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REMARKS PREPARED FOR DELIVERY BY
SECRETARY ELIZABETH HANFORD DOLE
TO THE EXECUTIVE BOARD OF THE
AIR LINE PILOTS ASSOCIATION
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Draft prepared by: John Demeter with Rick Smith

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It's both a privilege and a pleasure for me to address the members of ALPA's Executive Board. I thank you for the opportunity. Captain Duffy and I had a "get acquainted" visit a few weeks ago, and I feel I have many friends in ALPA from my days in the White House -- not to mention the fact that I probably have flown with some of you and, from the looks of my schedule, will be doing so quite frequently in the months ahead.

As you know, I used to be Assistant to the President for Public Liaison. As such, my job was to reach out to organized Americans, making certain their views were channelled into national policy. In becoming Secretary of Transportation, I was reminded of the comment by a college basketball coach who had just moved up from assistant to the position of head coach. "I never realized," he said, "that there was such a difference between making a suggestion and making a decision."

As pilots, of course, you know all about making decisions -- and the importance of being right when there may be no second chance. A deep-rooted, rock-firm dedication to safety is the foundation on which ALPA was built. It remains your primary motivation and constant concern. As it is mine. In the conversations I have had with Captain Duffy and Captain Ashwood -- as well as other members of your executive staff -- I have been tremendously impressed by the professional commitment to air safety by ALPA as an organization and by your members as individuals. I need hardly tell you that it is an issue -- or should I say the issue -- that will remain a top priority at the Department of Transportation across all modes during my "watch."

I know that when my predecessor, Drew Lewis, addressed your convention last fall, he expressed the Administration's appreciation for your support during and following the air traffic controllers strike. With your help, airline service has neither

faltered nor fallen into peril -- and as we continue to lift restrictions at airports and control centers I want you to know that I, too, appreciate the way ALPA has worked with us to provide safe and uninterrupted service to the public at a time of considerable stress and sacrifice. *Our controllers also comment regularly about the excellent cooperation of our give them.*

Now that the worst is largely behind us, we can look forward to the best still before us. By which I mean the modernization of our air traffic control system -- which will double airspace capacity, reduce operational costs, provide more and better information to air crews, and improve air safety. As I have said before, this modernization program will do for the airways what the Interstate program has done for our highways. And, like the Interstate, implementing the National Airspace System (NAS) Plan will take years and cost billions. But let me assure you that this Administration is firmly committed to that modernization program. We are equally committed to funding it at the appropriate levels.

Let me provide a few numbers to make my case. As a rule, this Administration has earned something of a reputation for fiscal, as well as political, conservatism. We don't like red ink anymore than we accept red tape. Yet here is one area where we part company with budget cutters. The President's fiscal 1984 budget request provides full funding for those procurement actions that can be taken during the fiscal year. In other words, the approximately \$1 billion in the President's budget for F and E (facilities and equipment) is all that the FAA feels it can efficiently contract out in 1984. While the Senate budget committee has proposed further reductions of about \$400 million, we do not concur with those cuts. Neither would we look kindly on any reduction in the \$286 million requested for research and development. And we will continue to defend the President's budget requests during the course of the budget resolution and appropriations process in the Congress. My own concern will be to see that the overall

modernization program proceeds on schedule and that the dollars from the Trust Fund are there at the times they are needed. After all, the users are paying for the system. They are entitled to get full value for their money.

In that regard, it was very encouraging to see that the Congressional Budget Office views the system modernization plan as a good investment -- whether air traffic grows at the rate we forecast, at a slower rate or, for that matter, even if there is no growth at all. In any case, the CBO report says the system will yield "sizeable savings" in operating costs and "is reasonably safe from the risks of technological obsolescence" -- in the words of the Director of the Congressional Budget Office, who sees no reason why we should not go forward with the project now.

And that, I assure you, is exactly what we're doing. I have approved the procurement of the microwave landing system (MLS) as called for in the NAS plan. The FAA recently issued a request for proposals covering the first 172 systems, to be acquired over a five-year period. We expect to award a production contract in September, for deliveries beginning in 1985. *The program will be phased in over the next 15 years to allow ample time for user-equipment integration.*

We are also continuing work on a practical and cost-effective Traffic Alert and Collision Avoidance System (TCAS) and improved weather advisory capabilities - both elements of the NAS modernization program. The current FAA weather program, for example, calls for a substantial increase in funding. Of the \$19 million being expended in FY 83, \$8½ million is directly associated with the wind shear problem.

Most of that funding is going for wind shear detection systems to be installed at 31 more locations, bringing us up to a total of 110 airport installations.

With regard to over-water safety, we are aware of ALPA's recommendations that all airliners operating in and out of airports requiring over-water operations be equipped with flotation gear. This matter is again under review by the FAA which is currently conducting an overwater survival study.

There are at least three other issues on our agenda that I know are of special concern to you who fly.

One is the so-called "age 60" rule. Our principal purpose in the Advance Notice of Proposed Rule-Making issued last summer was to determine whether or not any reliable way could be found that would give us a medical basis for relaxing that rule. That ANPRM, as you know, invited comments in two areas: one, a proposal to carry out an experimental program that would allow some pilots to fly after age 60 to determine the feasibility of changing the existing rule; and, two, the possibility of extending the current mandatory retirement rule to all flight crew members.

Since the comment period closed last November we have been reviewing the large number of comments received. We have also asked the National Transportation Safety Board for any data they may have that might show a correlation between age and the ability of flight crew members to carry out their responsibilities.

A second issue is regulation by objective. The Notice of Proposed Rule-Making was issued last September, with the comment period scheduled to close June 20th of this year. The intent, of course, is not to diminish safety but to give air carriers more flexibility in complying with existing safety standards. The advisory material published by the FAA clearly defines acceptable ways that airlines can comply with the standards, but it leaves room for the carriers to come up with more innovative methods

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of compliance, which also may be more effective. If the regulation by objective principle were adopted, all operator-developed methods of compliance would be evaluated by the FAA to make sure that present high safety standards are met. Those methods would also be available for public review and comment.

A third issue is regulation by negotiation.

As you know, we have agreed to try the regulation by negotiation process to resolve the long-standing question of modified flight time rules. We will publish a notice in the Federal Register in the very near future announcing our intention to form an advisory committee to formulate a proposed rule acceptable to all the parties concerned. Admittedly this is a new concept in rule-making. It is also one that we hope will break the deadlock over the flight time issue.

A lively debate over deregulation continues to overhang the whole industry. Has it been good or bad? Is any "reregulation" in order?

Deregulation is today the rule, not the exception, among the nation's transportation industries. We are unlikely to return to the rigid constraints and high costs of economic regulation. And while I may be fairly new on the transportation scene, I am not a newcomer to the merits of deregulation. I recall that when I was serving on the Federal Trade Commission, in the early 70's, we were the first voice in Washington to speak out for the concept of less dictation from the red tape factories and more innovation from the field. In the process of putting our own house in order, we identified 145 regulations that no longer served the public interest. In fact, several applied to industries that had disappeared. We rescinded those regulations and then

began interceding with the Interstate Commerce Commission and the Civil Aeronautics Board to promote competition in the market instead of more regulation.

The concept has now been tried and tested. In my judgment the question is not whether CAB sunset itself is good or bad, but what functions should be retained and what safeguards written into the sunset legislation. The Board's authority over domestic routes and fares expired January 1st, and we are prepared to assume those responsibilities that remain after the sun goes down. We believe they can and should be consigned to the Department of Transportation, and we are further confident that they can be safely insulated against political influences.

In this and other ways, I am convinced that the weight of evidence comes down solidly on the side of deregulation. Given the circumstances that have affected commercial aviation in recent times -- the sharp increase in fuel prices a few years ago, an uncertain economy and the controllers strike -- I think the industry is in better shape today than it would have been under a regulated environment. And I am hardly alone in that view. I was interested to see that even Braniff Chairman Howard Putnam has said that he still favors deregulation because he believes it's best for the industry in the long-term.* Likewise, Delta Chairman Dave Garrett pointed out recently that since the airlines were deregulated in 1978 they have "experienced whole centuries" of the free enterprise process in five short years.** He went on to say that his company resisted deregulation initially because of fears that it would lead to reregulation.

*Quoted in Airline Executive, April 1983.

**David C. Garrett, to the American Bankers Association Conference in Atlanta, April 12, 1983. (As quoted in the Journal of Commerce, April 14, 1983.)

We remain persuaded in the Administration that deregulation has served the best interests of the public and that in the long run, it will prove equally beneficial to the aviation industry. The major airlines already have been able to restructure routes to make more efficient and productive use of equipment. They have vacated some markets better suited to the regional and commuter carriers, but they have also expanded service to other points. Contrary to the fears expressed before deregulation, this shift has not caused small communities to lose service. According to a CAB study, convenience of service -- times of departure, number of flights and availability of connecting flights at hub airports -- has generally improved in those communities.

To take one example, passenger traffic in Burlington, Vermont, has more than doubled since deregulation. The community had been served by US Air, Delta and two commuter airlines, with total passenger departures averaging 14,000 to 16,000 a month. Today four major carriers operate there -- US Air, Air Florida, People Express and United, which just began service. In addition, there are four commuter lines. So while Delta has discontinued operations, Burlington still is served by more air carriers than before deregulation and is averaging some 29,000 passenger departures a month.

From the dunes of Kitty Hawk to the vast distances of space, yours has always been an industry fueled by innovation and guided by a sense of future potential.

We celebrate this year the 200th anniversary of manned flight. Yet commercial air transportation -- as we know it -- is a product of this century. Historically, it is barely out of its infancy -- but what an infancy! It's childhood holds just as much promise. For despite the concerns being voiced about the threat of international competition, the United States remains the pre-eminent technological power in the world. And aviation is a prime example of that leadership. The space shuttle

represents an unparalleled achievement. After nine years in flight and billions of miles away from the earth, our Pioneer space probe is still sending back information. American jetliners are still preferred around the world. And our new generation national airspace system will assure that we have the necessary capacity to safely accommodate further growth in an industry that has never stopped growing.

In the more immediate future, we are all encouraged by forecasts for a profitable year for the commercial carriers. With the inflation rate now at its lowest point in nearly 20 years, with fuel prices stable, with the stock market at record levels, and with the nation's economic indicators all on the up side, the air transportation industry is well-positioned to enjoy the benefits of economic recovery.

Now and in the months to come, I look forward to maintaining the good working relationships that have existed between ALPA and DOT. Your counsel, your suggestions and your commitment to safety will always be welcome in the Office of the Secretary.

And I would close with the words of historian Arnold Toynbee, who told us that "civilization is a movement and not a condition, a voyage and not a harbor." No audience that I know of is more sympathetic to that visionary grasp of where we have been and where we are going. Aviation in America has been a continuous voyage of discovery, of refinement, of technological breakthroughs and -- above all -- of human commitment to excellence. It is a voyage we take together -- and I am grateful to have such traveling companions as you.