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REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION BROCK ADAMS TO THE ALASKA AIR CARRIERS, ANCHORAGE, ALASKA, FEBRUARY 24, 1978

Air travel is now vital to the economy of this great region. You have helped make it so. And you have made air travel the professional, reliable, economic service that the people of Alaska depend on for transportation and for many of the necessities of life.

As you may have heard, we have had a little snow in the Eastern regions of the lower 48. We get a few inches in the Washington area and the schools close; a few more and all activities are cancelled. By those standards, Alaska would be closed nine months a year.

The weather this winter proves that it's the Almighty and not the Secretary of Transportation who rules our transportation system. Perhaps you don't see it so much here, because the airplane has all but conquered Alaskan weather and geography, but down below high winds, high water or heavier than average snows quickly bring most normal transportation services to a halt.

It just proves what I have said before - that transportation is the invisible service. We see it in its physical sense - the cars, buses and trucks, trains and planes and ships - but we don't really see how important transportation is to our economy, and to our individual life styles, until someone throws a monkey wrench into the system.

That happens, from time to time. And when our transportation stops, everything stops.

Weather, of course, is one factor we can't control, even though its effects can be staggering. The severe winter last year cost Conrail a hundred million dollars, and may take a similar toll this year. Weather ruins roads and closes airports. One airline with a widebody jetliner trapped at take-off time when JFK was closed down turned the plane into a hotel for its passengers, until ground transportation could be arranged.

But forces other than weather act on transportation and affect its fortunes. Energy is a case in point. It's been nearly five years since the flow of foreign oil to our shores was interrupted by an embargo. We felt the pinch at the gasoline pumps, but I'm not sure we learned a lesson. Despite the completion of the Alaskan pipeline and the bounty from the North Slope oil fields, we are more dependent on foreign oil today than we were in 1973.

Now I think most Americans know what's happening. A lot of the oil we use - about 32 percent of it - goes into the gasoline tanks of our cars. Another thirteen percent goes for our trucks and buses. Aviation, I might add, takes only four percent.

This would not be a serious situation if we still had plenty of cheap oil. We do not. Foreign supplies, as you know, cost four times what they did a few years ago. New domestic sources, from Alaskan and off-shore wells, are costly to find, to recover and to transport. Meanwhile, our consumption continues to increase.

This may not be cause for a crisis in Alaska, where energy development is providing jobs and contributing to the prosperity of the state, but it is bad news for the nation as a whole. It has vast economic, political and security implications. And because transportation is a major petroleum consumer - 52 percent of our total use - energy conservation must be a primary concern in national transportation policy.

I want to talk about that for a few minutes today - not energy alone, but five major thrusts of our transportation policy.

Of these, energy is the most urgent and, perhaps, the most crucial. Because while we may yet have a few years of relatively stable prices in a soft world oil market, by the early 1980's demand is almost certain to exceed production. And since we're at the mercy of imported oil, someone in the Middle East could decide at any time to push a button and reduce production, raise the price or control distribution.

We are living, therefore, with a transportation crisis just waiting for a time or a place or a reason to happen. We have to start at that point - hoping for the best but preparing for the worst.

In a democratic society, however, logic precedes necessity, which is then followed by action. Right now we are at the logic stage. This is a very difficult position, because despite the logic of our arguments, the American people are moved by necessity. And according to recent polls, only about 12 percent of the people think there could be an oil shortage in the next 15 years.

That is distressing, and a little frightening. Because unless we succeed in persuading the public of the necessity for accepting alternatives to the automobile, at least for urban use - unless we make energy conservation a way of life - one day we're going to be hit by the tidal wave of necessity. And then we'll just have to swim like hell.

So what we're doing is setting tough new fuel economy standards, and sticking to them, for our new cars and light trucks. We're calling for enforcement of the 55 mile per hour speed limit. We're proposing surface transportation legislation that will make it easier for cities to develop transit systems. We're beefing up our ability to move coal, so we can shift over wherever possible to the energy resource we have in abundance.

If we're successful in each of these areas the savings by 1990 should total 4 1/2 billion barrels of oil - or approximately half the known reserves of Alaska's North slope. That's worth \$24 billion in current dollars. And the less fuel we use for non-essential purposes, the more there will be for the kind of vital transportation services we need.

A second component of transportation policy is our continuing environmental concern. I'm a great believer in the "environmental highway" and the "socially responsible" automobile; pipelines that do not damage the ecology and planes that do not torture the eardrums. I am committed to increased tanker safety and greater pollution control efforts to prevent oil spills. I do not accept the argument that economic growth and environmental sanity cannot co-exist. You have an excellent opportunity here in Alaska to prove that they can, and do - and we want to develop transportation systems that will assure access to the scenic regions of our country without spoiling them.

A third thrust of national transportation policy is safety. As we build cars that are lighter and smaller, to save fuel, we have to build in better passenger protection. That was the reasoning behind my decision requiring passive restraint systems. I think we can greatly reduce highway fatalities, through slower speeds, safer cars and more attention to such high-risk problems as the drunk or unlicensed driver.

I am also encouraged by the prospects for improved safety in the general aviation field, largely because of what you have achieved here in the past year.

Now, I've been to Alaska enough times to know that the things that make the scenery here so spectacular are the same things that make flying here a job for true professionals. You have the highest mountains, the deepest lakes, the most rugged terrain to be found in North America, and weather that is erratic and often unpredictable. A higher than average accident rate here is understandable.

But you've demonstrated that it doesn't have to be acceptable. In 1976 Alaska had 7.3 percent of the country's general aviation accidents and 41 percent of the air taxi accidents. Last year general aviation accidents in this state were reduced by nearly 11 percent and air taxi accidents by 34 percent.

That's a significant achievement and I want to congratulate AACA for your commitment to aviation safety. Your continued efforts along with those of the Alaska Safety Advisory Committee should result in progressively lower accident rates for your industry, and help reduce the costs of doing business. As the agenda of this meeting demonstrates, safety is a management responsibility.

A fourth policy thrust is regulatory reform.

Now, you've been hearing the pro's and con's of airline regulatory reform for a lot of years. I'm sure you've kept tabs on the various bills in Congress, and I know Jim has kept you informed through the Newsletter. Field hearings on the bill were held here last spring.

I think this is the year we're going to get reform legislation passed. I believe Senator Stevens would agree with that - and you know he's worked for a good bill and one that respects the particular needs of Alaskan operators.

What we're trying to do is take the 40-year-old regulatory statutes, update them so that they reflect the industry as it is today, and arrive at a more logical and simpler system.

A couple of interesting things have happened in the past year or so. The air carriers have become more price competitive, offering greater discount fares to more cities. At the same time, the CAB has taken a more liberal attitude toward such practices. The surprising result is that airline earnings set a record in 1977 and the carriers expect a repeat performance this year. And the improvements are due largely to the things the airlines have struggled for years to resist. Load factors jumped better than six percent last year, and more revenue is being gained from new passengers than is being lost through fare discounts.

The other interesting thing is that resistance to regulatory reform, once stubborn and heated, is fading away in the realization that air transportation is a growth market with great potential and that relaxed regulation will help, not hurt, that situation. The latest FAA aviation forecast sees an 80 percent growth in scheduled airline travel over the next 10 years, but an even greater increase in passenger traffic for the commuter-type airlines.

Alaskan air operations are more correctly a model of the kind of competitive, private enterprise system the Air Transportation Regulatory Reform Act envisions than it is a candidate for change under that Act's provisions. The bill would do for small communities what your Association was created to do - improve operations and service. So we are optimistic that airline managements will be given greater freedom to choose routes, set fares and determine levels of service.

The fifth and final aspect of transportation policy that I have time to touch on today relates to this Administration's management philosophy. It's reflected in four ways:

- (1) We try to be people-oriented, not hardware-oriented. I think being sure that people have access to the transportation they need is more important than developing exotic new systems, or protecting corporate entities.
- (2) We believe in making decisions, not postponing them. I spent the first seven or eight months in office settling issues that had been kicking around for years.
- (3) We're committed to doing more with the transportation systems we have instead of forever building new ones. We have tremendous capacity in the present system - much of it unused. We have to make better use of that capacity, and that includes keeping up with highway and railway maintenance and rehabilitation. The frontier spirit that fed expansion policies no longer applies anywhere in the United States - except here in Alaska. That's why we probably won't be building any more new hub airports in the near future, but we are supporting a \$100 million airport development program in Alaska.
- (4) Finally, I'm trying to complete the organization of the Department, the way the Act originally intended. This means the Office of the Secretary isn't going to be second-guessing what everyone else in the Department does. We've taken the operating parts away from the Secretary's office and put them out into the modes. Now, we will continue to tie together the operating decisions and those that involve national policy, but we're not going to get in each other's way or get caught up in circular decision-making.

I hope that one result of transportation policy under this Administration is a closer relationship between our offices in Washington and those in the field. We are thousands of miles away from the decisions that have to be made here in Alaska, but we are as interested and as concerned as we are with the problems on our doorstep. That's why I have tried to get out and talk with people in the cities and communities, to find out first-hand where the needs are, and that is why I was pleased to accept your invitation to come here today.

So I'm glad to have had this part in your 12th annual meeting. I would like to have time to visit longer. Alaska is exciting because the spirit of adventure is still alive here. I admire and appreciate what you are doing to make even the remote sections of this great region accessible, and to make air transportation safer and increasingly available to the people of Alaska.

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