U.S. Department of Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

ADVANCE PRESS COPY

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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
ELIZABETH HANFORD DOLE
TO MEMBERS OF PARLIAMENT
LONDON, ENGLAND
MAY 21, 1984

I certainly welcome this opportunity to meet with members of the Conservative Foreign and Commonwealth Council, and the Foreign Affairs Forum. It is gracious of you to receive me.

I always enjoy returning to this vibrant and fascinating city. I had the pleasure of living here for several months when I was studying at Oxford some years ago. It is a city always comfortably familiar, yet fresh and exciting. I think Samuel Johnson put it well when he said: "When a man is tired of London, he is tired of life; for there is in London all that life can afford."

The great Johnson, I'm sure, would have included women in his observation. For as often as I may visit this city, and your noble country, I am sure I shall never tire of England's charm or exhaust your bountiful hospitality. Along with millions of other Americans, I can hardly set foot on British soil without some deep stirring of emotion. Our linkages are as old as Magna Carta, and as recent as the Falkland Islands. They go beyond the current headlines, their roots reaching deep into philosophical soil that nurtures personal freedom and rewards individual enterprise.

I'm especially delighted to be in England this year, the 400th anniversary of the first English settlement in America. On April 27, 1584, Sir Walter Raleigh dispatched a small reconnaissance fleet which landed July 13th at Roanoke Island in my home state of North Carolina. An exhibition commemorating that historic settlement, now remembered as "the lost colony," has opened at the British Library. And we will mark the occasion this summer in North Carolina, where a replica ship --the Elizabeth II -- will be displayed on Carolina's outer banks where the original party came ashore.

So we meet today in this setting bound by four centuries of history and a mutual concern for today's challenges. As Secretary of Transportation in President Reagan's Cabinet, my responsibilities include a 28 billion dollar budget, the 100,000 employees of my Department and the safety and efficiency of transportation systems serving 230 million people. It was Winston Churchill, speaking in wartime early in his career, who accurately portrayed the importance of transportation. "Victory is the beautiful, bright

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colored flower," he said. "Transport is the stem without which it could never have blossomed."

What is true in war is no less so in times of peace. Today, we in America are restoring life to the principle of economic competition, all but smothered by years of government regulation. Transportation in America is a $610 billion industry -- 20 percent of our GNP and the engine of our economy. That engine works best in our free enterprise system when it is fueled by competition and powered by private initiative. More and more we have come to recognize that the airline, rail freight, motor carrier and maritime industries are naturally competitive industries, giants in their revenues and resources, and no longer in need of regulatory protection. We are finding that in practice as in theory, that shippers and passengers are better served by competition than by regulation. So we have taken many steps to remove the controls that were stifling U.S. transportation industries and undermining their initiative.

In November 1977, air cargo was first to be cut loose from federal restraints. Deregulation of the air passenger industry followed less than a year later. Rail and motor carrier legislation gave new freedoms to those industries in 1980. The intercity bus industry was deregulated in 1982, and the Shipping Act of 1984 introduced the first reforms to our ocean shipping laws in decades.

Based on the subsequent performance of these industries, and the resulting benefits to the American public, we can only conclude that deregulation is a success. Deregulation has transformed America's domestic airline industry. The transition brought some discomfort to a few carriers. We were aware, of course, that without the protection from competition economic regulation had provided, some airlines might run into difficulties, particularly in light of the recent recession. But the financial risk factor in deregulation was considered when the Airline Deregulation Act was passed. We recognized then that some carriers would have to struggle -- and indeed might not survive -- in a fully competitive environment. We knew then that fares on some short-haul, low-density routes might increase -- for the simple reason that those routes used to be consciously subsidized and are more expensive to serve on a per-mile basis than long-haul high-density routes. But for the few U.S. carriers that have faltered, others have prospered. For the few leaving the market, many new ones have come in. Throughout the airline industry there are far more winners than losers. For travelers and shippers alike, deregulation is delivering exactly what it promised: wider choice, greater efficiency, more competitive rates and generally lower fares.

Today, we have more carriers flying large aircraft to more places -- and what we regard as the "commuter" segment of the industry is also growing and developing new markets serviced by smaller aircraft. Travelers in the U.S. can now choose from a greater range of services, flying in luxury or with a minimum of frills or anywhere in between. And since some carriers, including those born of deregulation, have lower operating costs, they can offer low fares and still turn a profit. Henry Ford, something of an innovator himself, used to compare business with the chicken which, he said, is never healthier than when it has to scratch around a little for what it gets.

We don't think it's coincidence that U.S. airlines are now sharing in the economic growth and prosperity we're enjoying nationally. The industry emerged last year from the recession, earning a fourth quarter operating profit of $275 million. Overall profits for the industry are expected to reach $1 billion for the 1984 calendar year. Best of all, consumers have saved at least $10 billion in air travel costs since deregulation ended federal control over fares and routes.

Considering our own success with airline deregulation, I was pleased by Canadian Transport Minister Lloyd Axworthy's announcement last week of a plan to reduce economic regulation over Canadian airlines. I'm sure Canadian consumers and carriers alike will benefit from the greater fare freedoms proposed under his plan.

Let me also take this opportunity to say how highly we value our aviation relationship with the United Kingdom. We believe the Bermuda Two air transport agreement has served both our countries well. We each now have more carriers offering competitive, non-stop service to more U.S./U.K. markets than ever before. Our common economic policies of free trade and open competition provide mutual benefits. I hope we can maintain this productive relationship, continuing to work together within the framework of the existing agreement to resolve unsettled issues.

Just as airline deregulation has benefited air transportation, economic deregulation has put new life into America's railroads. That industry, on the verge of economic disaster not long ago, is in far better physical and financial condition today. Together, our major long-haul railroads had a net railway operating income of $1.3 billion last year, up substantially over 1982 levels. We believe much of this improvement is due to the innovations and efficiencies triggered by deregulation.

Even Conrail, a major freight railroad owned by our government, and which required massive public subsidies as recently as 1981, is now showing a profit, -- $313 million last year alone -- and advertising "on-time freight delivery" with a money back guarantee.

Our government is seeking to return "nationalized" industries to the private sector, as you are doing with British Airways. In that regard, let me congratulate you on the airline's profitable performance last year. The greatly improved earnings recorded by British Airways signify the potential benefits of privatization. In the United States I am in the process of returning Conrail to the private sector. The transfer effort is moving ahead smartly, and I have every confidence of seeing that railroad back in private hands, in the very near future, intact and providing quality rail service for those who depend upon it.

As for the motor carrier industry in the United States, the free market entry permitted under deregulation has nearly doubled the number of trucking firms in business from their 1980 levels. That of course means more competition, which in turn means new price and service options for shippers. Freed of most economic regulatory restrictions, carriers have bolstered efficiency and innovation. These in turn have led to lower carrier costs, shipper rates lower than they would have been otherwise, and marked savings for consumers. As a result, and with the recession now behind us, our country's leading motor carriers are being restored to good health. I'm pleased to say we have shared our experience in trucking deregulation with the Canadian provinces, currently reviewing their own regulatory procedures. We're not trying to export American-style deregulation, but we do believe more open trade in cross-border trucking services would benefit carriers and shippers in both countries.

Today, all of the U.S. transportation industries -- air, rail, truck, bus and water -- draw new energy from competition. They offer vibrant evidence of Disraeli's maxim that "man is not the creature of circumstances, circumstances are the creatures of man." And, I hasten to add, of women as well.

But there is another side to the regulatory coin in the United States. We also have a long history of safety regulation, which we have no intention of relinquishing. In

fact, as Secretary of Transportation, I have made safety my highest priority. And I take heart in this from that distinguished sometime pilot, Winston Churchill, who wrote following a vintage 1912 flight: "As I began to know more about flying, I began to understand the enormous hazards which beset every moment of the airman's flight ... and I noticed on several occasions defects in the machine in which we have been flying - a broken wire, a singed wing, a cracked strut -- which were the subject of mutual congratulation between myself and the pilot once we had returned to terra firma."

The world of aviation has become infinitely more complex in the seventy-some years since Churchill wrote, heightening our concerns for the safety of pilots and passengers. At present, we are addressing aviation safety through a series of intensive airline inspections looking at their maintenance and training procedures, record keeping and ground as well as air operations to be sure that in this age of economic deregulation and technical change our excellent air safety record is not diminished in any way. All this is in addition to our regular safety inspection and licensing functions. We're moving ahead with a rule to require smoke detectors in commercial aircraft, and other measures to improve cabin fire safety such as flame-and-smoke retardant seats. We're also looking to the future through a high-tech national airspace system plan which will double the capacity of our airways, weatherproof flight and provide a more precise landing system. Our acquisition of the new micro-wave landing system (MLS), in which British firms are sharing, will mean fewer landing delays, fewer cancellations and fewer aircraft diverted to other airports. 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.

Our Federal Aviation Administration has been working with your aviation authorities, and will continue to do so to assure the best new system possible. As always, we want to share our technology and to have the benefit of British research and development in aviation and other technical fields. We're firmly committed to aviation progress that will also make the skies as safe as possible. That includes the security of international air traffic as well as the safety of industry equipment and personnel.

In that regard, we greatly appreciate the U.K's firm action in joining us and many other nations in condemning the Soviet Union's unprovoked assault on a Korean commercial airliner last September. "The use of the sea and the air is common to us all," wrote Elizabeth I to the Spanish ambassador in 1580. Her words are no less relevant today, and freedom-loving peoples must stand together against terrorism in any form and by any power.

My government is also deeply concerned about highway safety, where the vast majority of our transportation-related fatalities occur.

All U.S. safety experts agree we could reduce highway deaths and injuries substantially if we persuaded more people to wear safety belts, increased the use of child safety seats and removed drunk drivers from our roads.

We are waging a large-scale campaign in the United States to encourage more motorists and their passengers to wear safety belts. Employers are helping through incentive programs. We raised the usage rate in my Department, for example, from 23 percent to nearly 60 percent in just a few months. Several of our 50 states are considering mandatory safety belt use laws, drawing on your experience and that of other countries where belt use is the law. I'm told that the usage rate increased 95 percent in Great Britain after your law went into effect.

We're also doing more to protect small children from the dangers of auto accidents. Forty-six of our states now have laws requiring the use of child safety seats. Studies show such seats reduce fatalities by as much as 60 percent.

A chronic problem in my country is the drunk driver who, for many years, accounted for half our highway fatalities. For too long the matter was treated as a social problem only, with the criminal actions of drunk drivers virtually excused. That is all changing, and for the better. Thanks first to the concerted efforts of aroused citizens, and second to actions by our Federal and state governments, we have finally turned the tide. We no longer condone drunk driving, lax laws or lenient judges. Tough new laws have been passed and are being enforced. Traffic fatalities have declined significantly. And we are keeping the pressure on to reduce the death toll still farther.

We are also concentrating more Federal resources on replacing and rehabilitating bridges and improving highways. I'm responsible for helping to plan and fund the nearly one million miles on roads and bridges on our national highway system, and we recently increased our commitment to that system by over 50 percent -- to $14 billion a year -- paid for from the nickel-a-gallon gasoline tax that went into effect in 1982.

Transportation provides our mobility, but it is also the conveyor of our commerce. We look forward to next month's economic summit here in London and the opportunity that forum provides for strengthening our trade relations.

Benjamin Franklin once said: "No nation was ever ruined by trade." At that moment, Mr. Franklin proved that the English have no monopoly on understatement. Much of our wealth has been built on international commerce, and I assure you I support continuation of the fair and open trade policies between our two countries. Britain is a major and welcome supplier of transportation equipment. We, in turn, value your markets for our products. President Reagan is personally committed to battle against the self-defeating forces of trade protectionism. We look forward to waging a united campaign.

In Richard III, Shakespeare warns us that "talkers are no good doers." Let me heed his warning before it's too late. But in doing so, let me assure you how grateful I am for this opportunity to visit America's own homeland, to renew my acquaintance with this great city, and to have the privilege of addressing this assembly. Our ties go beyond history, beyond our commitment to freedom and democracy, and beyond even a long tradition of friendship. As Prime Minister Thatcher told President Reagan when she was in America in 1981: "We both place our faith not so much in economic theory but in the resourcefulness and decency of ordinary people." What's more, we have common problems to solve. Together and individually, we can make a difference in people's lives. That is the core of our service and our greatest responsibility.

In transportation as in economics or politics, we entrust our fate to the individual enterprise and the genius of competition. It spells the difference between freedom and tyranny, progress and stagnation. And now as in the days of old, it unites the English-speaking peoples in the fraternity of uncommon aspiration. I am honored to belong to such a partnership.

Thank you very much.

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