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Office of Public Affairs
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Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
ELIZABETH HANFORD DOLE
TO THE NATIONAL PRESS CLUB
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I want to share with you today my latest thoughts on aviation safety. It has been a continuing concern ever since two bicycle mechanics from Ohio gave us wings. Unlike today, however, aviation has not always been news. In fact, 80 years ago the Wright Brothers had difficulty arousing press interest in demonstrations of their new invention. On the two occasions when a few reporters did arrive on the scene -- skeptical, of course -- the Wright Flyer's 16 horsepower engine stubbornly refused to start. The reporters never returned.

Since then, as more and more Americans have taken to the skies, aviation issues have surged to the forefront of public interest. And with good reason. No other means of transportation has so thrilled and challenged us. Nor has any other form of transportation changed as continuously and dynamically as aviation. Today the industry is experiencing the most comprehensive period of change since its birth revolutionized our way of life. Institutions that regulate aviation are changing. Technologies are changing. And the manner in which our citizens make use of aviation is changing. In the midst of all this change, one thing remains constant: our commitment to maintaining the safest skies in the world. Air transportation, safe as it is today, can be still safer. I'm going to see to that.

A year and a week ago I became Secretary of Transportation. I was aware of the changes our aviation industry was experiencing. Since that time I have had the opportunity to work closely with industry leaders from airline executives and union

representatives to consumer groups and government regulators. I have examined both the problems and possibilities. Today I would like to outline an agenda to help bring the aviation industry into a modern new age of competition, high technology and opportunity. Our aviation agenda will usher in a period of expanded horizons, for our travelers, our labor force and airline business.

Let me say first, that I have great confidence in our national air system. It is first and foremost a safe system, and I will spare no effort to keep it that way. Our nation's scheduled airlines fly 316 million passengers a year, and compile a remarkable safety record in doing it. There were no large U.S. passenger jet crashes at all in 1983. During a recent two-year period, 1980 and '81, America's airlines flew 500 billion revenue passenger miles and more than half a billion passengers without a fatal accident.

Yet we know that for all of our efforts, neither our planes, the pilots who fly them or the hundreds of thousands of people who work with them are perfect. Human error or mechanical failure can still defeat even the best precautions for maintenance, inspection and control. Recent actions we took grounding three airlines demonstrate the need for continuous oversight, inspection and communication to maintain acceptable safety standards. The sweeping changes resulting from deregulation have raised other uncertainties in the minds of some.

To address these concerns, I appointed a task force within the Department to conduct an intensive safety review over all forms of transportation. As a part of this review, my office is working with the FAA in a comprehensive exploration of long-term safety needs and goals.

While that effort continues, I'm taking immediate action to increase the FAA's inspection surveillance over the air carrier industry. The number of scheduled carriers since deregulation has more than doubled. Some of the smaller carriers have greatly increased their fleets and expanded their routes. New entrants have come on the scene. We have found ways to carry out inspection procedures more efficiently, but at the same time there are more carriers to be inspected. To assure that no area is overlooked, I have asked the FAA to increase its inspector work force by 25 percent, bringing it back to the high level mark of the past decade. If more inspectors are needed to keep an eagle eye out for safety deficiencies or infractions, we'll hire them. The American public has my word on that.

In addition, I've directed the FAA to take the following actions:

- One: the number and frequency of air carrier inspections will be increased as will our emphasis on the inspection function.
- Two: a series of short-notice inspections into any and all safety-related areas will be conducted. These "white glove" inspections will look into every nook and cranny of airline operations and pilot performance to see that carriers are doing what they're supposed to do, the way it should be done.
- Three: these inspections will be not limited to any one segment of the industry -- they will apply to established carriers as well as recent entrants. We will look at the commuters and the larger airlines, ground operations as well as flight operations, maintenance procedures and maintenance records. If, during the course of these inspections, we identify specific problems in a

particular area or segment of the industry, we will focus our efforts there until those problems are resolved.

Beyond these measures, I have requested the task force to work with the FAA in **conducting an in-depth review of its entire aviation safety inspection program, and to give me an interim progress report by April 30.** Using sound, scientific methodology, we will determine whether or not our current inspection force is being used as efficiently and effectively as possible.

Let me emphasize that these safety initiatives are preventive measures. In an industry changing so rapidly and dynamically, we must guard against any safety lapses. We may find some deficiencies, but I expect our efforts to be just as effective in yielding new ideas for improved regulatory and enforcement techniques.

Let me turn now to the progress we're making in putting the latest technologies to work for the safety of the flying public.

Back in the 1920's the nation's airway system consisted of a series of single radio beams, from one ground station to the next. Pilots "rode the beam," guided by Morse code signals telling them when they strayed off course.

That simple system served the needs of those early days, but its limited capacity was soon outdistanced by aviation's growth. Today, several technical generations later, we are developing a highly sophisticated air traffic control system that will again double the capacity of our airspace, meeting aviation's needs into the next century. Lynn Helms did an outstanding job during his term as Federal Aviation Administrator in developing and supporting the NAS Plan, and in moving it to the hardware phase. This multi-year program is the most extensive non-military undertaking since the Apollo man-on-the-moon project. It will, of course, be costly, but it's being paid for entirely by user fees. Furthermore, by reducing operating costs, the new system will ultimately save more than it costs.

This year I'm investing \$750 million in the National Airspace System (NAS) Plan. In my budget request for fiscal year 1985, I'm asking for \$1.7 billion -- more than twice current spending levels. I am, in fact, proposing full funding from the Airport and Airway Trust Fund for all FAA facilities and equipment programs.

Replacement of present air traffic control computers with new state-of-the-art technology is the centerpiece of the NAS Plan. We're also acquiring new and better radar, equipped with separate weather channels, which provides terminal area controllers a display of current weather conditions "live and in color."

We're working with the Departments of Commerce and Defense in research on new long-range weather radar. Our goal is a system that not only detects conventional weather patterns, like recording a storm's symptoms, but one that can actually look inside a storm system -- much as an X-ray sees within -- to identify wind shear, turbulence and other adverse weather conditions affecting flight safety.

We expect to contract this spring for a new radar beacon system, one providing ground controllers with a "private line" to the pilot. This system will automatically transmit weather and traffic data for computer printout in the cockpit, greatly reducing the risk of error implicit in frequent voice communications.

Another development of great importance is the microwave landing system. It offers us a whole new precision landing capability, a vast improvement over the Instrument Landing System first used 40 years ago. The MLS can land a pilot so accurately that on final approach, he is within one tenth of one degree of the centerline, or a deviation of no more than 20 feet horizontally and two feet vertically. Its use will mean fewer delays, fewer cancellations and fewer aircraft diverted to other airports.

To keep this modernization program on schedule and to carry out all our other aviation safety responsibilities, I shall continue the tradition of strong and able FAA Administrators. The candidate I have recommended to the President, for nomination to the post of Administrator, is Donald D. Engen -- a man well qualified with the technical skills to carry forward the vast modernization program now under way. Mr. Engen has the dedication to continue our emphasis on safety. I look forward to working with him and am confident that his extensive aviation experience will prove invaluable to our goals of a safer, more efficient air system.

Of all the changes affecting aviation today, none has gained as much attention from public and press alike as deregulation.

Due to a downturn in travel caused by the recession, a sharp rise in fuel prices several years ago, capacity restraints resulting from the air traffic controllers strike, and uneconomic pricing policies that reduced yield, the industry has suffered real problems. Deregulation has been used as a scapegoat for these problems. Some observers misinterpret deregulation as a return to the laws -- or rather, the lawlessness -- of the economic jungle. They presume, wrongly, that freedom from economic regulation can be achieved only at the expense of safety.

Pioneer flyer Amelia Earhart once crash-landed in a field of cabbages. It didn't lessen her love of flying, she said afterwards, but it certainly changed her taste for cabbage. Americans love to fly, and expect to fly safely, but their taste for economic regulation -- for bureaucratic cabbage, if you will -- has changed substantially.

Deregulation has transformed an industry long shielded by the government from real price competition and new competitors. Today's air travelers have a far wider choice of carriers, fares and services than ever before -- including bargain prices in many markets. Passengers favoring all the amenities of flight can still fly in the lap of luxury. Travelers looking for air transportation shorn of its frills, but still safe and reliable, can readily find that kind of service. And since some carriers, including those born of deregulation, have lower operating costs, they can offer low fares and still turn a profit.

The airlines themselves are making a healthy comeback from their earlier economic woes.

In recent months, with the economy recovering at a record rate, the airline industry has rebounded, finishing strong in the fourth quarter of 1983, and beginning what some analysts say could be a year of record profits.

So in my opinion, the jury is no longer out on the matter of deregulation. The transition may still be painful for some. That was anticipated when deregulation was passed. But it has produced a bonanza of opportunities for others. Economic regulation has gone the way of the biplane, open cockpits and goggles; it is a relic of aviation's past. Under deregulation the industry has discovered new life, air travelers are being

well served, consumers have more choices and we will continue to make sure the skies are safe.

Without economic regulation there is no need for an economic regulator. The Civil Aeronautics Board, as scheduled, will sunset at the end of the year. Because this is a matter that I know concerns many of you, let me lay out a comprehensive statement of my position on this important issue. For the Department of Transportation and other Federal agencies, sunset of the CAB will mean increased responsibilities in consumer protection, international aviation matters, and essential air service for small communities. We are confident the transfer of functions can be accomplished on schedule. There are no plans by the Administration to delay sunset or to reconstitute the Board at DOT. Nor do we need any further legislation to accomplish an objective which has been underway for six or more years.

Of the functions to be transferred, the CAB's authority to approve and grant antitrust immunity for intercarrier agreements and airline mergers will move to the Department of Justice. Likewise, the Board's authority to prevent unfair or deceptive trade practices should revert to the Federal Trade Commission, which already has jurisdiction over consumer protection for other industries. Rate authority for domestic mail transportation will transfer to the Postal Service. Most of the remaining responsibilities will be assumed by the Department of Transportation. Let me tell you about these functions and suggest how we plan to handle each.

All international aviation functions will be absorbed by our Office of Policy and International Affairs. These include bilateral negotiations, carrier selection, tariff filing and review, and regulation of international air mail rates. We have participated in the negotiation of bilateral aviation agreements for some years. DOT is, therefore, well prepared for its increased responsibility in this field.

With regard to selecting airlines for service on international routes, another CAB function DOT will assume, I am well aware of concern in the Congress and in the industry that international air carrier selection decisions be made free of political influence. After careful consideration, I have developed a proposal providing as much "insulation" for such decisions -- if not more -- as under current CAB procedures.

First, contested carrier selection cases will continue to be heard in formal on-the-record proceedings before administrative law judges. Second, the recommendations of the ALJ's, which currently go directly to the Board for a final decision, would under our plan be submitted to an experienced senior career official in DOT's Office of Policy and International Affairs. That career official would make the final decision.

Third, our plan would provide that the Secretary or the Assistant Secretary for Policy review final decisions, but only on a discretionary basis and in a carefully limited way. And I emphasize that our reviews would be strictly limited. The only action we could take would be to remand a decision for further consideration -- and that would take place on the public record.

Finally, in addition to the numerous checks we're building into the system, these carrier selection proceedings will still have the legal safeguards of the Administrative Procedure Act and the availability of judicial review.

There are other important provisions of the CAB sunset. For example, we will administer the Essential Air Service subsidy program through a small but separate office within the Office of the Secretary. The purpose of the Essential Air Service

program, as you may know, is to protect small communities. This provision insures that all communities receiving certificated air service when deregulation was passed will continue to receive adequate air service, at least through 1988. There will be no major change in the EAS Program or its operations.

We will acquire responsibility for the employee protection determinations required by the Airline Deregulation Act. Under that law, air carrier employees who lose their jobs could be eligible for Federal compensation payments, if it is determined that deregulation was the major cause for their dismissal. We will review the record fairly and objectively, and conduct whatever hearings and other formal proceedings are required, to determine eligibility under this provision.

We have been working closely with the Justice Department to ensure that the transfer of antitrust authority to that Department and the division of responsibilities with the Department of Transportation goes smoothly. In the fully deregulated domestic area, for example, the Department of Justice will consider granting limited antitrust immunity that would prevent treble damage recoveries where previously approved conduct has been or is likely to be the subject of frivolous antitrust actions. The Department of Transportation will continue its present policy of intervening in all cases in which transportation policies are presented.

From my experience with the FTC, with the White House Office of Consumer Affairs and as Assistant to the President for Public Liaison, I have a keen appreciation for the importance of consumer relations. The CAB, I believe, has done an excellent job of soliciting and responding to consumer complaints. I will sustain and strengthen, wherever necessary, that tradition of consumer concern.

The air traveler, I assure you, will not be forgotten. A Consumer Affairs Office in DOT will serve as a ready and responsive listening post for passenger complaints. We will work with the airlines and the FTC to be sure that consumer interests are protected. We do not, however, propose to assume the issuance and enforcement of consumer protection regulations for domestic aviation. That is the proper function of the FTC which has that responsibility for most other domestic industries and should have it for aviation once the CAB sunsets. The Deregulation Act transfers international aviation consumer protection authority to DOT, and we will of course work closely with the FTC to assure the mutual consistency of our regulations.

One aspect of the consumer protection function -- the air carrier default protection plan -- is being examined by a joint travel agent/airline task force. Last November, following Continental's filing under Chapter 11 of the Bankruptcy Code, I expressed concern that other carriers did not honor tickets already held by Continental customers. I continue to believe air travelers deserve protection in such cases. I hope to see early recommendations on this matter from the task force. I don't intend to see passengers left standing at the gate, tickets in hand, and no plane to board.

And let me point out that the airline industry has been sensitive to consumer interests -- witness the drop in consumer complaints from some 34,000 in 1978 when the deregulation statute was enacted to fewer than 8,400 in 1983.

Finally, as the CAB sunset date approaches, we want to assure the smoothest possible transition and intend to have all the necessary regulations in place on January 1, 1985. If any proceedings are still pending at the CAB at the time of sunset -- such as, perhaps, several employee protection cases currently in the pre-hearing stage -- we

will be in a position to continue and conclude the proceedings without any unwarranted delay.

This in summary is our program for "sunsetting" the CAB and redistributing its functions. My meeting with you today is the first public opportunity I have had to outline that program since our plans on this important subject were completed.

All of our plans for transferring CAB functions to DOT will be outlined to Congress, the airline industry and other interested parties. We are confident we can meet every need and handle every consumer concern without new legislation and without another separate agency in DOT.

Today there are more planes in our skies, more passengers flying, and more airlines than ever before. We live in a new age of aviation. What was science fiction in the '40s has become reality in the '80s. And government's role has changed as well.

The Federal Aviation Act charged the government with two primary responsibilities: to promote civil aviation, and make it safe. We have succeeded reasonably well at both. Aviation today is one of the giants of American industry. It also ranks among the safest of all ways to travel.

The changes I have outlined today will continue our forward motion in both directions. Our NAS Plan is predicated on the very strong confidence we have in the escalating demand for air transportation. Our commitment to safety is founded on nothing less than our unshakeable dedication to the sanctity of human life, and a determination to make flight ever safer.

In 1929, the year Charles Lindbergh made his famous transatlantic solo flight to Paris, architect Buckminster Fuller wrote of a coming world aviation age. This dream was for a global system of plane routes linking population centers, using the latest scientific means to unite continents. The world of air transport has changed greatly in the half-century since Fuller wrote. Even a man of his vision would be amazed at the extent to which his dream has not only been realized, but far exceeded. We are at the threshold of a second new age in aviation -- an age ripe with promise for the industry's prosperity, rich in opportunities for technical progress, and responsive to the growth needs of the American people for safe, efficient air transportation.

This Administration's aviation agenda is dedicated to those goals, and in partnership with the nation's aviation community we will achieve them.

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