Opening Statement of
Secretary of Transportation Designate
Federico F. Peña
before the
Committee on Commerce, Science, and Technology
of the
United States Senate

January 7, 1993

Mr. Chairman, Senator Danforth, members of the committee, it is an honor to come before you today. I hope that this is only the first of many meetings between us. The term "gridlock" carries special meaning for those of us immersed in transportation policy. I believe that we will best keep it from the public discourse by working closely together, sharing information and expertise, and jointly developing and implementing a transportation policy which will prepare America for the 21st century.

My goal as Secretary of Transportation is a simple one -- to provide the finest, safest, most efficient transportation system in the world. Our economic health and our place in the global economy depend on our ability to transport goods efficiently, and to move people to and from work and school quickly.

I believe that I bring considerable practical experience to this task.

As Mayor of Denver I worked closely with state and federal authorities to put in place numerous transportation projects in the Denver Metropolitan area. As Mayor, I fought for targeted infrastructure investments that keyed the recovery of our ailing, local economy. The effort to build this nation's newest -- and one of it's largest -- international airports has given me insight into the Federal Aviation Administration -- the largest component of the DOT. From bike paths to interstate highways, I spent eight years dealing almost daily with the bottom-line problems of transportation: I know what governors and mayors face.

As Mayor my goal was always to combine strong administration and management with an ability to foresee future opportunities. In addition to the airport, I oversaw construction of a downtown Convention Center -- on schedule, on budget, and led the voter-approved decision to issue over $330 million in infrastructure bonds -- for bridges, buildings, roads and libraries. The common thread of these projects is not just that they created high-skill, high-wage jobs while under construction, but that they lay the groundwork for tens of thousands of future jobs. Jobs that will also significantly improve the quality of life for the people of Denver.

- more -

I bring significant management experience to the DOT, having administered as Mayor a $350 million operating budget and overseen a workforce of over 10 thousand people. I understand the importance of working within a tight budget. In every year I was Mayor we had a surplus even in the midst of a very difficult economic recession. A combination of strategic cutbacks and targeted investments gave Denver the largest surplus in its history when I left office.

In addition, I have spent the last month directing the transition's Transportation Policy team, getting a head start on the tasks at hand.

Let me add, before serving as Mayor I was a member of the Colorado House of Representatives for four years, including two instructive years as Minority Leader. I want to say briefly to the Republican members of this committee that I understand that the majority in the legislature does not have a monopoly on ideas, and I expect to work closely with <u>every</u> member of this committee during my tenure as Secretary.

As political leader of a growing urban area, I had the opportunity to work across jurisdictions to develop a multimodal transportation plan for the Denver metropolitan area -- to combine highways, traditional mass transit and innovations like light rail in a microcosm of the sophisticated approach to transportation which I hope to bring to the national level. Just building roads is no longer enough. A re-energized, future-oriented Transportation Department will fundamentally improve our quality of life, our national economy, and our global competitiveness.

Transportation policy is a quality-of-life concern as well as an economic issue. The two billion hours Americans spend in traffic jams every year makes us less competitive, less productive and fouls the air. Hours spent circling airports wastes time, consumes imported oil and contributes to airline delay costs.

President-elect Clinton has pledged to make rebuilding our nation's infrastructure a cornerstone of his economic agenda, a pledge with which I heartily concur. A long-term economic recovery cannot be achieved without the <u>very</u> literal support of our roads and bridges, our waterways, our transit systems and our airports.

- more -

Much of the challenge we face is simply a short-sighted neglect of transportation facilities. Subways that were not built, roads not widened, "deferred maintenance" on bridges across the country, airports handling larger numbers of travellers with virtually the same facilities they had twenty years ago all demand our immediate attention.

But we must go further. Our predecessors did not stop at repairing turnpikes and canals -- they built rail systems, interstate highways and airports. We must provide future generations with transport systems that are safer, more environmentally sound and more efficient. Such technological advances not only make our economy stronger, they create new industries which can compete anywhere in the world. The development and dissemination of these critical new technologies is vital to our national interest and should be pursued in partnership with the private sector.

Safety must be a continuing concern -- safer cars, safer airways, safer roadbeds and safer transport of hazardous materials are far less a burden than an opportunity. Most importantly, they are a priority and our responsibility.

I look forward to working with the dedicated and motivated employees in the Transportation Department, and my fellow Cabinet members, to fundamentally improve our quality of life, our national economy, and our global competitiveness.

I am proud to join in embracing the ethical standards demanded by the President-elect and believe they are important reforms, which will help restore the faith of the American people in their government. I look forward to working with Congress to serve the American people in this important position of public trust.

I will be happy to answer any questions you may have.

PREHEARING QUESTIONS FROM CHAIRMAN HOLLINGS AND THE RESPONSES FROM SECRETARY OF TRANSPORTATION-DESIGNATE PEÑA

A. General

1. If confirmed as Secretary of Transportation, what areas do you anticipate will be among your highest priorities? What are your overall goals and objectives?

My goal as Secretary of Transportation is a simple one--to provide the finest transportation system in the world. Our economic health and our place in the global economy depend on getting people to work, school and recreation quickly and efficiently, and getting goods to their destination cheaply and efficiently.

Our transportation system is an engine for our economy. If we have a transportation system that works, we can maintain our preeminent position in the world economy. If we do not, we will falter.

A sound transportation system for the future has many parts. First, it means safety. Whether it is safer cars, safer airways, safer highways, or safer shipments of hazardous materials, there is nothing more important. It is my view that we need a renewed emphasis on safety, in virtually every area within the DOT.

Second, it means an understanding of the importance transportation plays in the economic development of the country. Whether it is smarter highways, more sophisticated aviation control equipment, or cleaner air, we have the opportunity to be a global leader in providing the technology and expertise to move into the next century.

It is an opportunity we cannot afford to lose. If the Department of Transportation understands its mission, and is committed to working cooperatively with business, with state and local governments, and with private citizens, we can become the world's leader.

Third, it means investment in the future. I don't have to tell anyone connected with transportation of the needs we have in this country for investment in our transportation system. Everywhere you go there are needs--for mass transit, for roads and bridges, for aviation improvements. We will succeed in the future if we make the investment now.

Fourth, our transportation investment can be a part of our effort to reinvigorate our economy. The DOT should understand that investment in transportation is investment in the economy. It is jobs, and it is economic development. There is a renewed interest in rebuilding America, in improving the quality of life for both urban and rural America, and in the importance of transportation and infrastructure to achieving these goals.

All of this adds up to a sense of mission for the Department of Transportation, an understanding of the need for a vision of the importance of transportation and a commitment to working with people to accomplish it. This is not something that will happen without a lot of hard work, but it is a goal we can accomplish.

I look forward to working with this Committee and the Congress. It is a time for cooperation, it is a time for strong leadership, and it is a time for thoughtful, long-term decisions.

Whether the challenge is safer transportation systems, a more vibrant economy, a cleaner environment, high speed rail technologies, infrastructure, implementing ISTEA, or the economic health of our transportation industries, together we can move America forward.

2. With respect to your current position, are there any matters that the Department will be considering that you anticipate will require your recusal? If so, are there potential conflicts of interest that could arise if you are confirmed, and how will you address them?

I would respectfully refer the Committee to the letter from the ethics official from the DOT. I pledge to uphold the high ethical standards required both of this office and of this Administration. If confirmed, I will work diligently to ensure that my staff likewise complies with both the letter and spirit of the law. The public must have confidence in the integrity of government, and the decisions we make to protect the public interest. I will give the public no reason to doubt my integrity.

3. Please describe your general regulatory philosophy. What are your views on the need for regulation and deregulation? What do you believe is the appropriate federal role in the transportation sector?

The regulation versus deregulation debate is one that surfaced on several different occasions during my brief but intense tenure as head of the transportation cluster. Generally, I support the freedom of the marketplace. I, however, am sensitive to a number of concerns which are often necessarily addressed through regulation. These include: safety and competition issues; quality of service concerns, particularly service to smaller and rural communities; and the impact of these various decisions on employees in the transportation industry. To the extent laws are in place, or the public interest requires action, we will fulfill our responsibilities.

While virtually all of our domestic transportation industries are experiencing turmoil and economic difficulty, many factors are responsible, including the weak economy, poor management decisions, the consequences of leveraged buyouts, high fuel prices, and the impact of carriers operating under bankruptcy protection.

Most importantly, we intend to listen to those involved, and those affected. We want

to forge partnerships with industry, labor, users, consumers, state and local governments, and Congress to seek practical solutions to problems. The restructuring that is ongoing has provided certain benefits, but we must assure that the public interest is protected.

B. Aviation

4. In your statement accepting President-elect Clinton's nomination to be Secretary of Transportation, you indicated that through the transition process you have learned much about the state of the various transportation modes. In the airline industry, air carriers have lost more than $7 billion over the last two years. What steps do you believe are needed to bring the industry back to profitability?

The problems of the airline industry are profound. There is clearly no magic cure. The single most important thing we can do for the airline industry is to bring the economy back to life. There is nothing that air carriers need more than additional passengers and revenues. The stimulus resulting from the economic program of the Clinton Administration is the best hope for short term improvement in aviation.

One of the things which impressed me most during the transition process was the tremendous energy and number of ideas Members of this Committee and others had for tackling this extremely difficult problem. In developing the best possible solution, I hope to obtain further counsel and cooperation from the Congress, as well as from all affected parties. Only by working together will we be able to develop an effective and responsible solution.

A more efficient and effective air transportation system will also benefit the industry. While safety is and always will be our top priority, I will seek every means possible to reduce delays, make the most efficient use of our airport and airway system, reduce unnecessary regulations that do not affect safety, seek international opportunities for our nation's air carriers, and balance the interests of all users of the system.

5. Recently, the Department effectively turned down the USAir-British Airways proposed transaction. What are your views on foreign ownership of U.S. carriers?

I am sensitive to the capital needs of certain domestic carriers. At the same time, foreign ownership raises both national security questions and concerns about the ability of domestic carriers to compete effectively in the international market. If confirmed, I intend to undertake a thorough review of international aviation policy and would be willing to listen to arguments on all sides of this issue. Naturally, I would be very interested in this Committee's position.

I do, however, believe that we cannot give away valuable rights in this country without equivalent benefits for U.S. carriers. The foreign ownership issue this must be examined in the context of the global aviation system.

6. There has been much criticism of the way in which the U.S. negotiates its aviation agreements. What steps can you foresee to ensure that U.S. carriers are given fair access to international markets?

The U.S. domestic aviation market comprises over half the world's market. Additional access to this highly valuable market should be limited to foreign air carriers who are nationals of countries that are willing to allow U.S. air carriers equivalent opportunities in or beyond their markets.

Recently, a number of our trading partners have attempted to back away from existing obligations. If confirmed, I will use every available diplomatic and regulatory means to ensure that our trading partners fulfill their existing commitments.

We want to open up markets, create new opportunities, and seek cooperation internationally, but we will stand up for our interests strongly and firmly. This includes not only pure aviation rights, but also doing-business conditions abroad such as restrictions on slots, customs clearance, and handling requirements.

Due to the importance of this issue, we will immediately undertake a thorough review of international aviation policy. Some have suggested that in light of regional aviation alliances--most importantly in the European Community--we should move to a regime of multilateral negotiations, instead of the current bilateral arrangements. We are not wedded to either concept. We will be soliciting the widest range of suggestions.

Regardless of the outcome of our review, our objective will be to establish the most skilled, professional, and well-coordinated negotiating teams that will be able to speak with authority on behalf of our nation. I will work closely with the Department of State and other agencies to assure that aviation negotiations receive priority attention.

7. President-elect Clinton has stated many times the importance of our nation's infrastructure. To what extent do you believe funding should be used to support the airport infrastructure?

Airports and airways are an important element of our nation's infrastructure. It is therefore critically important that the federal government work closely with localities--including providing financial assistance--when a need for increased infrastructure has been demonstrated. Denver International Airport would never have become a reality had Secretary Skinner been unwilling to play such a partnership role. I believe my local experience will be a tremendous asset when airport infrastructure issues are raised.

I also believe that, while consumers have been paying into the Aviation Trust Fund, those dollars have not been sufficiently reinvested in aviation infrastructure. There are many needs across America for safer, more efficient airports and related infrastructure, many of which are not being met due to budget constraints. I will work to ensure that airport

infrastructure is a priority and that the public trust is fulfilled with regard to the Aviation Trust Fund.

8. The Federal Aviation Administration (FAA) has many responsibilities, including promoting aviation and maintaining a safe and efficient air transportation system. What do you see as the priorities in aviation safety?

The highest immediate priorities in aviation safety are (a) to assure that the FAA maintains a diligent inspection program that identifies problems in advance of incidents and takes swift and effective action to correct them and (b) to operate an air traffic control system that achieves the highest level of safety by combining advanced technology with a skilled work force operating under decent working conditions.

A longer term priority is to make the kinds of reforms necessary to expedite and improve the research, development, and procurement processes so that new equipment brought on-line is state-of-the-art and not already outmoded when delivered.

9. One of the major concerns in the aviation industry for many years has been the surplus in the Airport and Airway Trust Fund. Many argue that the Trust Fund should be taken out of the unified Federal budget, which could facilitate spending on critical aviation safety needs. Would you advocate changing the Federal budget process, such as taking the Trust Fund off budget, in order to ease spending this surplus?

The Clinton Administration has not yet developed its position on the treatment of trust funds in the budget process. If confirmed, I look forward to working closely with OMB to address this "on" and "off" budget issue.

Regardless, of how this policy question is resolved, however, we need to restore the concept of "trust" to the trust funds. I do not support the use of trust funds to hide budget deficits. Regardless of whether the trust fund is "on" or "off" budget we should not tax consumers for services or capital investments that they are not receiving.

10. In the past, there have been proposals that the FAA should be made independent of the Department. What do you believe should be done to facilitate proper relations between the two entities?

During the campaign, President-elect Clinton specifically pledged that reviewing proposals to reform the Federal Aviation Administration (FAA) would be a top transportation priority. I know that there are many proposals for major reform. I have not prejudged any alternatives.

Our goal is to assure that the FAA is run in the most professional manner possible by experienced and dedicated managers. We want to maximize the potential of FAA employees

by creating an atmosphere that recognizes and rewards innovation, creativity, dedication, and hard work. And we want to find practical solutions to the chronic procurement problems that have plagued the agency for so long.

I am currently working closely with President-elect Clinton and the transition team to staff the FAA and the other modal Administrations with the best, most talented person possible. If confirmed, I hope to instill a cooperative, teamwork approach which ensures effective decision-making at the Department.

11. What steps do you foresee necessary to move the aviation system into the 21st century?

This is an excellent question because it recognizes that our policy decisions must be based on a longer term vision than we have used in the past. Today, despite its problems, our aviation industry is the best in the world. But this leadership position is not secure.

We must do a better job to understand the dynamics of the aviation industry around the world in order to create conditions and policies that will help U.S carriers to compete globally. We must make every effort to make our airport and airways system the most efficient possible. And we must think intermodally. Closer integration of surface transportation services to aviation, in both passenger and cargo, will enhance the value of all modes and produce increased value for consumers and users.

12. In 1981, the FAA put together the National Airspace System Plan (NAS Plan) and estimated it would cost $15.8 billion. The NAS Plan, renamed the Capital Investment Plan (CIP), is now estimated to cost more than $31 billion and is much delayed, according to the General Accounting Office. In addition, recent problems with one of the key projects, the Advanced Automation System, have developed. Modernization of the air traffic control system is one of the highest priorities of the FAA. What types of actions do you believe are needed to ensure users that the FAA will be able to deliver the new system?

During the transition, I read and heard many criticisms about the procurement and research and development processes involved in modernizing the air traffic control system. Most agree that the current system simply is not working as it should.

It is obvious that we need a thorough assessment of what changes can be implemented to expedite the current process and make it more cost-effective, I will seek and welcome the involvement of private sector experts to help in this assessment.

The highest immediate priority is to deal with the current problems associated with the Advanced Automation System. We may have to make some hard decisions. But as we try to fix the problems at hand, we must do everything we can to learn from this exercise, because we simply cannot afford to repeat it again.

Moreover, we must also decide how much priority to place on research and development of even more advanced technology -- particularly satellite-based systems. I hope to forge a closer partnership between the FAA and NASA to explore some of these issues.

Implementing this review will be a high priority both for me and for the incoming FAA Administrator. We intend to work closely with Congress, with FAA career employees, and with all private sector parties affected by the FAA. No one will be excluded from the process.

13. The aircraft manufacturing sector is one of the few bright spots in our export program. Yet, subsidization of Airbus Industries and a fall-off in orders for Boeing and McDonnell Douglas products, including cancellations of orders for new aircraft by U.S. airlines, are very troublesome. What is your view of efforts to increase research and development by the FAA to facilitate future technology development for aircraft?

Questions regarding the aerospace manufacturing industry cut across jurisdictional lines in the Executive Branch. This is an issue in which DOT will share concerns and responsibilities with the United States Trade Representative and the Department of Commerce. President-elect Clinton has expressed his support for increased funding of research and development in the aerospace sector -- a view that I strongly share.

C. National Highway Traffic Safety Administration

14. As you know, in the last Congress, authorization legislation for the National Highway Traffic Safety Administration (NHTSA) was incorporated in to the federal highway bill. The legislation requires DOT to carry out various programs and rulemaking proceedings involving vehicular safety. Passage of this legislation represented the first time NHTSA had been authorized since 1982.

(A) How do you plan to ensure that NHTSA properly carries out its regulatory responsibilities and meets the deadlines for the requirements established under this legislation?

NHTSA is a vital part of the Department of Transportation. Its role in highway safety makes it critical to the life of everyone who drives a car, and its role in fuel economy standards make it critical to the environment.

I am aware of the history of NHTSA, the controversy which has surrounded many of its decisions in the past, and its failures of the last several years to meet deadlines and carry out its responsibility. I understand the importance of NHTSA, and it will be a top priority to see that it carries out its responsibilities and fulfills its statutory requirements.

(B) How do you believe NHTSA's role in promoting highway safety can be improved? In particular, in which specific areas would you like to see a greater involvement by NHTSA?

NHTSA has a unique opportunity to save lives and simultaneously work to promote technological advances that will make cars safer and cleaner. The traditional focus of NHTSA on rulemaking and consumer information needs to be improved, reducing the endless delays and litigation. Just as importantly, NHTSA needs to be a leader in promoting technology that will make cars safer and cleaner. Working cooperatively with manufacturers and consumers, NHTSA can be a vital partner in our efforts to advance our transportation system.

15. Please discuss generally your views regarding regulation of the auto industry.

(A) What are your views regarding the role of NHTSA in the development and implementation of policies and regulations concerning safety and fuel economy standards?

NHTSA has a critical mandate - to save lives. The best way to accomplish that is to be a partner with those involved - consumers, auto manufacturers and others. It will never be an easy role, pushing an industry to do things which it may not want to do, but it can be done.

Look at the recent experience. Everything I have read about auto sales says the same thing --safety sells. The enormous controversy over air bags of several years ago has now faded and air bags have become a marketing tool. People want air bags because they are safer, and apparently they are willing to pay for them.

I do not believe NHTSA's role will ever be an easy one, and I think it needs to be an aggressive advocate for safety, but I think a spirit of partnership and leadership can assist.

The American automobile industry is a vital part of our economy, providing many important jobs. Whenever we can, we need to work together to assist that industry. We can be aggressive advocates for safety, fuel economy and a cleaner environment while keeping in mind the importance of our domestic auto industry.

(B) What direction do you believe NHTSA should follow with regard to formulating an approach toward fuel economy standards in the future?

Fuel economy standards are an important part of the environmental and energy policy of the country. I intend to work closely with my colleagues in the Cabinet and at the EPA to see that we achieve as much as we can.

As with safety standards, things that were once controversial have now become

commonplace. We have made our auto fleets more efficient and saved vital energy in the process. That is not to say that the next step won't be difficult; it will be. There are many competing interests and policies. But we can make significant progress if we understand the importance of improving the efficiency of our automobiles, and at the same time remain committed to listening and working with all of the interested parties.

D. Merchant Marine/Coast Guard

16. The United States shipping industry is in a serious state of decline.

(A) What do you plan to do to address this alarming decline in a major American industry? Are you aware of any efforts by the new Administration to address this problem?

(Please see response to question 18)

17. As you are probably aware, progress was made during the previous year toward developing a maritime reform program. However, a major stumbling block arose when the Bush Administration was not able to fund its proposed program.

(A) Will maritime reform be one of your priorities? If so, do you have any ideas as to how to fund such a program?

(Please see response to question 18)

18. If you were to present a maritime reform proposal, would you now intend to build on the Bush Administration proposal or would you develop one that would be significantly different?

I would like to answer these three questions together because they are so interrelated. The United States merchant marine industry is indeed in a serious state of decline. This is of great concern because the shipping industry is an important part of our national defense capability as well as a national economic asset. Working with Congress and the industry to address this problem will be a high priority of the Clinton Administration.

DOT Secretary Andrew Card deserves praise for his attention to maritime issues during his tenure at DOT. I have heard very clearly from the industry, labor, ports, and shippers that great progress was made last year in developing a legislative proposal. It is my intention to build on the work accomplished by Secretary Card. This should be the starting point. Additional provisions should be considered as well.

I clearly recognize the substantial expertise on this issue in Congress. I hope to work closely with the Subcommittee Leaders Senators Breaux and Lott and others on this Committee to move forward with a legislative package that can be considered very early. I

have already had productive conversations with Chairman Studds in the House and he is willing to move decisively as well.

Funding will depend in large part upon an analysis of how the maritime industry can most effectively contribute to the national defense capabilities. Adequate funding is the key to a successful program of reform.

19. During Operation Desert Storm, we recognized the importance of our U.S.-flag fleet to this country's national security. Much of the cargo that was shipped to the Gulf, however, went on reserve vessels that had been mothballed for years. In fact, of the 78 Ready Reserve Force ships activated for Desert Storm, about 75% missed their activation deadline and 10 of the ships had major, disabling problems. Also, one vessel ran aground in Greece, one was towed to Spain and another was diverted to Bermuda.

(A) What efforts will you take, if any, to ensure that our reserve fleet is in adequate condition to respond when called into action?

I will see that there is a thorough evaluation of our experience during Desert Storm to determine what steps must be take to guarantee that the reserve fleet is in adequate condition to respond when called into action. I will seek the cooperation of the Department of Defense in undertaking this analysis. We must learn from previous experiences and design new policies to avoid repeating past mistakes.

20. During Desert Shield/Desert Storm, there were instances in which foreign nationals refused to sail into the Persian Gulf. Given this fact and the continued shortfall in the number of American merchant mariners, what guarantees does this Nation have that foreign nationals will be willing to sail into a potentially threatening situation during future conflicts? Are those guarantees sufficient, in your opinion?

This question raises an extremely important issue. I will consult with the Department of Defense to evaluate the situation. Ultimately, the best guarantee for sufficient shipping capacity in time of national emergency is the existence of a large and healthy U.S. merchant marine industry.

21. As you may be aware, our cargo preference laws require that all military goods and up to 75% of other "government impelled" cargoes be carried on U.S.-flag ships. It has always made sense to me that, if we are giving away goods to a needy country, those goods should arrive on ships flying the American flag.

(A) Do you have an opinion as to the validity of the cargo preference requirements?

I am aware that the President-elect has expressed support for the current cargo preference requirements and accordingly I have no plans to seek changes in them.

(B) Do you have any plans to seek changes in the cargo preference laws?

(Please see response to part A)

22. Please provide your view on whether shipping should be included in any GATT agreement.

The Clinton Administration views on including shipping in any GATT agreement will be made after interagency consultation. I can assure you I would study this issue carefully and would welcome hearing the views of this Committee.

23. Trade between U.S. ports is restricted to U.S.-flag ships manned by U.S. citizens pursuant to the Jones Act. This requirement is critical to U.S. seafaring and shipbuilding jobs.

(A) What is your position on the Jones Act? Do you think the Jones Act should be retained?

I support the Jones Act and believe it should be retained.

24. All too often we have seen American companies move offshore to the detriment of our Nation's economy. Do you agree that the use of U.S.-flag ships results in a positive balance of payments, employs Americans at sea and in company headquarters, and otherwise boosts the U.S. economy?

Yes.

25. As Secretary of Transportation, you will have responsibility for the United States Coast Guard. What funding priority will the Coast Guard receive within the Department of Transportation? Do you anticipate increasing funding for the Coast Guard in light of the demands being placed on the Coast Guard for environmental protection, as well as drug and fisheries law enforcement and other activities?

The Coast Guard has an increasingly complex and critical mission. It deserves a level of funding that is consistent with its responsibilities. I will certainly be an advocate within the Administration for appropriate funding levels for the Coast Guard.

26. The Coast Guard's capital plant (vessels, aircraft, and housing) is aging and will be in need of replacement during the mid- to late-1990's. Funding for these projects will be crucial to the Coast Guard's future success. Can we count on your support in this effort?

I will support efforts to replace and update the Coast Guard's capital plant. I cannot commit to any particular level of funding at this time, but I can assure you that I recognize

the need.

E. Surface Transportation

27. President-elect Clinton has said that infrastructure will be at the core of any proposed economic stimulus package. If such a package is put forward, what are your recommendations and priorities for surface transportation and infrastructure investment in the United States?

The economic package of the new Administration is in the final stages of development. Infrastructure investment will most certainly be a major part of the proposal. However, such additional spending on infrastructure will not be proposed for "make-work" projects. Rather, it will be based on the potential of the investment to contribute to the long-term productivity of the nation. I also strongly support ISTEA, and implementation of this important legislation will be a top priority.

28. Recent presidential administrations have advocated abolishing the Interstate Commerce Commission (ICC) and redistributing its functions primarily to the Department of Transportation. If confirmed, what will be your position on the appropriate role of the ICC? Does the Clinton Administration intend to fund the ICC at levels adequate for the ICC to discharge its statutory responsibilities?

First and foremost, whether the ICC is maintained as is or its functions are transferred elsewhere, the role of a transportation regulatory agency is to apply the laws passed by Congress and signed by the President. In the last decade we saw major changes in the regulatory approach to all modes, and the role of the ICC is to carry out the requirements of the Motor Carrier Act of 1980, the Staggers Act of 1980, and the Bus Regulatory Reform Act of 1982.

While deregulation has reduced the role of the ICC as it has allowed market forces to work, there remains much for the ICC to accomplish. In terms of transportation policy, my major concern with the ICC is that the laws are enforced and that the health of our transportation system is preserved.

I have no predisposition on whether the ICC should remain as is, or whether its functions should be redistributed. The analysis of that issue should be the same as for any reorganization -- can the job be done more effectively and more efficiently in another way. All I can say is that I will look at the issue objectively.

Of course, the ICC should be funded at a level that will allow the agency to discharge its responsibilities. I am aware of the charges over the last many years that the ICC was purposely granted funding inadequate to allow it to accomplish its statutory mandate. We are all aware of the budget problems the Clinton Administration will face. At the same time, if we cannot provide sufficient funding for agencies to do their job, then we must look for

some other way to allow them to discharge their responsibilities.

29. The freight railroad industry represents a relatively underused but significant transportation resource of the United States. What policies will you advocate to promote the effective use of this national resource and to ensure the competitive health of the railroad industry?

The freight railroad industry is a vital part of our national transportation industry. Thanks to the actions taken by this Committee and the Congress over the last several years, the railroad industry is relatively healthy.

Frankly, I believe we are seeing a growth in the use of our railroad system and infrastructure. The reasons are many and complex, but in simplistic terms, economic, marketing and environmental factors are making the railroad industry more competitive.

While we need to be evenhanded in our dealings with all the modes, we need to encourage the use of our railroad system so that the natural advantages of such a system can be put to their best use. I think we need to continue our efforts to make the railroad system as effective as we can and to use all the appropriate resources of the Department of Transportation to do that.

30. Following the most recent strike/lockout in the railroad industry, it has been suggested that the Railway Labor Act might appropriately be reevaluated. If confirmed as Secretary, how do you intend to promote greater harmony between management and labor in the railroad industry? Do you believe the Railway Labor Act should be reconsidered at this time?

I am aware of the view of some that the Railway Labor Act needs to be reevaluated. Of course, that is something we will study carefully.

At the same time, I believe an evenhanded approach in dealing with railroad labor and management can do much to resolve problems before they reach an impasse. It is my intention to make every appropriate effort to work with labor and management to see that these issues are dealt with fairly and in a way that protects the economic health of our country.

31. Recent decisions of the ICC have addressed the applicability of section 10901 of title 49, United States Code, to various railroad transfer of control situations and transactions. what do you believe is the appropriate interpretation of the labor protection provisions of title 49 in such transactions?

I will not claim to be an expert in the statutory interpretation of section 10901 of Title 49 of the United States Code. I am aware that there is a longstanding dispute over the use of an exemption provision in the Staggers Act that allows selling and purchasing railroads and

others to avoid traditional labor protection. This is based on an ICC interpretation of this section.

Once again I believe in a fair, evenhanded approach in dealing with these issues. Labor protection has been a traditional part of dealings in the railroad industry, both in statutes and in contracts. The original purpose of labor protection is legitimate -- consider the rights of employees when there are service or financial transactions that will affect those employees.

I have also heard from local communities and others who argue that traditional labor protection awards would make these transactions financially uneconomic, and rail service would be lost. We need to balance these competing interests, treating all sides fairly and I want to assure you that I will consider these important issues taking all factions into account.

32. As you may know, the Reagan and Bush Administrations have not fully supported the National Railroad Passenger Corporation (Amtrak). As Secretary, what will be your position with respect to Amtrak's role in the transportation infrastructure in the United States? How do you propose to meet Amtrak's continuing capital shortfall, and would you support Amtrak's proposal to divert, for intercity passenger rail purposes, one cent of the 2.5 cents-per-gallon tax collected on gasoline currently allocated for deficit reduction?

Amtrak is a critical part of our national transportation system. Whether it is in corridors around the country -- the Northeast, California and others -- or in long distance service, Amtrak is important. We need to support and encourage Amtrak.

Amtrak has made progress. Ridership continues to increase; operating subsidies are down significantly. We need to continue the progress.

In particular, we need to support Amtrak's capital needs. Amtrak's capital budget has been starved, and we will soon pay the price in deteriorating service if we do not ensure capital funding. I cannot say at this point whether I support the use of a part of the gas tax for Amtrak's capital needs or not. That is something the Administration will have to evaluate in the broader context of our overall economic package.

I will say, however, that it is my intention to be an advocate for rail passenger service and for Amtrak. There are exciting new opportunities around the country for expanded rail service we need to encourage, as well as our traditional rail passenger system.

33. Currently, a number of seats on the Amtrak Board of Directors is vacant and W. Graham Claytor, Jr., President and Chairman of Amtrak, has indicated his intention to retire. If confirmed as Secretary of Transportation, you immediately will be involved in the selection of a new president for Amtrak and the naming of new Board members. What do you believe will be the paramount challenges facing these and other members

of Amtrak's senior management team in the 1990's, and do you believe the structure of the Board of Directors should be reconsidered at this time?

The structure of the Amtrak Board is something we will need to examine. It may be that changes in the last decade or more dictate that the Board should be structured differently.

A critical decision will be the selection of a new President for Amtrak. Graham Claytor has done a fine job for many years, and it will be our task to find a successor who can continue Amtrak's progress.

Amtrak is a customer service company, with extremely diverse demands on its management team. It must know its markets and its customers, and learn how it can use its natural advantages to offer viable service. It must be able to adapt rapidly to changes in the market and to customer demands. Amtrak needs to continue to improve its financial performance, and it needs a President and new Board members who understand that mission.

34. Congress has appropriated sufficient funding to commence completion of the Northeast Corridor Improvement Program in order to meet the authorized objective of three-hour Amtrak service between Boston and New York. Will the Clinton Administration support this program?

Preliminary work has already begun on the New York to Boston portion of the Northeast Corridor. This is an important part of this entire project and one that should be completed. There is no better example of the importance of rail passenger corridors than Amtrak's success in the Northeast.

While it is my hope that the Clinton Administration will be able to support the continuation of this work, it would be premature of me to discuss funding of any particular programs at this point. I will say simply that I understand the importance of this project, and will make sure that others understand the merits as well.

35. During the campaign, President-elect Clinton stated that, "In my administration, advancing high-speed rail and maglev technologies will be a top priority in the formation of a comprehensive transportation policy." If confirmed as Secretary, how do you intend to implement the President-elect's stated policy priorities?

(Please see response to part A)

(A) What initiatives in support of both high-speed rail and maglev would you as Secretary plan to undertake?

As my answers to several previous questions demonstrate, I intend to be an advocate for rail transportation, and for research and development of enhanced and new technologies.

President-elect Clinton talked about the importance of high speed rail during the campaign, and he understands the importance transportation plays in the economic life of our country.

To the extent we put high speed rail to use, we accomplish many things -- we improve the quality of life for people, we protect our environment, we invest in new technologies that have a potential global market.

There are many things the Department of Transportation can do to support the efforts around the country to initiate or upgrade rail corridors. We need public private partnerships; support for the demonstration of new technologies, like the new tilt locomotive in service on the Northeast Corridor; structured cooperation with local and state agencies working on expanding high speed service; technical assistance to aid in planning, engineering and marketing; and demonstration assistance when we can.

36. During the 102nd Congress, the Senate passed S. 1675, as amended, a bill intended to resolve equitably the "undercharge" litigation crisis exacerbated by the Supreme Court's 1990 *Maislin* decision. If confirmed as Secretary, what would be the Administration's position and policy on resolving the undercharge issue?

I believe that it is in the best interest of all parties that this matter should be resolved as expeditiously as possible. I would note that in addition to the legislative initiatives of this Committee, which is one possible path, there is now a case pending in the Supreme Court, *Reiter v. Cooper*, that may well affect the outcome as well.

I recognize the significance of this issue for shippers, employee groups, and others and will try to balance the equities of all interested parties in developing the new Administration's policy on this issue.

37. A number of shipper organizations and some elements of the trucking industry now favors federal preemption and deregulation of intrastate commercial motor carrier transportation now regulated by the States. Other segments of the transportation community oppose such proposals. If confirmed as Secretary, what would be your position on this issue of intrastate trucking deregulation? What is your view on the tariff filing requirements for commercial motor carriers left in place by the Motor Carrier Act of 1980?

I have not prejudged these issues. I will listen with an open mind to advocates on both sides.

38. During the past year, increasing public and media attention has focused on safety-related issues in the trucking industry, including implementation of drug and alcohol testing, the effectiveness of the Motor Carrier Safety Assistance Program (MCSAP), the potential safety benefits of requiring antilock brakes and enhanced underride protection, and other issues. Please provide your views on these important

safety issues facing the Nation's trucking industry.

I believe that the Motor Carrier Safety Assistance Program has been highly successful. Specific issues, such as drug testing, anti-lock brakes, underride protection, and other safety issues are likely to be the subject matter of regulatory review. I do not want to prejudge these issues. Truck safety will be a high priority.

39. How do you view the role of the intercity bus network in the transportation infrastructure of the United States? What steps, if any, do you believe must be taken to ensure the continued health of the intercity bus industry in the United States?

(Please see response to question 40)

40. Passenger transportation alternatives in rural America have been declining. For example rural bus service has declined since [the] 1982 Bus Deregulation Act.

Do you believe that more needs to be done to improve rural transportation? Do you plan to make any recommendations to Congress or undertake any other initiatives to help improve rural transportation?

These two questions are closely tied together. The intercity bus network is a vital component of the nation's transportation system. This is particularly true for rural areas which often depend completely on buses as the sole source of public transportation. In these areas, bus transportation means access to health care and other essential services.

President-elect Clinton has already elevated the importance of the motorbus industry by choosing this means of transportation to reach out to the American people. He personally recognizes its high value.

The most important step we can take to support the industry and the people it serves is to provide full funding of the Intermodal Surface Transportation Efficiency Act -- particularly those provisions relating to rural transportation. Second, we must be sure that bus service is fully considered in our national goal to promote a true intermodal transportation network.

41. Do you have any views as to the relative roles of the Federal, State, and local governments in the area of hazardous materials transportation? To what extent might federal preemption be included in any proposals from the Department of Transportation?

Hazardous materials transportation is a critical part of our transportation system. While the regulation of such shipments is clearly something that is best handled at the federal level, I can tell you as a former local official that there is an important and significant local

concern and involvement.

It is local and state officials who respond to accidents and who need the information and assistance available immediately. The federal role must emphasize a cooperative relationship between the federal, state and local officials and systems. While there will inevitably be conflicts and demands for more or less information, and greater or smaller roles, we share a similar goal -- to make the transportation system as safe and efficient as possible. With that in mind I think we can minimize conflicts and make the federal government a partner with state and local governments in these matters. It is my hope that any federal preemption would be infrequent.

42. Despite the setting of reasonable deadlines, many of the key safety provisions the Hazardous Materials Uniform Transportation Safety Act of 1990 have not been implemented, including requirements for highway routing safety permits for certain high-risk truck shipments and extending the current regulations to cover all intrastate highway shipments. If confirmed as Secretary, how will you ensure completion of these requirements?

My goal will be a simple one -- comply with deadlines if at all possible. I cannot say at this point how I intend to ensure completion of these requirements other than to say that I will pay careful attention to them, and move them along as quickly as possible. Naturally, to accomplish this end, it will be important to work closely with the Department of Energy and the Environmental Protection Agency.