

Remarks prepared for delivery by
Secretary of Transportation Brock Adams
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"Buenos días ... me encanta su hermosa ciudad."

Let me repeat that. Good morning. Your beautiful city charms me.

I must admit that I have skipped away from a Cabinet meeting today to come to this beautiful country.

President Carter has asked me to convey his best wishes to my hosts from the Federal Republic of Mexico and to all ASTA members. The President is hard at work in Washington. You know he has that sign on his desk, "The buck stops here."

Of course, that's been amended slightly with all that's been happening to the dollar. Now we say: "The buck stops here -- on its way to the Persian Gulf."

While I'm here in Acapulco I hope to get to the bullfights -- just in case I'm ever tempted again to run for public office.

There's a good deal an American candidate can learn from those matadors, such as:

- skillful sidestepping,
- crowd-pleasing maneuvers,
- self preservation,
- and just generally, how to handle the bull.

Seeing this lovely city, I realize that vacations are like truck stops. If you're looking for food, stop where you see all the trucks parked outside. If you want to take a trip, go where the travel agents go.

I'm glad we came to the same place, because the interests of my department are often the same as yours. Transportation and tourism go together. And we've done some things this year to make transportation more accessible and travel more affordable for millions of people.

In other words, what we've tried to do in our international aviation policy is to expand the market to the average person in all the nations of the world.

It wasn't so long ago that air travel was for the rich. If you were a travel agent you could make a lot of money on one trip. But most of the year you were like the Maytag repairman -- sitting around waiting for business.

So what the Carter Administration has done in a very short time is turn around the old ideas of travel. Internationally, we've had a very restricted market.

Our Administration has sought to expand this market so you can carry on your business like other businessmen, in an expanded fashion.

All that you've been hearing about international air policy and regulatory reform really boil down to some simple ideas. We'r free up the market so it can grow.

When government gets involved in setting seat assignments, you stifle the market. When government backs off a little and competition comes into play, you as travel agents will find yourselves working and prospering in a growth economy.

You may not have had time to consider the forces at work here -- I understand you've had one of the busiest summers in travel industry history. But the air fares offered to the public this year in the midst of rising equipment and labor costs, fuel prices that have quadrupled, and a general inflationary environment is something of an economic phenomenon.

It's also been the greatest travel incentive since the coming of the jets.

Now 1977 was a good year for the airlines. The U.S. trunk carriers, for example, increased their passenger traffic seven-and-a-half percent and had earnings of about \$500 million. At year's end, analysts were projecting a six-and-a-half to eight percent growth rate in 1978.

But look what has happened. Traffic on the 23 U.S. scheduled airlines increased 23 percent in August alone and 18 percent for the eight months.

The Air Transport Association has been updating its air travel forecasts almost every week -- from 250 million to 260 million to 280 million airline passengers this year -- an 18 percent increase. Load factors are up -- above 70 percent in the month of August -- and the industry may ring up a billion dollars in earnings for the year.

Frankly, we feel pretty good about those figures, because for two years I've been going around the country asking that we give regulatory reform a chance.

I'm pleased that reform is now a fact -- as one of the last legislative acts of the 95th Congress.

This year we've had a preview. It's been good for the average family. More of them took their vacations by plane this summer. It's been good for the airlines. And it hasn't been too bad for the travel industry generally.

To make sure that this growth continues, the United States is busy almost every day of the year on international air agreements.

We have accomplished in this field what I set out to do when I first came to the Department, which is to have the U.S. speak with one voice. At the Department of Transportation we have the responsibility for long range policy. We have an excellent negotiating team led by James Atwood of the State Department -- and they work awfully hard.

I have found from experience that you could make a career out of some of these bilateral deliberations. We have new agreements with Great Britain, Israel, Korea and The Netherlands. We're negotiating now with West Germany.

Earlier this year we amended the bilateral agreement between the United States and Mexico, adding eight new U.S. cities and six additional points in Mexico to the route schedules of our two countries. The business of tidying up some details is still going on.

That agreement contains several liberal provisions and new charter authority that will simplify and stimulate air traffic between Mexico and the United States. Traffic has already increased 28 percent, for the first eight months of 1978. Direct service is now authorized between 32 U.S. cities and 22 gateway cities here in Mexico.

The benefits of direct service have already been demonstrated here in Acapulco, where tourism went up when the necessity to fly through Mexico City -- with all the problems of layovers and plane changes -- was eliminated.

Now our two countries had been trying to get an amendment for 13 years. I like to tell my Mexican friends, that is what we can accomplish with a new spirit of international cooperation.

I'm not suggesting that international air travel should be an economic free-for-all, with no rules or regulations. We've got to have a book to fly by.

And our rules are directed at safety and at giving each nation a fair chance.

We realize that some nations need different rules. Some markets are very competitive. The Dutch and the Germans can almost let the market forces operate freely. Others are more restrictive.

In England and Japan, they have to solve their ground capacity problems. You clearly can't say that every American should fly to Japan. They can't handle the landing slots.

But what we do say to the Japanese is -- we can't let your planes fly to any city in the U.S. if you won't let ours in.

Israel, of course, is a country that millions of Americans want to visit. It's been very expensive. We want to see this market expand, but we had to stand firm for the American position. If El Al wanted to fly to more American cities, then it had to be equally open to our charter flights.

I think it worked out extremely well, and it has been a good model for our negotiations further down the road.

We haven't solved all of our problems. The energy shortage still threatens our transportation choices and our freedom to travel.

And inflation, unless checked, could depress travel spending.

The greatest inflationary danger is not 40-cent jet fuel, or 40 million dollar airplanes or hotels that cost \$200,000 a room. The biggest factor is excessive government spending, symbolized by a Federal deficit that seems to have become an annual fixture in the national economy.

The annual budget deficit has become a powerful symbol in the psyche of Americans. As President Carter has said, we have to eliminate it to show the world we are determined to solve our economic and monetary problems.

It's important to every American -- and perhaps more so to the American delegates in this room -- that we set an example by controlling government spending. That we set our house in order and restore full confidence in the American economy.

Before I close I want to say a word about a subject that's probably very close to you.

Frankly, we don't spend our days up there in Washington worrying about your salaries.

But we are concerned that we have a healthy travel industry. We want fairness, and we want to see equal pay for equal work. We don't want to see a situation where an agent in one city can get a higher commission than his colleague in another state for the same kind of work.

That's why the Department of Transportation filed -- successfully -- with the CAB against the IATA-set commission rates. That's why we are asking that domestic commission rates be set in the marketplace.

In all of these things, we've tried to have a consistent policy. It's foundation is competition. It's pro-consumer and at the same time a stimulant to the travel industry.

Those of you in this room have been to many countries. You have met many wonderful people. In a way, Americans who travel abroad and visitors who come to our country are a grassroots United Nations, building good will and understanding.

I want to promote that spirit. And I know you do, too.

Once again--"Buenos dias ..."

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