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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE
TO THE INTERNATIONAL COOPERATIVE ALLIANCE
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WASHINGTON, D.C.

It is a pleasure to be here this afternoon with the International Cooperative Alliance, one of the oldest voluntary international organizations in the world. This is the first time the ICA in its 90-year history has ever met in the United States and it is indeed our privilege to welcome you. Americans have long enjoyed your remarkable hospitality in Europe and have returned home enriched by lifetime friendships begun at ICA meetings. On behalf of President Reagan and the American people, I extend our warmest greetings.

The cooperative spirit has been part of society as long as people have needed to work together, but modern cooperative organizations were not formed until the 19th century. When a group of workers in a small textile town in England formed the first successful cooperative business in 1844, they inspired the basic cooperative principles observed still today by ICA. These principles of open and voluntary membership; one person, one vote; equitable distribution of earnings; education; and above all — cooperation — have made ICA the success story it is today.

In this country, success is embodied in the American dream — one of challenge, hard work and personal rewards. "The American dream of human progress through freedom and equality of opportunity in competitive enterprise," President Reagan has said, "is still the most revolutionary idea in the world today."

I am privileged to help achieve one part of America's economic and political rebirth — through deregulation of the transportation sector of our economy. After all, transportation is not just concrete and steel ribbons reaching to the horizons or the

clattering of subways beneath the city streets. Transportation is our economy in motion. From the horse-drawn carriages that ran along lower Broadway a century ago to the space shuttle of today, it has served and it serves the needs of people everywhere. It assures the flow of food from farm to market, raw materials from mine to factory, products from assembly line to market shelves.

Transportation in America today is an \$800 billion industry. As a slice of our Gross National Product it totals nearly 25 percent, a striking statistic. It is part of the cost of everything companies produce and every item consumers buy. In short, transportation is essential to our economy, but no one wants to pay more for it than is necessary -- nor should they. We expect carriers to operate as efficiently as possible, and shippers to bargain for the best rates. These goals, we have found, are best accomplished in an economic climate of deregulation. As evidence of this Administration's strong commitment, we have already taken most of the steps needed to untangle a fifty-year accumulation of red tape that had been choking our transportation industries and sapping their initiative. Such reforms are not without controversy. As Woodrow Wilson used to say, if you want to make an enemy, change something. But in this case, change produces a lot more beneficiaries than enemies, including American industries and, ultimately, the American consumer. Deregulation returns competition to industries too long insulated from it, and that means less expensive, more reliable transportation, for both people and their products.

John W. Gardner has said it best. "Creativity requires the freedom to consider 'unthinkable' alternatives; to doubt the worth of cherished practices." Creativity is once more the hallmark of our transportation industries, nowhere more so than in the air. For an industry both dynamic and evolutionary by nature, air transportation today 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 put aviation to use is changing. For example, the number of scheduled carriers since deregulation has more than doubled. Some of the small carriers have greatly increased their fleets and expanded their routes. New entrants have come on the scene. And the traveling public has saved at least \$10 billion over a four-year period. A little competition is a good thing -- and a lot is better still, especially for today's air travelers who have a far wider choice of carriers, fares and services than ever before -- including bargain prices in a number of markets.

Henry Ford, no stranger to innovation, used to compare American business to the chicken, which is never healthier than when it has to scratch around a little for what it gets.

Today, the flock is more diverse than ever. There are more carriers in operation throughout America, and more airlines flying what we usually think of as "big aircraft" to more places. It's no coincidence -- nor is it any surprise to me -- that the airlines are now sharing in the economic growth we are enjoying nationally. We are now in our 34th month of sustained economic growth and are looking forward to maintaining this prosperity. But in the midst of the vitality and change of deregulation, one thing remains constant: our commitment to maintaining the safest skies in the world. Our national air system is first and foremost a safe system and I will spare no effort to keep it that way.

As Secretary of Transportation, I have no higher priority than safety -- across all modes of transportation. Most recently, I have been involved in matters concerning aviation safety and security. The hijacking of TWA Flight 847 in Athens last June, followed by the probable sabotage of two aircraft operating out of Canada, has called into question the vulnerability of international civil aviation to terrorist acts, and has contributed to the public's growing uneasiness about aviation safety in general.

In direct response to the President's requests of this summer on this very issue, the Department of Transportation, in conjunction with the Departments of State, Treasury and Justice, has undertaken a number of actions to enhance aviation security.

First, a travel advisory regarding the security at Athens Airport was issued by the Secretary of State. We have increased security by requiring additional checks of carry-on baggage, elimination of curbside check-in for international flights, holding of cargo moving on passenger flights, special security for aircraft, closer surveillance of all persons who have access to aircraft -- such as fueling and catering -- and a positive match of passengers and checked baggage. Based on recommendations by the U.S. Government and other governments, the International Civil Aviation Organization recently recommended tighter security standards for the 156 member nations. Through this type of excellent cooperation we can comprehensively address the issue of aviation safety and security and thus ensure all citizens of the integrity of our international airspace system.

In the United States, we have taken a number of initiatives to enhance our margin of safety as our aviation industry continues to grow. In the new fiscal year, the air traffic control work force will be increased by about 40 a month -- almost 500. Another 480 controllers will be added the following year, bringing the force up to about 15,000. Last year, I increased the air carrier inspector work force by 25 percent. I expect to add an additional 500 air carriers and general aviation inspectors over the next three years.

I continue to monitor safety across all modes of transportation -- for example, in this country you're going to see more and more cars on the highways this fall sporting an additional safety feature -- an eye-level rear break light that will reduce the danger of rear-end collisions. I am determined that in this period of deregulation, safety will never be compromised. Economic regulation of the transportation industries began some 98 years ago. Much of it has now become an expensive paper chase with no offsetting benefits to consumers and questionable value to carriers. We took our first step toward regulatory reform of the trucking industry with the Motor Carrier Act of 1980. The 1980 Act has had significant, positive effects on the trucking industry. While the recession of 1981-1982 caused substantial traffic declines and financial losses for some motor carriers, the industry as a whole has been making the necessary adjustments to today's more competitive environment and has returned to profitability with the upturn in the overall economy.

With freer entry into the trucking business, the number of firms with Interstate Commerce Commission operating authority has grown from roughly 18,000 in 1980 to almost 31,000 last year. And new price and service options have been introduced.

I suspect that the trucking industry itself must be wondering at this point what advantages the remaining economic regulations offer. It seems to me that the industry today is in a no-man's land, halfway between the familiarity and protection of a regulated environment and the excitement of a free market. Reflect for a moment with me on the absurdity of the Interstate Commerce Commission's tariff filing requirements. Peanuts "roasted and salted in the shell" are not exempt from tariffs, while peanuts "shelled, salted, not roasted or otherwise" are exempt. Cranberries "partially frozen" are of no interest to the Interstate Commerce Commission while tariffs for cranberries "purposely quick-frozen" must be recorded in Washington. A rate is required for chocolate coated or glazed raisins but not for raisins that are "very lightly coated with honey, cinnamon, or sugar." Frozen dinners are not exempt, but frozen chicken and frozen seafood dinners are exempt. Moving away from food, the examples become more ridiculous. Telephone poles not creosoted are exempt, but tariff is required on poles preventative-treated -- those used by utility companies. Railroad ties sawed crosswise are exempt but railroad ties sawed lengthwise are not exempt.

The reforms provided by the 1980 Act comprised a good first step toward complete deregulation of the trucking industry. I believe that now is the time to take the final steps necessary to finish that process and last month we submitted legislation to Congress to do just that. Any remaining economic regulation of the trucking industry is unneeded and undesirable, because there is ample competition within the industry as well as from other modes of transportation. Such regulation suppresses managerial initiative and innovation, and wastes valuable resources that the trucking industry could employ more usefully in improving its productivity. And, therefore, economic regulation of trucking must be ended.

One only needs to look at the success of the railroad industry to see the benefits deregulation can reap.

It doesn't seem so long since America's railroads were on the verge of becoming an economic basket case. High costs, deferred maintenance, low rates of return and dwindling markets were devouring both their resources and their spirit. The Staggers Rail Act of 1980, bringing regulatory reform to the industry, was largely responsible for their turnaround even in the middle of a recession.

Today, railroads are better able to buy new equipment and maintain what they have, so service is more reliable and efficient. And it is much safer service, too, I might add. Some 10,000 rate and service contracts between shippers and railroads have been signed. Such contracts didn't exist before 1980. Now rail carriers have business they can count on and shippers are assured dependable rates. Rail "Piggyback" business has grown to record levels, increasing nearly 20 percent between 1980 and mid-1983.

We have taken our deregulation efforts to sea. Last year, the President signed the Shipping Act of 1984 reducing government intervention in the ocean liner business. This landmark legislation allows carriers and their conferences to offer more innovative services, and shippers to bargain for service contracts. The law expedites regulatory actions by the Federal Maritime Commission, and removes a source of discord between this country and our trading partners. Incredible as it may seem, this Act is the first complete revision of international ocean liner shipping statutes since 1916. It is a

major, even a historic, accomplishment for the Administration and for the maritime community. And we are preparing legislation that would deregulate the U.S. domestic offshore trades, the last, vestigial waterborne transportation in our country that is subject to full utility-style rate regulation.

Today, many of our transportation industries -- air, rail, truck and water -- are drawing new energy from competition. Those who would succeed must put aside the conventional wisdom suited to earlier times. The traveling public and shippers will now decide who is efficient and who is not. They are no longer merely along for the ride. They are in the driver's seat.

There is a touch of irony to all this. Deregulation, when we really stop to think about it, is a revolutionary idea. But it is not newborn. In fact, it was one of the first principles of our founding fathers, who believed supply and demand, competition and creativity, were the most efficient "regulators" of our society and the surest providers of both social justice and individual dignity.

For as long as we have called ourselves Americans, we have taken pride in our native ingenuity. We have displayed a willingness to take daring economic risks for great economic gains. We have placed our faith in a free market disciplined by competition and tempered by a social conscience.

Today, drawing upon the best of those traditions, we have rekindled the fires of competition. Out of that contest, that age-old race to be first and best, there will come progress and a powerful antidote to economic stagnation. As nations rise to meet the challenge of change, so do individuals. I think of a woman who knew great adversity, one whose spirit and example inspired millions. Her name was Helen Keller - - and she summed up her philosophy in a single sentence. "One can never consent to creep," she wrote, "when one feels an impulse to soar."

We have an impulse in America to soar -- to loosen the shackles of economic regulation, to go as far and rise as high as our competitive skills will take us. "There's magic in the marketplace," our President has said, "and it works." I know that is your ideal, and I assure you it is mine.

Thank you very much.

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