise regulation. That's why the President has ordered a 90-day moratorium on new regulations -- while we review the ones we have to ensure jobs aren't lost to excessive or unneeded regulation.

And I'm proud to say that DOT was the first federal agency to solicit comments from the public on regulations that could be revised or eliminated. We are reviewing a two foot stack of comments we've received thus far.

Overall, our transportation system is the envy of the world. And the President has, as you've just heard,

mapped a plan that ensures we stay that way. A plan that increases investment in our nation's infrastructure ... gives state and local governments more responsibility for their own transportation needs ... empowers and creates opportunities for private sector investment and involvement in transportation ... and encourages technological advances to revolutionize our surface transportation.

I'm sure you know and understand that not everything the Administration wants to do will be done quickly -- it will take some time. But I hope you will agree that the President is heading in the right direction in getting this country ready for the challenges of the 21st century.

That's my policy speech. Now let me talk politics.

Needless to say, all across the country, voters are making one of the most important decisions of our time. And the results are in. The American people have overwhelmingly chosen the older Elvis Presley -- of his later Las Vegas days -- to appear on the new federal postal stamp bearing his image.

More seriously

Thank you again for the opportunity to be here today. Now I'd be happy to take questions you may have.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
NEW ENGLAND COUNCIL
WASHINGTON, D.C.
MARCH 19, 1992

EVENT: 100 KEY business leaders from New England states, 20 min. remarks.

I am delighted to meet with so many people who don't have an accent. Down here in Washington I say "park the car on the Harvard yard" and people think I have an accent. But you know better.

Your theme this year -- "Revitalizing the New England Economy"-- is exactly what the President and the DOT are doing on a national level. So that's what I want to talk about today. And I'm going to challenge each of you to take an important message back to your state.

You probably know I've been Secretary of Transportation for only a couple of weeks. I'm heading the best agency in all of government. Among many other things, DOT creates jobs in the private sector. In fact, there are probably more jobs created in the private sector thanks to DOT than by any other agency. When it comes to improving our economy, DOT is the "Jobs Department."

The President has directed all cabinet departments and federal agencies to speed up pro-growth expenditures and you in New England are full partners in this process.

This injection of federal dollars into the economy is having a positive effect throughout the nation. People are going back to work and new and good jobs are being created -- payrolls increased last month alone by 164,000.

And there are other signs the President's strategy is working. According to recent figures, housing starts soared 9.6 percent in February -- the biggest one month gain in a year. Also, industrial production rose 0.6 percent in February -- the best rise in the index since September. And sales of North American-made vehicles, in fact, also rose some 14 percent in early March.

We at the Department of Transportation are among the President's front line troops in his efforts to improve our economy -- thanks to a revolutionary new surface transportation bill.

The President signed on December 18 a historic bill, called the Intermodal Surface Transportation Efficiency Act -- ISTEA. ISTEA restructures federal programs to improve and maintain our transportation infrastructure over the next six years. People who are planning transportation networks have the tools to plan with certainty and know how much money will be available. It also forces people to think differently than they

thought in the past -- in terms of finding the best solution to transportation needs without a bias toward one mode over the other.

The federal government has put money into this pipeline to help fund surface transportation programs and to create jobs. Eleven billion dollars became available shortly after President Bush signed the act. The President said when he signed the bill that he wanted the states to quickly take advantage of that money, that he wanted to create jobs.

He ordered us to work with the states to accelerate the flow of money authorized by the new surface act. I'm pleased to report that our efforts are bearing fruit. As of March 10th, states had obligated more than \$5.5 billion under the federal-aid highway program. Twenty-four percent more funds have been obligated by the states -- more than \$1 billion -- since President Bush signed the bill, than was obligated in the same period a year ago. And as the Spring construction seasons begin, especially in New England, we expect to see that increase even more.

What does this mean in jobs? Well, \$5.5 billion, along with state and local matching funds, translates into some 330,000 jobs supported nationally. That's the good news. Less than \$400 million has been obligated

by New England so far, representing only 30 percent of the money you have available. That translates into about 24,000 jobs supported thus far, with the potential for many, many more.

In all fairness, many states, like New Hampshire, have small staffs, and can spend the money only so fast. The construction season is also shorter and starts later. But please take this message back home with you: Andy Card and the Department of Transportation are eager to help New England put its dollars to work as soon as possible, creating jobs to improve our infrastructure. I've already been in touch with several of the governors. This week I am mailing all of the governors information about our efforts to speed up construction funding.

New England does extremely well under ISTEA. That's especially important, since you have aging infrastructure and, in most cases, difficult economic situations. The big challenge is to get the money through the pipeline and working for New England.

Here are some specifics on where New England stands with ISTEA, both in what each state gets and how quickly they are obligating dollars.

(DOLLARS IN MILLIONS)

Net Obligation

State	FY 92	Available	Percent
Conn.	\$ 28.3	\$316.9	8.93%
Maine	\$ 28.9	\$ 79.0	36.58%
Mass.	\$318.7	\$687.3	46.37%
N.H.	\$ 14.7	\$ 76.8	19.14%
R.I.	\$ 12.8	\$ 95.2	13.45%
Vermont	\$ 9.2	\$ 72.0	12.78%

Our effort to accelerate infrastructure investment isn't limited to highways -- transit and aviation are important parts of our program as well.

In mass transit, over \$47 million has been obligated in the six New England states so far this year. But the big story in mass transit is that the authorities are not coming forward as fast as we would like, to request discretionary grant money. We want to get that money out of the pipeline and into jobs. In just a few days, the Federal Transit Administration will be turning loose of over \$60 million in entitlement funds to New England public transportation.

In aviation, the six New England states have received \$450,000 this fiscal year, and I'm pleased to announce the approval of 15 new Airport Improvement Program grants totaling over \$17 million to New England

airports. Eleven of these grants are entitlements. Four are from A.I.P. discretionary funds. In addition, the Worcester Municipal Airport has filed a request for passenger facility charge (PFC) authority to be able to levy a small charge on passengers and use the money for expanded capacity and safety which will lead to economic development. Frankly, I expect more airports in New England to ask the FAA for authority to use the PFC. It's one pro-growth initiative that's catching on like wildfire.

Of course, the Central Artery-Third Harbor Tunnel project comes into any discussion of transportation in New England. That's because the state has 13 areas unable to meet air quality standards and this artery-tunnel project will help the Boston area comply. It's also because this \$5 billion project means jobs. And the project will relieve congestion and therefore increase productivity.

Thus, it's good news that the Commonwealth of Massachusetts and the Conservation Law Foundation reached settlement in the lawsuits pending over construction of this vital artery in Boston. Now the project can move ahead.

Like you in New England, we in Washington know very well that transportation is a vital element in

moving this economy forward. As the President said, "mobility is the lifeblood of the modern economy."

We are working to get state and local governments into a position where they can accomplish many of the things they've set out to do.

For the first time, ISTEA gives governors the flexibility they need to develop intermodal transportation. New England's unique transportation needs and concerns should be addressed at the state and local levels -- not in Washington -- and ISTEA provides for that. It provides the governors with the flexibility they need to develop intermodal transportation.

I am excited that ISTEA permits this nation to shift from a "roads only" option to intermodalism. We must have a seamless transportation system. We must have a balanced transportation package. I pledge to work together with groups such as yours and with the Congress to achieve that balance.

The Military Airport Program is another way DOT is working as a partner with states and communities to rebuild our economy. The program places special emphasis on the conversion of former military bases to civilian or joint use facilities. The Manchester Municipal Airport in New Hampshire was one of eight selected for conversion, in whole or in part, to civilian uses.

Manchester Municipal received \$2.7 million in A.I.P. funds last year.

Another thing we are doing at the federal level is to insist on budget discipline in Washington. It's now universally accepted in Washington that we have got to stop spending money we don't have. We have a budget agreement with Capitol Hill, and we're committed to enforcing it.

You might ask: What does that mean in terms of New England? As many of you know, major capital projects require most companies and governments to borrow money. These projects are funded by long term corporate or municipal bonds. If our efforts to reduce the deficit bear fruit, long-term interest rates in the bond market will drop. And that means more money on infrastructure and less on interest. And more money for infrastructure means we can better maintain our competitive advantage in the world marketplace. Make no mistake -- our transportation system is the world's best.

Finally, let me add a word of praise for this Council. The New England Council has been a terrific success story in New England since 1925. Yours is the nation's oldest regional business association and the most successful example of regional cooperation in the

United States. Thank you for being partners in the process of improving the region's economy.

The Administration is strongly committed to improving New England's economy. Obviously, the best way we can do this is through increased infrastructure investment, within the guidelines of the budget agreement and the discipline it must enforce. I urge you to communicate with your states and help speed the flow of ISTEA funds into projects that improve our infrastructure and create jobs. I solicit your continued support and I promise you my own.

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U.S. Department of
Transportation

News:

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

Contact: Bob Marx
Tel: 202/366-5580

STATEMENT FROM SECRETARY OF TRANSPORTATION
ANDREW H. CARD JR
CONCERNING GENERAL JERRY R. CURRY
March 20, 1992

General Curry has informed the President and me that he has withdrawn his name for consideration by the Senate for the position as Administrator of the Federal Aviation Administration. I respect his decision.

General Curry is providing excellent leadership at the National Highway Traffic Safety Administration and he continues as a valued member of the President's team.

The FAA is critical to the safety and well being of the flying public and I expect that the President will soon forward a nomination to fill the post of FAA Administrator.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
INTRODUCTION TO JOE COORS, JR.
MARCH 24, 1992
ORLANDO, FLORIDA

- Joe Coors Jr., comes from a remarkable family and business -- the Adolph Coors Company. He is the son of Joseph Coors and the great grandson of Adolph Coors, the brewery's founder.
- Joe Coors, Jr. is Chairman and CEO of Coors Ceramics Company -- the leading advanced high-temperature materials company in the U.S. and a proven international competitor.
- Joe Coors, Jr. recently joined with President Bush and Energy Secretary James Watkins in signing a \$3.6 million, three year Cooperative R&D Agreement between Oak Ridge National Laboratory and Coors Ceramics Co. Coors moved to Oak Ridge two years ago precisely to take advantage of the high tech facilities there.
- This successful pairing of government and industry will dynamically improve U.S. manufacturing techniques for advanced ceramics. In particular, this pact will lead to ceramic parts that will help make possible longer-lasting and more efficient engines of the future. Breakthroughs in machining ceramic auto

parts could increase the U.S. GNP by \$11 billion annually.

- Joe Coors, Jr. is a member of many organizations -- he currently is President of the U.S. Advanced Ceramics Association and a Trustee to the Colorado School of Mines. His most recent achievement was receiving his pilots license from Bell Helicopter School.
- Joe Coors, Jr. is an avid golfer and an active participant in the Coors sports program. As a result of these interests he originated the concept of an ceramic putter -- one that won't crack with age or use as do alloy putters and is 20 percent lighter than conventional ones.

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U.S. Department of
Transportation

News:

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

Contact: Marion C. Blakey
Tele.: (202) 366-4570

TRANSPORTATION SECRETARY ANDREW H. CARD, JR.
NATIONAL TECHNOLOGY INITIATIVE
MARCH 24, 1992
ORLANDO, FLORIDA

What we are doing here today in Orlando is extremely important. This nation far too often has failed to turn its scientific excellence into marketplace winners fast enough. As one expert summed up the situation: "we're Olympic gold medalists in scientific discovery, but also-rans in the race for new markets."

You already know the story of how the transistor, the VCR and other technologies were invented here but were successfully commercialized elsewhere.

Another similar tale could be said for the most part of the robotics industry. The fact is, when one of the inventors finally developed a working proto-type robot, he booked it on the Tonight Show -- in hopes it would arouse interest in his invention. It did, but not the way you would expect. While talent agents in America quickly called to book his robot as a comedy act -- as something that could lead a band and open a can of beer -- the Japanese government flew the inventor to Tokyo to address some 700 industrialists and to field questions for six hours.

The moral of this is quite clear. If we as a nation are truly going to succeed in today's competitive global economy, we must first develop new technologies ... figure out how to use them to meet consumer demands ... then market them and make them an effective contributor to the world economy.

This is a tall order, but as scientists, inventors and entrepreneurs, you are used to making the impossible happen. We therefore need your help if we are to turn this frustrating situation around. We need your expertise to discover the practical and commercial value of our scientific and research efforts.

As Secretary of Transportation, I am especially aware of how transportation technology is critical to our productivity and our economic well being. Nearly one dollar out of five spent in the U.S. annually goes to transportation related products and services -- amounting to about \$800 billion a year. So as never before, new marketable technologies are needed to promote everything from traffic congestion relief, to fuel efficiency, to environmental quality and improved safety.

Just the other day, in fact, I discovered how a new series of technologies should help us accomplish many of these worthy goals. More specifically, of how engineers are devising unique ways to give bridges, airplanes and other structures their own nervous systems, muscles and brains to allow them to sense problems and correct them.

As a former structural design engineer, I was impressed to hear of a possible bridge design where special sensors act as nerves, warning of stress and corrosion. And where metals called "shape memory alloys," serve as tendons and muscles, flexing themselves to compensate for structural weakness. This then is the kind of technology, engineering and manufacturing we need to bring to market -- NOW.

We at DOT, of course, have not been sitting idly by. We have had scientific research and development -- in partnership with the private sector -- as one of our cornerstones since the creation of this agency 25 years ago. And with the passage of the new surface transportation act, which further encourages technological research, DOT will be even more involved with the private sector in commercializing transportation technology.

In fact, the FTA just announced a \$12 million grant program for proposals advancing such transportation technologies as alternative fuels and electric vehicles.

We are able to facilitate the transfer of technology to the private sector -- and its commercialization -- through a number of means besides simple grants. As in the case of other federal agencies, we have Cooperative R&D Agreements. Right here in Florida, under such an agreement, we are working with Embry-Riddle Aeronautical University on ways to improve our air traffic control system.

And then we have the Small Business Innovation Research Program -- where the DOT actively assists small entrepreneurial technology-based firms in developing specifically needed transportation related products. One of the projects involves the development of a mounted vehicle detector using infra-red sensors -- something you have already heard about this morning from Willam Schwartz, President of the Orlando based Schwartz Electro-Optics, Inc.

Another means we use to transfer technology to the private sector involves the use of our own labs and technological centers -- such as the FAA's Technical Center in Atlantic City, New Jersey, the Turner Fairbank Highway Research Center in McLean Virginia and the John Volpe National Transportation Systems Center in Cambridge, Massachusetts. And I invite you to come visit and explore with us some the projects currently underway.

One such product coming out of the Volpe Center, is the DOT Aircraft Situation Display -- which I hope you've had time to visit at the Tech Fair on the second floor. Here, real-time flight data from 20 FAA air traffic control centers and radars is fed by satellite communications link, to the system wherever it is installed. In fact, an important commercial by-product of this work is the continuous creation of real-time data on aircraft operations -- data which are of value not only to airlines, but also to businesses which serve the airlines and air travelers.

Also upstairs for your inspection, is a display of something I just experienced this morning -- the Intelligent Vehicle Highways System (IVHS) or as it is often called, "smart cars / smart highways." Here again is another prime example of innovative

technology applied to transportation needs. And how through IVHS America -- a joint business, university and federal partnership -- we can successfully commercialize these dynamic technologies.

IVHS is really an umbrella concept covering a wide range of systems.

Perhaps the most familiar example is centralized computer control of a region's traffic lights -- continually revised on the basis of real-time sensing of actual traffic flows. This approach has proved its worth in various cities, but the concept is just beginning to be exploited for other purposes as well. For example, several toll roads now exist which can collect tolls electronically as cars speed by, thereby reducing a major source of delay.

But the part that may be the most interesting to average drivers -- particularly when they are tourists in unfamiliar areas -- is the one I just experienced. I had the opportunity to drive a car using the TravTek system. They call it "Test Driving the Future," and I have to say that I'm very impressed with the potential market for systems of this type.

This is a multi-million dollar development and demonstration program involving 100 cars, which has just become operational in Orlando -- though other in-car information technology systems can be found in Chicago and Los Angeles.

Travelers in the area can now get from a central facility, real time navigation ... route selection assistance ... travel and tourism information ... and advisory services -- all via electronic display maps and synthesized voice messages located on or originating from the dash-board of the car.

Each car tracks its location the same way some aircraft and ships do: by using the space-based Global Positioning System network of satellites. The very same system which was a navigation tool for our forces in Operation Desert Storm.

IVHS technology, however, is not just another toy. This marriage of automotive and electronic technologies will have a direct impact on U.S. productivity. By using radio links to roadside sensors, as well as to company computers, interstate commercial vehicles can go door-to-door without having to stop for permits, or to be weighed or inspected. They can also be dispatched more effectively and guided to the least congested routes.

But while all of this is a real possibility -- with the markets for technologies contributing to IVHS being almost limitless -- the primary responsibility for conceiving systems and developing products will be with you: the private sector. Our role lies primarily in stimulating and coordinating R&D, conducting demonstrations, and developing national standards.

TravTek is actually but one example of Florida's energetic and forward looking leadership in exploring the use of advanced transportation technologies. Orlando is planning to have the first high speed, commercial magnetic levitation system built in America.

And how could we not mention Florida's lead in space technology and commercialization? Through our Office of Commercial Space Transportation -- we have been working closely with the Spaceport Florida Authority and others in

streamlining licensing and safety guidelines. All of which is necessary if we are to make the "final frontier" widely available for business opportunities.

In closing, you've heard how we are helping translate advanced technology into successful commercial products. And I've mentioned some of the innovations now generating a lot of interest in transportation -- such as intelligent vehicle-highway systems, the space-based global positioning system, and Maglev high speed rail.

But again, it's truly up to you to successfully carry the ball on commercializing these and all the other technologies represented here today. I encourage you to take this opportunity seriously and to make the most of it.

Thank you and have a good session this afternoon.

SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
TRAVTEK PRESS CONFERENCE
ORLANDO, FLORIDA
MARCH 24, 1992

EVENT: 5-MINUTE REMARKS AT TRAVTEK NEWS CONFERENCE.

- Thank you very much, Paul (R. Verkuil, President, AAA) for that introduction. It's great to be in Orlando today to help launch the most comprehensive intelligent vehicle/highway system in the country.
- And I want you, Paul; Mayor Frederick; State DOT Secretary Ben Watts and Robert Frosch of General Motors to know this -- the Bush Administration and the Department of Transportation are delighted to embrace you as partners in this historic venture.
- What you see here at TravTek is an important part of President Bush's agenda in action.
- The President is very much aware that if we as a nation are truly going to succeed in today's competitive global economy, we must first develop new technologies.
- Certainly, the Administration strongly supports technology as a solution to one of transportation's major problems -- congestion. Americans lose nearly 2 billion hours annually in traffic jams.

- That's one reason the President's 1993 budget request for the Department of Transportation seeks a 12 percent increase in research and development.
 - More than \$600 million in federal funding is authorized for IVHS over the next six years.
 - All this to encourage technological solutions that will move America into the 21st century.
- We will see more technological emphasis later today at the National Technology Initiative meeting at the University of Central Florida.
 - I'm going over to the NTI meeting to participate with other federal agencies in getting publicly funded technology out into the private sector and into the marketplace.
 - Our Research and Special Programs Administration (RSPA) and the Volpe National Transportation Systems Center in Cambridge, Massachusetts, are doing just that -- working closely with the private sector to commercialize technology.
- The President strongly supports public/private partnerships, especially in IVHS.

- The best solutions to many transportation problems depend very heavily on the creativity and innovation of the private sector.
- IVHS technology will no doubt have an impact on three important transportation issues -- congestion, safety and reduced energy consumption.
- I can think of no better private sector partners than those who have been involved in TravTek for the past two years -- General Motors, the American Automobile Association, and Avis Rent-A-Car.
- Our public sector partners -- the Florida DOT and the City of Orlando -- have worked closely with DOT and the Federal Highway Administration.
- What better place to develop technological solutions to improve travel services than here in Florida, home to Cape Canaveral, EPCOT Center and Disney World.
- We cannot dictate solutions to problems from Washington. Solutions must be worked out at the local level, and that's exactly what you are demonstrating in this TravTek project.
- You are all pioneers. TravTek is only the beginning. Soon IVHS will be the routine rather than the exception.

- Your creativity has produced a multi-million dollar development and operational test program -- a consumer oriented, user friendly program for American families.
- As we have heard, business and vacation travelers can now get from a central facility, real time navigation and advisory services -- all via electronic display maps and synthesized voice messages.
 - And each of the cars tracks its location the same way some aircraft and ships do: by using the space-based global positioning system network of satellites.
 - So IVHS is really an umbrella concept covering a wide range of systems.
- IVHS technology is not just another toy. It will have a tremendous impact on productivity. It will soon be creating jobs at home and exports for a global marketplace.
- I congratulate all who played a part in this moment, and I promise you DOT's continuing support.
- Now, I am happy to introduce our next speaker, third term Mayor of Orlando, Mayor Bill Frederick.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
AMERICAN COALITION FOR TRAFFIC SAFETY
WASHINGTON, D. C.
MARCH 30, 1992

Thank you for the introduction, and thank you for inviting me.

I am quite pleased with the support ACTS and the auto industry gives to saving lives, preventing serious injuries on our highways.

This is my maiden appearance before a safety organization, but it's not my first safety speech. I gave that when I testified before Congress at my confirmation hearings. In fact, I don't think a day goes by that I don't talk about safety.

As you probably know, I'm just completing my first month as the President's Secretary of Transportation.

Many people have asked why I told the Senate that safety was my top priority, along with creating jobs. My emphasis on safety is based on a very simple proposition: People will not use a transportation system in which they have no confidence. People will not use a transportation system that is not safe. And since highway crashes cause more deaths and injuries than accidents in any other transportation mode, our efforts to improve highway safety take on added importance.

Don't get me wrong. I believe our highways are the world's safest, and the record proves that our safety programs work. The national traffic death toll for 1991 is estimated at a little over 41,000; that's the lowest figure in 30 years, even though the number of vehicles on our roads, and miles traveled, have more than doubled. That's impressive, and you deserve much of the credit. But you and I know our work is far from over.

I am delighted the President chose me to head the best agency in government. I also happen to think that right now, it's probably the most important agency in government. In part, that's because we're busy implementing a revolutionary new surface transportation act that the President signed into law last December -- we call it by its acronym, ISTEA.

That new law provides for the investment of nearly \$21 billion this year in our nation's surface transportation infrastructure, including safety programs. Much of that money is already at work today supporting hundreds of thousands of jobs, and that's important as we get our economy moving again.

I'm especially pleased to report that the dollars authorized by ISTEA for highway safety programs are at work, saving lives. Nearly 94 percent of the available funds for our main highway safety programs have been obligated, well ahead of last year's pace. The sooner we can put those dollars to work, the more lives we can save.

The new law is revolutionary because it reorders federal priorities in transportation. It provides unprecedented flexibility for state and local governments on how they invest federal dollars. It's sensitive to the environment. And of special importance to you and me, it reinforces and promotes safety as a top priority. ISTEA authorizes 35 percent more money for highway safety grant programs.

ISTEA will save more lives on our highways. It pursues three agendas: One, to maintain and expand our highway system. Safe highways, well designed and properly maintained are an essential first component of safety. Two, to make our vehicles safer, and three, to provide incentives to states to adopt and enforce tougher laws and promote safety on their own.

You may recognize that agenda as the traditional triad of safety that has guided ACTS, the automobile industry and other safety groups for years.

Many of ISTEA's safety provisions were in progress before the law was enacted. The safety community, including NHTSA, led the charge for these gains: a jump in safety belt usage, belt laws in most states and child safety seat laws in all states, progress against drunk driving. You deserve the credit for a job well done. Nevertheless, we need all the help we can get and ISTEA gives us the muscle to make more gains.

I'm delighted to report that full frontal air bags, thanks to their popularity and growing acceptance by consumers, may become available in nearly all passenger cars, light trucks and vans by the 1995 model year. DOT's regulatory decisions to encourage airbags and the auto industry's selection of this technology were forerunners. Now ISTEA makes it the law.

What that means is front seat passengers will have the best protection yet devised -- air bag and lap-shoulder belts. We should see front seat crash deaths cut by half. I should also mention that the new law requires us to establish better interior protection for the head, and we're working on that right now.

ISTEA also asks us to take a hard look at requiring other features, too, like anti-lock brakes; increased side-crash protection for light trucks and vans; child seat improvements, and rollover protection. We have been working on many of those projects for some time, and ISTEA creates a new momentum for our efforts.

Now, I know some of you may be concerned about the impact of the President's 90-day regulatory moratorium on our safety programs. Yes, we are currently reviewing all of our existing rules and regulations for their impact on the economy. We're also receiving and reviewing comments from the public on our regulations. We are on the lookout for rules that should either be rescinded, revised, or revisited because of their negative impact on the economy. The moratorium doesn't apply to congressionally-mandated rules.

But let me assure you that we will not compromise safety one iota. In fact, it was the President's concern over safety that led him to announce recently that on-board cannisters to trap refueling vapor would not be required on vehicles in order to comply with the Clean Air Act. Instead, vapor recovery systems will be required at filling stations.

Let me get back to ISTEA for a moment and talk about highway safety programs.

The importance placed on highway safety is demonstrated by the fact that the legislation reserves ten percent of all surface transportation program funds for highway related safety improvements. It also provides for improved highway safety management and an expanded motor carrier safety program.

ISTEA reaffirmed the value of the federal safety grants program, and introduced new incentives to encourage universal adoption of safety belt and helmet use laws.

Grants to combat impaired driving are now available to states that have a minimum number of basic remedies in place -- such as police roadside checkpoints and swift suspension of the driver's license for an alcohol-related offense.

States with these remedies in place can then tap an additional series of 5 percent supplemental bonus grants. Lower blood alcohol levels, and confiscation of license plates of repeat offenders can bring bonus grants.

Both motorcycle helmet and safety belt use should expand from a similar incentive program. Laws requiring belt and helmet use open the door to states for a basic grant. Then, higher use of belts and helmets in ensuing years will make the states eligible for additional dollars.

An important footnote here: We can look to substantially increased safety belt use nationwide this year as we further promote the "70% by '92" goal established by President Bush. My department is cooperating with states, cities, counties and -- in fact -- the entire highway safety community -- to make this a common effort. The most reassuring element of this campaign is cooperation. Private individuals and groups across the nation working for a common good.

The cause of traffic safety could not have come so far without ACTS. And I want you, Phil Haseltine and all ACTS members everywhere to know that you have made a difference -- an important difference.

In closing, here's what I think the ISTEA does for highway safety: First, it sends a clear message of support for programs that work well. I mean grants and incentives, as well as the many federally initiated ventures that bring business, industry and others into the highway safety arena.

And the act also emphasizes the importance of serious consideration of proposed changes in passenger vehicles. No change should be poorly researched. Change must be based upon this common sense test: Is the prospective gain worth the projected cost?

Regulation ought to take its cue from Thomas Edison. While Edison was working on a new storage battery, he tried experiment after experiment. Something like 50,000 tests -- before he got his answer. During the course of his work he was criticized for experiencing so many failures.

"No," said Edison, "I got results. I know 50,000 things that won't work."

That's our goal: Be relentless in support of safety. But never saddle the industry or the public with something that won't work. A proposal must be effective, and it must be practical. If it meets that test, we'll support it. That's a reasonable operating principle. We'll stand by it.

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
ASSOCIATED GENERAL CONTRACTORS
MARCH 30, 1992
WASHINGTON, D.C.

Thank you for the introduction. Thank you for inviting me here to talk with you about transportation; specifically, how we're doing with the implementation of the new surface act, the Intermodal Surface Transportation Efficiency Act. Or, in the language of acronyms this town loves so much, ISTEA.

If I suddenly start getting off the topic of surface transportation and talking about traffic safety, aviation or trucking deregulation, I hope you'll forgive me. This is the start of a very busy week for me. At noon today, I talk to the American Coalition for Traffic Safety. Tomorrow, I testify on Capitol Hill in favor of trucking deregulation, and then its off to the Aero Club for an aviation speech. Not only am I preaching intermodalism, but when it comes to my speaking schedule, I'm practicing it, too.

As you know, I'm fairly new on the job. In fact, I've just completed my first month as Secretary of Transportation. Not only has it been a lot of fun, but it is deeply rewarding to be in a position that makes such a real difference, and I'm grateful to President Bush for that opportunity. Aside from putting me in charge of the best agency in government, he made me one of his

first lieutenants in the effort to jump start our economy. As you know all too well, infrastructure investment not only puts people to work today in real jobs, but it keeps future generations working too. I think President Bush said it best: "Mobility is the lifeblood of our economy."

I take over the Department at a terrific time, just as we're implementing this historic transportation act. And the implementation is already having a positive effect.

We all have seen the indicators showing an upturn in the economy. ISTEA has been an important stimulus. Just listen to this letter, recently passed on to me from a vice president at 3M, a major supplier of traffic control devices. Let me quote from his letter: "Our plants are running at all-time records ... the highway activity in this country appears to be moving strongly again and our weekly order intake for the last six weeks is showing excellent growth. A survey with our production people indicates we are planning for that growth to continue." End quote.

When the President signed ISTEA last December, he directed the Department to work closely with the states to accelerate the flow of dollars. Quick and responsible implementation of ISTEA was part -- a key part -- of his growth plan for our economy. And I'm pleased to

report that, in fact, the dollars are being spent quickly and responsibly.

My first day on the job I asked for a status report on how quickly states and localities are putting all of our federal transportation dollars to work. I'm getting such reports weekly. In total, our capital grant programs for highways, transit, aviation and rail have obligated almost \$8 billion.

More than six billion dollars of that has been invested under the Federal-aid highway program. Those \$6 billion translate into 390,000 jobs supported -- real, private sector jobs at work to rebuild and maintain our infrastructure. Beyond this, ten and a half billion dollars more are available for states to obligate this fiscal year. Obviously, we want every one of those dollars put to work, putting people to work, just as soon as possible.

Many of you are actively involved with transit projects. I'm pleased to report that by the end of this month -- tomorrow -- more than \$1.4 billion in formula grants will have been obligated. That represents 60 percent of what we have available to invest this fiscal year. By the way more than 75,000 jobs will be supported through FTA formula grants.

While I'm on a roll about jobs being generated by DOT, let me highlight another program that many of

you help implement that is also creating jobs and improving our economy. Our Airport Improvement Program has obligated some \$400 million in grants so far this year.

And there is more. A new program we're now implementing gives communities the authority to collect Passenger Facility Charges to help fund airport improvements. So far we've approved applications that will mean nearly half a billion dollars of new revenues for improvements at five airports. And we're processing 33 more applications for PFC supported projects right now.

Creating and supporting those jobs is a part of the President's growth plan for our economy. So is regulatory reform.

President Bush gave us all a great opportunity by announcing in his State of the Union address a 90-day moratorium on the regulatory process. At DOT and throughout government, we're looking for rules and regulations that should be revised or even rescinded if they are imposing undue harm on our economy. And we're not working in a vacuum. We're taking very seriously the comments received from the public -- already a two-foot stack of comments has reached DOT.

As President Bush announced at your annual convention last month, your industry has already benefited from the regulatory review process. The Department of Labor has given contractors like yourself greater flexibility to hire semi-skilled "helpers" for federally-funded construction projects. This will reduce construction costs and create more entry-level jobs in the building trades. It will also save taxpayers millions of dollars and allow them to get more for the dollars that are spent.

As I said at the outset, every week I receive a status report from my staff on how each state is doing at putting dollars to work. I have used those reports to call governors, either to thank them for moving the money through the pipeline quickly, or to find out what we can do to help them move the money through faster.

The Federal Highway Administration has set up a nationwide electronic bulletin board for states to use to get the information and answers they need to more quickly implement ISTEA. Additionally, I've sent a letter to every governor, letting them know where they stand and how they can take advantage of our offices to put their apportionments to work.

My experience in Intergovernmental Affairs, working with governors in every state stands me well. I know each state is different and chief executive authority varies. But I am making sure that every governor knows about the provisions in ISTEA that permit them to waive their matching share for highway projects for up to two years. Four states have been granted waivers so far. No others have applied for this tool to jump start their own economies, but I am ready to say "go" if others ask.

I'm also aware that there are frequently concerns of other federal agencies that must be addressed before ISTEA funds can be put to use. The Environmental Protection Agency, for example, and the Army Corps of Engineers, which issues Section 404 permits play a big role in project approval. We've opened the lines of communications with those federal agencies at both the federal and regional level.

We want to see every issue, every problem, addressed quickly and cooperatively. And I'd like your help in learning how we can bring greater efficiencies to the process of obligating federal transportation dollars.

Before I turn it back over to you for questions, let me say something about the Associated General Contractors. Your organization is highly respected in this town, and for good reason. You have been

instrumental in crafting and getting enacted every major surface bill in recent history. ISTEA, the most revolutionary surface bill since the Interstate system, features your handiwork throughout.

But if ISTEA is to work, we can't just implement this law in a business as usual fashion. We must be open to innovative approaches to contracting that will speed the process. And we look forward to your partnership in helping this along.

The President and I are at the front line in the battle to improve our economy, but you're right there in the trenches with us. We can write bills, enact laws, make phone calls and provide money, but you are the builders, along with others, who put the people to work and keep our economy moving ahead. Thank you.

I'll be happy to entertain questions.

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U.S. Department of
Transportation

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SECRETARY OF TRANSPORTATION ANDREW H. CARD, JR.
AERO CLUB LUNCH
WASHINGTON, DC
TUESDAY, MARCH 31, 1992

You here today are experts in the field of aviation. You make things happen. So your advice and counsel are important to me. I look forward to hearing your ideas and concerns regularly.

There are several topics I'd like to address: . . . the state of the aviation industry . . . reauthorizing the FAA . . . expanding airport capacity . . . cutting back on regulations . . . and international aviation.

STATE OF THE INDUSTRY

In the last five weeks, I have reached out to all kinds of people to learn as much as I could about the state of America's aviation industry. You don't have to be a Wall Street analyst to understand that the past two years have been tough on aviation . . . commercial and general aviation both.

General aviation has been hit hard, especially by the rising cost of insurance. The effect of losing the investment tax credit has made it more difficult for general aviation manufacturers. And tough economic times haven't helped.

In addition, the twin plagues of recession and higher fuel prices, sparked by the Gulf War, have exacted a terrible toll on the commercial side of the industry.

But I do believe the airlines are poised for recovery. Our flaps are set. . . we're lifting off once again. Almost all analysts agree that the industry is set for a powerful come back.

REGULATORY REVIEW: PURSUING COST SAVINGS

The economy is turning around. You are looking for opportunities to capitalize on that growth, attract more customers, and generate more revenue. We in government are looking for ways to help you. And there are, I expect, ways we can help.

For example, I know government regulations are a major cost of you doing your business.

In one of my first days on the job, I had dinner with a group of airline executives -- all type triple-A personalities. My staff prepared what I thought was a pretty good briefing paper on what I was likely to hear.

They said don't arm wrestle with Herb Kelleher. Try your best to draw out Bob Crandall . . . he's rather bashful. Then I sat down to dinner and heard from them all.

And the next day, just to make sure I got the message, bashful Bob handed me a three-ring binder full of information that I'm still working my way through. I can see it now -- I'll soon get a binder from every one of you.

The truth is, I do like hearing from all of you. There's a two-foot stack of comments working its way up to the tenth floor at DOT -- part of our regulatory review process that the President ordered. We are taking the review very seriously, and I'm delighted many of you took advantage of the opportunity to give us your comments.

And as we review these regulations, we intend to pursue cost savings aggressively. But do understand this: We will not compromise safety. In keeping the skies safe for passengers, there is no finish line.

DEREGULATION HAS WORKED

But I know there is a big difference between safety regulation and economic regulation. You won't find me backtracking from our strong commitment to economic deregulation. Rather, DOT will redouble its efforts to remove regulatory roadblocks that still stand in your way.

SOLUTIONS AND OPPORTUNITIES

It isn't enough that I work just to remove roadblocks. I also want to improve access to our transportation infrastructure.

There aren't many cabinet secretaries who have been told by the President to spend money, quickly. That's what the President told me, and we are doing just that. We've done so with surface funding under the Intermodal Surface Transportation Efficiency Act (ISTEA), and we're doing it with airport improvement grants that upgrade our nation's airports, both large and small. The FAA has already obligated more than \$400 million this year for AIP grants -- well ahead of last year's pace.

Increasing our investment in aviation infrastructure is one of the pillars of the FAA reauthorization package we sent to Capitol Hill. We've proposed \$15 billion in capital investment -- a 25 percent increase over the last three years.

A second pillar of our proposal is increasing capacity. We want to incorporate an additional 25 military airfields into our civilian aviation system. We also want to broaden the use of airport entitlement funds for projects that directly improve airport access for passengers or freight.

Some of you have been in touch with us about our efforts to build more capacity at airports through Passenger Facility Charges, or PFC's. Six applications have already been approved, and 32 more are being processed, at last count. An amended Minneapolis-St. Paul was officially approved today. The six approved will generate more than half a billion dollars for improved service.

When most are in place around the country, we expect PFC's to generate a billion dollars a year for airport improvements.

While we're optimistic about the promise of PFC's, we are not rubber stamping applications. We're going over every application the way Dick Darman goes over DOT's budget. Not one of the six applicants has gotten everything they asked for. We're not in the Santa Claus business. But overall, we're impressed with the quality and seriousness of the applications.

To make the process even better, the FAA is working with airports early to take full advantage of the opportunities PFC's have to offer. We are strongly encouraging consultation between the carriers and airports.

PFC's come from Congress packaged with a noise standard. We will not permit the proliferation of local noise restrictions inconsistent with the national policy.

So, from President Bush's regulatory review process . . . to FAA reauthorization . . . and to PFC's, we are working with you to create opportunities and to remove roadblocks.

OPPORTUNITIES OVERSEAS

Opportunities also await us in the international marketplace. Just as less government regulation has helped the airlines domestically, I know liberalization can work internationally.

Thanks to the efforts of our negotiators to free up international aviation, we now have more market-oriented agreements with our aviation partners than ever before. U. S. international carriers have freedom to fly to far more destinations, and with far more flexibility to set fares, than they did a decade ago.

NEGOTIATIONS WITH FRANCE

Unfortunately, gains made by our negotiators are being challenged by a number of countries.

In a few cases, our trading partners are seeking relief from their economic woes by trying to limit the rights of U. S. airlines abroad.

Today, here in Washington, U. S. and French negotiators are discussing whether U. S. carriers can carry all the passengers they are entitled to fly this summer. The French have insisted that U. S. carriers cut 500,000 seats from their summer schedules -- a twenty percent reduction and a serious matter. I don't have to tell you how much damage such a reduction would do to the transatlantic travel market.

On Friday, I called my French counterpart, Minister Paul Quiles, to stress the importance of our bilateral agreement.

Let me be clear about this issue: The United States places a very high value on its bilateral agreements. We respect those agreements, and we honor them faithfully.

And we do expect the same from our trading partners.

But I don't want to leave you with a negative message. Let's talk about how we can "push the envelope" -- to open further international aviation markets for everyone.

OPEN SKIES ANNOUNCEMENT

The Bush Administration has already taken some important steps to advance the cause of more open international aviation markets. The steps range from easing restrictions on foreign investment in U. S. airlines -- within the limits of the current law -- to the creation of a program that opens new U. S. gateway cities to foreign carriers without insisting on prior negotiations.

Yet more needs to be done. We need to stimulate greater interest in creating an even more market-oriented international aviation environment. Today, we are prepared to do just that -- to take another step in the direction of open markets.

In the past, in exchange for greater deregulation we offered the most generous and wide open aviation agreements

possible only to a few of our largest trading partners. These "open skies" offers were extended to our partners with the largest markets.

Today, I am announcing that we will now offer to negotiate open skies agreements with all European countries willing to permit U. S. carriers essentially free access to their markets.

At present, we will confine these discussions on open skies to the countries of Europe -- since Europe is moving toward the free flow of passengers and goods. Of course, we hope that other regions of the world will soon be ready to join us in similar talks.

Before considering any candidate for an open skies arrangement, however, we will first carefully define what an "open skies regime" should look like. And you'll help us do that. There are many issues to look at: fares, routes, airport access, computer reservation systems and other important concerns.

FAA

Finally -- I want to speak to one very important common concern: That the FAA continue to be headed by someone who knows aviation, is committed to safety, and is a proven leader. Our concerns have been met. The President today has nominated General Thomas C. Richards to be the Administrator of the FAA. Tom, could you come up and join me?

Tom Richards is a man who has had a distinguished career in the Air Force, culminating in three years as Deputy Commander in Chief, Headquarters U. S. European Command. A four-star general, he played a key role in the U. S. / Soviet negotiations of the INF treaty, and he served as Commandant of the U. S. Air Force Academy. He served in Korea as an army infantryman and had two tours of duty in Vietnam as an Air Force officer. He has over 5,000 flight hours and 30 years of experience in flying propeller, single, and multi-engine jet aircraft.

Most recently, he has done consulting and strategic planning for a number of major U. S. corporations. And he

gained valuable experience in commercial aviation and security issues, serving as a member of President Bush's commission on Pan Am 103.

Ladies and gentlemen, Tom Richards is a man you will find competent and accessible. And with the consent of the Senate, I hope you have the opportunity to work with him soon. I am looking forward to having him on my DOT team. Tom, would you like to say a few words?

CONCLUSION

Thanks, Tom.

And also I want to say here a word about what a terrific job Barry Harris has done as acting FAA administrator. He is very capable and valued DOT colleague.

We've covered a lot of ground in a pretty short time this afternoon. And there are other areas I'd like to address in the future -- for example, issues particular to general aviation.

But I look forward to working with you -- whether it be in general aviation, commercial or corporate aviation, and with airport operators.

And now, I'd be happy to take a few questions.

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STATEMENT OF ANDREW H. CARD, JR.
SECRETARY OF TRANSPORTATION
BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES
MARCH 31, 1992

I. Introduction

Mr. Chairman and Members of the Subcommittee, I am delighted to be here this morning. As a member of President Bush's Cabinet, one of my major concerns has to be the state of our national economy. And when I see an opportunity to lift an impediment to economic efficiency, without any deterioration in the safety of our system, I want to push for it as hard as I can.

Truck deregulation is such an area. The present regulatory system is an anachronism that has long stood in the way of realizing the maximum efficiency of which the transportation system is capable. By ridding ourselves of its drawbacks, we can directly increase our economic efficiency. And higher efficiency in the transportation industry makes the whole economy more efficient, lowers consumer prices, improves our international competitiveness and thereby increases U.S. jobs.

I am particularly pleased to make my first congressional appearance as Secretary before this Committee, which played such a key role in the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) last year. We at the Department of Transportation are hard at work implementing that new law in as

timely a fashion as is possible, so that every State will benefit from the infrastructure improvements that it makes possible and the jobs that it creates.

Congress recognized in the ISTEA that a way to provide better transportation, at less cost, is through making intermodal movements more efficient. While provision of the appropriate infrastructure is an important ingredient toward more intermodalism, removing government barriers against it is another. Government deregulation during the late 1970's and early 1980's removed barriers to innovative applications of new and old technology. Piggyback car loadings were just about level at 1.5 million per year between 1968 and 1981. However, since 1981, when the ICC deregulated piggyback transportation -- exempting it from all rate regulation and tariff filing requirements -- piggyback car loadings have approximately doubled, including the relatively new double stack rail car technology.

There are other examples of intermodalism fostered by federal deregulation. Federal Express would still be hand-packing its tiny jets; instead its mechanized, state-of-the-art jumbo jets are everywhere, serving the global market as express freighters. The Air Cargo Deregulation Act of 1977 and the Motor Carrier Act of 1980 helped develop another of the most recent of America's innovations in transportation: the integrated package express industry. Together, these statutes made it much easier for air carriers to become motor carriers, for motor carriers to become air carriers, and for new aspirants to become either or both.

It is very difficult for us, however, to encourage firms to pursue additional intermodal innovations when they become limited by restricted entry and other regulation at the State level.

My appearance today is meant to signal a renewed and stronger commitment to completing the job of trucking deregulation, both on my part and on the part of the Bush Administration. It is important for the economic health of the country and for our competitiveness in markets abroad. This of course will also mean more job opportunities here at home.

The reforms designed and debated in this Subcommittee twelve years ago, and ultimately enacted as the Motor Carrier Act of 1980, were meant to be a good "first step" toward the goal of a competitive motor carrier industry whose economic performance would be regulated only by market forces, but whose safety continues to be regulated by the combined efforts of the Department of Transportation and the States. The saying "well begun is half done" is especially appropriate in the case of trucking deregulation. I commend you, Mr. Chairman, for holding these hearings and providing the opportunity for all parties to debate the issues. I am excited by the prospect of action by this Committee to complete the task.

I want to first briefly review the success of past deregulatory efforts, and then say a few words about current proposals--and then I would be happy to answer your questions.

II. The 1980 legislation has been a tremendous success.

By any measure, the Motor Carrier Act of 1980 has been a great success. Its results have gone beyond the most optimistic expectations. The competitive forces unleashed by its open entry and flexible pricing provisions are a function not only of the

increase in motor carriers with Interstate Commerce Commission (ICC) operating authority from 18,000 to about 49,000, which is impressive in itself, but of other factors as well. About 16,000 carriers can now provide head-to-head competition for any traffic anywhere in the contiguous 48 States; before 1980, most carriers had narrowly constricted ICC authority to carry a specific type of commodity between fairly specific locations, such as pizza crusts from Portsmouth, VA to Chicago. Today many private carriers haul traffic for others, for compensation; before 1980 they could not do so even for their own "sister" or "parent" corporation. The result has been increased productivity, fewer empty trucks, lower rates, and better service.

Productivity--Trucking productivity, which had been increasing by 3.2 percent annually between 1973 and 1979, jumped to a 3.7 percent annual increase between 1980 and 1990. It is interesting to note that the 26 percent increase in truck ton-miles between 1980 and 1988 was attained with only 4.2 percent more heavy combination trucks. The improvement results from more intensive utilization and fewer empty backhauls. Empty backhauls into Florida, for example, fell from 33 percent in the early 1980's to eight percent by 1989. For private carriers returning to Florida the improvement was even more dramatic, from 58 percent to 10 percent.

We at DOT are not alone in our conclusions about the success of the 1980 legislation. A 1990 Brookings Institution study estimates that rates in the less-than-truckload (LTL) sector today are about 17 percent lower than they would have been under continued, pre-1980 style regulation. The overall benefits to

shippers and consumers in current dollars are estimated to be over \$15 billion per year. Roughly half of that is from lower rates, and most of the remainder results from more efficient operations of private carriers.

This estimate is conservative, because it doesn't count savings from the smaller inventories that shippers can now afford to keep on hand. Since trucking service is more reliable now, shippers can reduce their "buffer stocks" and employ just-in-time (JIT) assembly and shelf-resupply systems.

For example, a leading bottler now delivers its sparkling water to stores in smaller quantities two or three times as often as before, 20 hours a day, seven days a week. Chrysler is now "mostly JIT", and carries virtually no safety stocks of inventory. Overall, industry now keeps about \$200 billion less capital tied up in unproductive inventory; and when the warehousing and handling costs are considered, many billions of dollars more have been saved.

Small community service--Critics predicted before 1980 that with deregulation, small shippers in rural communities would cease to be served, since carriers allegedly provided that service only because it was required by ICC regulations. DOT studies showed that, before deregulation, most service in small, rural communities, was by private carriage, UPS, and USPS. The lion's share was private carriage, especially for the essential merchandisers found in the smallest points, such as grocery, hardware, and general stores. Virtually all grocery and hardware shipments were handled by the private trucks of suppliers and the parent chain (IGA stores, Frito-Lay, True Value, etc.).

Since deregulation, this has remained the same, as one would expect: if regulation didn't ensure the service, deregulation would not cause it to stop. The post-deregulation DOT surveys covered small shippers in Georgia, South Carolina, North Carolina, Pennsylvania, New York and Maine. The number of ICC-certificated carriers had increased for 22 percent of small shippers by 1985, and had decreased for 15.7 percent. Of shippers using primarily LTL service, 20.4 percent had more carriers and 18.5 percent had fewer carriers; only 7.4 percent had shipping points difficult to ship to. Less than 10 percent of all small shippers were seeing less competition. In terms of the quality of service provided, only 2 percent said it had deteriorated. We are aware of only a small number of complaints by shippers.

Jobs--Total employment in the trucking services industry has increased by almost 500,000. The Teamsters Union has testified that about 163,000 member jobs have been lost since 1980, but this number represents the number of employees at unionized carriers that went out of business; it doesn't count almost 160,000 new jobs with other union carriers. The perception continues that lower paying, non-union jobs have been substituted for union jobs, but average wages in trucking continue to be higher than average manufacturing wages.

Safety--Critics claim that, as new entrants have flooded the highways and as carrier profits have fallen, "corners are cut" on safety expenditures and truck accidents have increased. The best evidence we have is that fatal crashes involving heavy trucks have remained lower than in 1979-80, and the fatal accident rate per mile traveled has fallen by about 40 percent. There is no

demonstrated evidence of any link between economic regulation and safety. The favorable trend in accident rates results from strong safety programs and more intensive enforcement at the Federal and State levels, such as that made possible by the Motor Carrier Safety Assistance Program.

The bottom line is that we have been able to achieve these impressive benefits of the Motor Carrier Act of 1980 with no deterioration in highway safety.

III. Why we need further deregulation

We need further deregulation for the simple reason that the Motor Carrier Act of 1980 did not go far enough. It left in place too much red tape and too many barriers to achieving the full efficiencies and economic benefits of total deregulation.

State regulation costs \$3 to 8 billion per year -- Forty-two States continue to impose some form of economic regulation on trucking within their borders. Thus, State regulation imposes costs on motor carriers in both direct and indirect fashion. These costs must then be borne by shippers, and ultimately consumers, in the form of higher prices paid to cover higher rates. Direct costs imposed by the regulatory process include those associated with filing tariffs and obtaining operating authority. Indirect costs result from the imposition of regulatory restrictions that hamper operating efficiency, restrict the ability of carriers to respond quickly to shippers' changing needs, and limit the range of service options that can be offered.

State trucking regulation acts like a general sales tax on all commodities that move by truck at any stage in their manufacture and distribution. There are four problems with this

"regulatory tax." First, like all sales taxes, it is heavily regressive, because it falls disproportionately on lower income groups. Second, it is probably far more regressive than most, since it does not exempt food and other necessities such as medical supplies. Third, the "regulatory tax" imposed by a State falls not only on its own consumers, but on all the rest of us who purchase items produced in that State, whether we purchase them in that State or elsewhere. Between \$600 million and \$2.8 billion of the "regulatory tax" imposed by the States falls on consumers in other States, and constitutes a burden on interstate commerce. Fourth, the proceeds of the tax accrue not to the State treasury, but to motor carriers and their employees, whose rates of compensation are artificially inflated by regulation.

In order to escape the unnecessarily high costs of using intrastate hauls, shippers often make transportation and plant location decisions that save their companies money, but have undesirable consequences for the broader economy. These consequences include unnecessarily long shipping distances, more diesel fuel consumed, more air pollution, and more wear and tear on highways. In addition, more firms will choose to haul their own freight in a highly regulated environment than would do so in a more competitive environment, where for-hire carriers' prices more closely reflect the true costs of service and where a broader range of service options exists. This, too, can result in inefficient operations.

Some of the clearest examples of the effects of strict State regulation come from Texas. The Stewart Company (a Dallas consumer electronics and appliance distributor) chose to operate

its own truck fleet in order to save as much as \$90 per refrigerator on deliveries to its dealers in north Texas. The company noted that three of the major appliance manufacturers (Whirlpool, G.E., and KitchenAid) had all moved their warehousing operations to Arkansas, in order to take advantage of superior interstate truck rates and service.

Examples of wide discrepancies between intrastate and interstate rates abound. Proctor & Gamble pays \$2.52 per mile to ship detergent in-State from Houston to Dallas, but only \$1.46 per mile to ship from Tulsa to Dallas. The American Fire Hydrant Company pays \$603 to ship a fire hydrant from Beaumont, Texas to Texarkana, Texas but only \$297 to adjacent Texarkana, Arkansas. Foreign steel, imported through Seattle, is carried to Spokane at a rate of \$14 per ton; however, steel originating in Seattle and shipped to the same location in Spokane would cost \$18.40 per ton to ship, putting local steel at a competitive disadvantage.

The regulatory "paper chase"--The economic regulation of trucking imposed by State and Federal law serves no useful purpose. Obtaining operating authority from the ICC or from State agencies produces mountains of red tape. The amount of paperwork required varies with the strictness of regulation imposed by a given jurisdiction. In the instance of Federal regulation, procedures have been somewhat streamlined since the Motor Carrier Act of 1980, but the total amount of paperwork still required is extensive.

In some States, entering the trucking industry or expanding the scope of a carrier's services can be an adversarial procedure of great length and scope. For example, it took United Parcel

Service almost twenty years to acquire authority to conduct intrastate motor carrier operations in the State of Texas. As consumers and as a nation, we pay for this delay and the legal fees it entails.

Each year motor carriers file more than a million tariffs with the ICC, and countless more tariffs are filed with State regulatory agencies. The vast majority of these tariffs are never examined by shippers, who usually get rate information simply by calling carriers or by subscribing to "tariff watching" services.

However, not all carriers are caught in the archaic paperwork maze produced by the tariff filing requirement. Interstate carriers of unprocessed agricultural products have never been regulated by the ICC, because our farmers were wise enough in 1935 to reject the imposition of truck regulation on their products. This exemption from economic regulation (including the requirement to file tariffs) has worked well for over half a century. The ICC's exemption of contract carriers from this requirement has also worked well. Air cargo carriers have not had to file tariffs since 1978, and surface freight forwarders since 1986.

Somewhat ironically, whether a jurisdiction is strict or lenient in its approach to trucking regulation, both shippers and the broader public interest are harmed by the "paper chase." Where regulation is not strict, the residual regulatory requirements generate substantial paperwork burden without significantly influencing market outcomes (which are generated predominantly by the forces of competition.) The costs of administering and complying with paperwork requirements must ultimately be borne by shippers, consumers, and taxpayers. In

jurisdictions that favor strict regulation, the harm is twofold: the paperwork burden itself, plus the harm to shippers, consumers and the overall economy resulting from regulatory interference with marketplace forces that keeps rates artificially high. For example, the Motor Carrier Act unfortunately still permits motor carrier rate bureaus to meet and vote on general rate increases and other matters with immunity from the antitrust laws. There is no valid reason to permit such collective activity to continue at this stage of deregulation, given that the industry is fully capable of performing competitively.

The "shipper undercharge" problem--Although motor contract carriers were exempted from the requirement to file their tariffs with the ICC in 1983, this requirement still applies to all motor common carriers. In today's more competitive environment, this archaic and unbusinesslike duty has created a multi-billion dollar problem for shippers.

Since the Motor Carrier Act of 1980, shippers and carriers have been able to negotiate discounts from the tariffs on file with the ICC for specific traffic. In some cases, the carriers failed to file an amended tariff to reflect the agreed upon discount. Under such circumstances, the discounted rate is not legal, but only because it was never filed with the ICC. This is the "paper chase" at its worst.

Trustees of some bankrupt carriers, attempting to maximize the assets to be distributed to the stockholders and creditors, have sold the carriers' old accounts receivable to rate auditors and collection agencies, who compare the freight charges paid with the actual tariffs on file at the ICC on the date of the shipment.

If the charge is a discounted rate not on file, the auditor sends a bill to the shipper for the balance due, the so-called "undercharge."

If a shipper does not pay, the trustee or auditor may take the shipper to court. In the past, in some cases the courts have asked the ICC for its advice on what is the legal rate. In other cases, the courts have either not consulted with the ICC or have failed to take its advice.

The problem is a serious one. Estimates range from \$100-200 million to \$27 billion in potential claims, depending upon one's definition of reasonable or lawful rates. The problem has grown in scope over the past several years, and now also threatens customers of contract carriers, most of whom also possess common carrier operating authority. In such cases, it is alleged that the underlying transportation was not valid contract carriage and that, consequently, the carrier's (much higher) common carrier rate would apply.

The ICC's policy of reviewing these cases and providing some relief to shippers was overturned in 1990 by the Supreme Court, which held that the Interstate Commerce Act cannot be interpreted to allow the ICC to undermine the "filed rate doctrine" by declaring this an "unreasonable practice." Maislin Industries, U.S. v. Primary Steel, 110 S.Ct. 2759 (1990). The National Industrial Transportation League, the American Trucking Associations, and other concerned groups have proposed several compromise legislative solutions to this problem.

We have testified a number of times that shippers should be provided relief from the undercharge problem, but that this should

be done in the context of further trucking deregulation. In this context, we favor eliminating the tariff filing requirement for independently-set common carrier rates. In addition, contract carriage agreements would become subject to State commercial law, just like most other business agreements. Thus, whatever a shipper and carrier agree is contract carriage at the time of the contract's negotiation would remain legitimate contract carriage after the transportation had been performed.

While further deregulation would address the shipper undercharge problem prospectively, it would not resolve the problem for pending claims. We believe that legislation declaring that the behavior in question is an "unreasonable practice" would provide the most appropriate relief for pending cases. This is the approach taken by our draft legislation.

The shipper undercharge problem has been going on for over six years, and it doesn't make any more sense today than it did in 1985. It has even generated a new fear -- that of motor carriers being acquired solely in order to put them out of business and collect their potential undercharges.

For several years, the Congress has sought a consensus solution to the undercharge problem, but none has been achieved. We believe the time to act is now, and we believe that the vast majority of shippers and carriers would agree with us.

Jobs and economic growth--Bold action on trucking deregulation will provide more jobs and a much-needed stimulus to the economy. The regulatory reforms of the last 15 years, not just in trucking, but also air cargo deregulation in 1977 and the Staggers Rail Act of 1980, directly and indirectly led to the

creation of thousands of jobs in the trucking service and warehousing industries.

As I said before, under deregulation, fast and reliable trucking service enabled a massive shift away from unproductive, buffer-stock inventories held at every stage of production and sales. Instead, inventories become smaller and highly mobile--on wheels, if you will. Additional drivers were needed to deliver these inventories in smaller quantities only when needed--in some cases more than once a day--rather than larger, set quantities once a week or month.

The result has been a large drop in the ratio of total inventories to Gross National Product, which fell from 14.7 percent in 1981 to 11.0 percent in 1990, a 25 percent improvement. There has also been a corresponding large increase in employment in trucking and warehousing. As I noted above, almost 500,000 new jobs have been created in these industries. While some portion of them might have come in the normal course of growth during the last decade or so, we believe the bulk of them are attributable to deregulation.

As the cost of storing and handling of inventories has fallen with deregulation, the downward shift in the overall costs of production of U.S. goods and services has helped lower consumer prices (or at least reduce the rate of inflation) and has caused an increase in aggregate output. We believe this downward shift has also helped our international competitiveness and led to an increase in U.S. exports and a relative decrease in imports. The resulting increase in domestic output, and the jobs needed to produce it, provides a real stimulus to the economy.

The costs of transportation and logistics in this country are still too high, and the sooner we lower them further by completing the task of trucking deregulation, the sooner we will see yet another increase in jobs and aggregate U.S. output.

President Bush has recently implemented a series of regulatory initiatives designed to reduce the red tape and cost of doing business, and our trucking deregulation legislation is an integral part of his program.

International competitiveness--Remaining economic regulation of trucking hampers the ability of U.S. businesses to be competitive in international and domestic markets. U.S. businesses are subject to world market conditions. Any added costs, including higher trucking costs imposed by economic regulation of transportation, can impede their ability to compete with foreign firms.

Trucking deregulation is already being implemented in Canada and Mexico; it is also scheduled to be implemented in the European Economic Community and European Free Trade Association by the end of 1992. This reduction in regulatory barriers will decrease the cost of goods imported from those areas, relative to the cost of goods made in the United States. A reduction in transport costs abroad, without a corresponding reduction in the U.S., will hurt U.S. competitiveness in both international and domestic markets.

In the U.S. most remaining economic regulation of trucking at the Federal level is merely a "paper chase," but does increase costs. More significantly, however, of the 42 States which still regulate trucking within their borders, 25 regulate strictly,

hampering the ability of motor carriers to operate efficiently and respond quickly to their customers' needs.

Even a small increase in the price of U.S. goods can result in a loss of sales overseas, or a decision by domestic consumers to buy goods produced outside the United States. In today's fast-paced international marketplace, we can no longer afford the luxury of excessive transportation costs.

IV. Pending legislation

Now I want to turn to proposed solutions. It is heartening to see legislative activity in this area. Progress was made last year with the inclusion of the motor carrier uniformity provisions in the landmark ISTEA. I compliment the Committee for that action. Those changes will substantially reduce the administrative burdens on motor carriers due to the different requirements across States for registration and tax reporting. Moreover, as part of the President's 90-day regulatory relief initiative, the ICC recently announced it would accelerate the implementation of a new "bingo stamp" program which was part of these uniformity measures. That announcement included other initiatives to amend or repeal existing regulations that impose unnecessary regulatory burdens or that interfere with the business operations of motor carriers.

We must continue this progress and provide further regulatory relief. To that end, I would like to comment briefly on the proposals now before the Congress.

TOTAL TRUCKING DEREGULATION: ICC SUNSET First, the Administration offers its own proposal, the "Interstate Commerce

Commission Sunset Act of 1992." Our bill, which we sent to Congress last week, would:

--Completely eliminate what remains of the unnecessary and costly ICC regulation (tariff filing, entry barriers, rate oversight) of interstate trucking, intercity bus service, household goods freight forwarders, and freight brokers, including antitrust immunity for collective ratemaking and other activities, subjecting collective activity to the same antitrust laws that govern other industries.

--End all remaining regulation of domestic water carrier, rail passenger, ferry, and ICC-regulated pipeline industries.

--Solve the shipper undercharge problem by ending tariff filing and, for pending cases, declare it an "unreasonable practice" for a party to bill shippers retroactively for higher rates than those originally agreed to.

--Prohibit States from regulating the rates, routes, and services of interstate motor carriers, including express package service.

--Transfer intact all rail freight regulation, including captive shipper protections and rate oversight, to DOT; end antitrust immunity for rail mergers, agreements to "pool" traffic, and rate agreements, subjecting such collective activity to the same antitrust laws that govern other industries.

--Transfer consumer protection regulations governing household goods movers to the Federal Trade Commission.

--Eliminate all ICC "doing business" rules, such as rules governing leases between owner-operators and carriers, so that leases are dictated by business reasons and not protection for certain types of carriers.

--Eliminate or transfer the regulatory functions of the Interstate Commerce Commission and sunset it, effective October 1, 1992.

The bill would not change current safety requirements for truckers or existing financial responsibility requirements such as insurance or bonding. Safety is my number one priority as

Secretary, and we will continue to strengthen our safety enforcement efforts. As I stated before, safe trucking derives from effective safety regulation and strong safety enforcement, not unnecessary economic regulation. It always has and always will.

With these changes, carriers and operators would avoid the costly and unnecessary "paper chase" they now must face at the ICC. Truckers could carry whatever commodities they wish, over routes they select, at rates which are agreeable to them and their customers. Because truckers would no longer be able to get together and set prices collusively, shippers and consumers would reap the benefits of fully competitive pricing.

As I noted before, the reforms of the Motor Carrier Act of 1980 have been a tremendous success, saving U.S. business--and consumers--an estimated \$15 billion annually in transportation costs alone. The ICC sunset bill would build on those reforms. There is still a great deal of trucking regulation at both the Federal and State levels. As I noted above, our preliminary estimates are that State regulation alone is costing the country \$3-8 billion per year. Eliminating this regulation will enable U.S. industries to compete more efficiently here at home, as well as abroad. If the Congress does not act favorably on this bill, we strongly urge that it promptly enact those provisions that would complete the economic deregulation of the trucking industry.

REFORM ICC AND STATE REGULATION: H.R. 4406 Representative Packard has taken a different approach in his bill. While we would eliminate Federal and State trucking regulation completely, his bill would reform it. While we prefer our approach, there are

substantial benefits to H.R. 4406, because it would significantly reduce both Federal and State regulation. It would streamline entry requirements; provide authority for the ICC to exempt types of truck transportation from regulation if it is not necessary (this authority already exists for rail); exempt independently-established rates from tariff filing (only rates agreed upon collectively would be filed with the ICC); and force States which continue to regulate trucking to do so according to ICC standards of regulation (again, this is modeled on rail regulation). Each of these provisions represents significant progress over existing regulatory regimes.

However, we strongly believe that our approach to reducing the burden of State regulation is preferable to the more complicated model of the rail industry. We propose to prohibit States from regulating the rates, routes, or services of interstate motor carriers when they are operating solely within a State or as part of interstate commerce.

Second, we believe that the bill's "average discount" approach to resolution of shipper undercharge claims provides insufficient relief to shippers caught by the anomaly of the Maislin decision. It would also be cumbersome to administer. H.R. 4406 would give shippers the option of resolving pending claims on an "average discount" basis, which provides full relief only to those shippers whose negotiated discount was "average" or less for the year in which the shipment was transported. Shippers offered deeper discounts in the past would receive only partial relief now.

We believe our proposal would not only provide more equitable relief but would also not place an additional administrative burden on the ICC. It is based on the ICC's reasonable rate doctrine. For pending undercharge claims, DOT's bill would make it an unreasonable practice to collect an undercharge where a court finds that a motor carrier and shipper had negotiated a rate for transportation, that the shipper relied on that rate, that the rate was not properly filed with the Commission, and the carrier had billed and collected the charge as negotiated. It also makes that rate the lawful rate, notwithstanding the fact that it was not the filed rate. A three year statute of limitations is provided for consideration of such undercharge actions.

ELIMINATING STATE REGULATION: H.R. 4335 We support Representative Hastert's bill, which is a subset of our own proposal. Its only fault is that the bill is only a "subset", that it doesn't go far enough towards complete reform. Like ours, it would directly prohibit States from regulating the intrastate rates, routes, or services of interstate motor carriers. States would also be prohibited from interfering with the intrastate leasing of drivers and motor vehicles by interstate carriers. This latter provision would allow shippers the flexibility to hire the motor carrier that best meets their business needs, including a truck driver who owns his or her own truck.

AIR-PACKAGE EXPRESS EXEMPTION: H.R. 3221 This more narrowly drawn proposal by Representatives Clement and Upton is apparently intended to exempt from State regulation those carriers, such as Federal Express and United Parcel Service, that provide an integrated, nationwide system of freight transportation where both

the air and ground segments are provided under "common ownership." It extends through legislation the exemption applied to Federal Express by the 9th Circuit Court of Appeals when Federal Express challenged State control of its services in California. We agree that State regulation of the entry, rates, and services of truckers who are part of the intermodal operation of an air-package express operator is a costly burden and should be eliminated. Our concern with this deregulatory approach is that it is designed to help only a relatively few carriers and would leave other operators at a competitive disadvantage--how large a disadvantage is unknown--simply because of the manner in which they operate. While we can understand that the supporters of this bill want to proceed cautiously and take an incremental approach to change, we prefer a more comprehensive approach, which would prohibit States from regulating all interstate motor carriers.

PRIVATE CARRIER REFORMS: H.R. 4334 Absent action on any of the more comprehensive bills noted above, we would support Representative Geren's modest bill to exempt private carriers from certain burdensome State economic regulations. It would enable them to engage in compensated intercorporate hauling (for-hire transportation performed for a "parent" or "sister" corporation); lease vehicles and drivers from a single source (including owner-operators); lease vehicles and drivers from other private carriers for single trips; and acquire intrastate operating authority under the same ground rules as other types of carriers. Private carriers are already saving fuel and other costs using these freedoms at the Federal level. They are certainly warranted at the State level as well.

While the more comprehensive reforms noted above in the bills offered by DOT, Mr. Packard, and Mr. Hastert would obviate the need for H.R. 4334, this bill, standing alone, would simply "level the playing" field at the State level for private carriers vis-a-vis other motor carriers.

TARIFF MORATORIUM AND STUDY: H.R. 4392 In providing for a twelve-month moratorium on ICC tariff filing by motor carriers along with a concurrent study of its effects, the bill unnecessarily delays the benefits that could accrue to carriers by eliminating the archaic and costly tariff filing requirement as soon as possible. Most carriers and shippers do not rely on the ICC based system to obtain current information about rates and services. As would be expected in any business, carriers and shippers instead rely on direct contact and negotiations. We already have evidence from the agriculture sector and from contract carriage--both of which are exempt from tariff filing. While H.R. 4392 is very limited in scope and does not address many of the key problems of regulation, in the absence of congressional action on broader reforms, it may provide some additional evidence of the benefits of tariff elimination.

CONCLUSION

In sum, Mr. Chairman, the Administration believes that economic deregulation of trucking would have significant economic benefits and would enhance the productivity of the motor carrier industry and of the industries that rely on trucking services. Removing the unnecessary, burdensome and anticompetitive regulatory provisions now in place at ICC and in many States will

increase competition and improve efficiency, and result in lower prices for consumers and enhanced international competitiveness for U.S. businesses.

In the case of eliminating State regulation, I know from my intergovernmental experience at the White House how reluctant the Administration is to take such action, but I am convinced that the benefits to be gained from eliminating such regulatory controls are so substantial that such action is justified.

Finally, I realize that time is short in this session and that the political agenda will move to center stage. However, I am a firm believer in the principle that good policy makes for good politics. I am excited about prospects for trucking reform, and I want to work with the Committee as it develops its legislative proposal.

I thank you again for holding these important hearings. My colleagues and I would be happy to answer any questions you and the Members of the Committee may have.