

Contact: Tom Blank  
Tel: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION  
ELIZABETH HANFORD DOLE  
TO THE AERO CLUB  
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I was well aware when I first moved into the Department of Transportation that a variety of aviation issues would come high on my personal priority list. Perhaps that is why I have spoken before more aviation groups in the past few months than to anyone else. It explains as well why I feel I am among friends today, sharing the dais with the defenders of our faith in the Congress and allied aviation agencies. I want to say that I am tremendously grateful to each of them, for the way they have supported me in our efforts to assist the aviation industry and improve air transportation for the American people.

There are many issues that mutually concern us today. There are just as many events in which we can and should take great pride. The latest flight of the space shuttle Challenger, for example, was perhaps the most successful in what has been, thus far, a series of almost flawless performances -- both on the part of the crews involved and the technicians who built, launched and monitored the shuttle-craft. Our aerospace competence is an outgrowth of America's aviation industry -- which is, and always has been, fueled by innovation and guided by a sense of nearly limitless potential.

We are proud as well of the airline and air traffic professionals who, in recent weeks, prevented what could have been tragic accidents. If you read the Washington Post last Wednesday morning, you know that I took a little ribbing from some of my friends. But it was all worthwhile for the chance to meet and personally congratulate Greg Karam, the air traffic controller who virtually single-handedly averted an even

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more serious disaster on the Air Canada flight. Greg was modest about his own role in that heroic exploit -- but let's all recognize the crews and controllers who, in emergency situations, remain calm, confident and thoroughly professional. They deserve our praise, and they surely have our gratitude.

And while I am on the subject, let me also say that I'm proud of the airline industry for scarcely missing a beat in providing service to the public during and following the illegal strike by the Professional Air Traffic Controllers Organization. Lynn Helms told me when I came aboard earlier this year that it was only with the full cooperation of the airline industry that we were able to preserve both safety and efficient service. It's been said before, but I want everyone in the industry to know how much we appreciate that cooperation and support.

As I'm sure most of you know, the recovery schedule established in August 1981, right after the strike, is proceeding on schedule. At that time it was estimated that we would be back to 100 percent of pre-strike capacity by May or June of 1983. In fact, we achieved such a capability in April. Strike-imposed restrictions have been lifted at a number of the affected airports, and by the end of this year will be ended at all the pacing airports except Chicago O'Hare, Denver Stapleton, Los Angeles International and New York La Guardia. Even those busy airports are expected to see restrictions lifted early next year.

This does not mean that the system will be back to pre-strike normalcy -- since we will continue to use flow control procedures. But it does suggest that we are fast erasing the last vestiges of the strike's impact. In fact, there are two events of a milestone nature occurring just this week. The carrier meeting today to distribute slots for the September through December period is very probably the last such meeting that will be needed. And, the day after tomorrow, the last few military controllers still pinch-hitting in the towers will be released to return to their military assignments. Civilian controller staffing levels are improving on almost a weekly basis, and we expect all supervisory controllers to be back to their normal duties by the summer of 1984.

We have not reached this point in our recovery efforts without carefully deliberating each successive step taken in easing restrictions on our centers and towers. Lynn Helms and I are in perfect agreement that the recovery plan outlined 22 months ago was written in pencil, not ink. It can, and would, be changed -- unless we felt absolutely confident that we were operating well within the boundaries of safety. I know, for example, that Lynn has turned down some requests for capacity increases because -- as he put it -- we want to exercise extreme caution in that area and keep our safety record intact. This is not to say that we are not looking closely at every recommendation in the National Transportation Safety Board's recent report. We respect the Board's expertise; we value their comments. However, the fact that the system is operating safely -- and there have been no accidents as a result of any failure of air traffic control during this post-strike period -- indicates to me that we are proceeding with due regard for capacity limitations.

Quite apart from the strike, the airline industry -- the whole aviation industry for that matter -- has been through some difficult times lately. But with the air traffic control system returning to normal and with the economy continuing to rebound, this particular patch of turbulence is behind us. The FAA's annual forecast, made last February, projects a strong recovery for the airlines this year. Overall, we expect aviation activity to reverse the decline of the last three years and actually outpace



general economic growth, which every passing month promises to exceed our original outlook.

Now that the worst is largely behind us, we can concentrate on the best still before us. For the industry, that means a return to profitability. For all who use the air traffic control system, it means the greater capacity and increased safety that must precede future growth.

The President's budgets for 1983 and 1984 provide or request funding for all the procurement actions that can be taken in support of the National Airspace System Plan. Many of these are already underway. Earlier this month, for example, contracts were awarded for development of pre-production models of a new generation of weather radars, part of a joint program involving our Department and the Departments of Defense and Commerce. We expect to contract next month for more than 100 new airport surveillance radars. Later this summer we will award the first stage development contract for a new mainframe computer for our air traffic control centers. At the same time, we have an advanced automation system procurement underway that will build on these mainframe computers and provide controllers with new, more efficient work stations. By the end of September, we hope to award initial procurement contracts for the Mode S secondary radars and the microwave landing system called for in the NAS plan. Delivery of the first 172 of those systems should begin in 1985.

The end product of this investment in the future will be a system which will essentially double present airspace capacity, reduce operational costs, provide better information to air crews -- including more definitive weather data -- and significantly improve air safety.

The system we have under development has been highly praised by the Congressional Budget Office for its cost-effectiveness. It has also been proclaimed reasonably safe from the risks of technological obsolescence. All of which makes it a good investment, financially speaking.

It is an even better investment from the standpoint of safety. The collision-avoidance and improved weather advisory capabilities built into the system will enable the industry to capitalize on the growth potentials being forecast without endangering a single plane or passenger. Someone once said it was the business of the future to be dangerous. When it comes to air travel, just the opposite is the case.

However, I don't for a minute believe that we should wait on future technology to deal with immediate safety challenges. The deaths of 23 passengers on the Air Canada flight and the recent rash of near-accidents serve as a warning that everyone in anyway responsible for air safety must exert great care in carrying out their responsibilities -- our own Department included.

We have, as you know, withdrawn the FAA's proposed Regulation By Objective (RBO) which would have set airline safety goals while leaving the carriers more flexibility in meeting those goals. In view of the widespread confusion reflected in the public comments, I recommended to Lynn Helms -- and he agreed -- that the proposal be withdrawn.

A second safety initiative, just announced last week, is our designation of an approved dual-purpose child-safety seat -- one that can be used for travel by car or plane alike. Through an extensive testing program, we have arrived at a common



standard -- which means that some five million child restraint seats now in use for automobile travel can be carried aboard and used on passenger aircraft as well.

Simultaneously, I am urging the FAA to move forward with vigor in reducing the hazards resulting from aircraft fires. The FAA has conducted considerable research for a number of years in this area in an effort to develop the best possible solution to prevent this problem. Congressman Glickman is exploring this problem in hearings this week. Congressman Mineta has been addressing the question of aircraft cabin safety standards for a number of years, and Congressman Levitas plans further hearings on the subject next month.

No one suggests that finding an effective way to fight fire and smoke is easy. Certain fire retardant materials may burn more slowly, but at the cost of more smoke and toxic gases. There are problems of weight and durability to be considered. And, according to FAA records, of the 50 or so in-flight fires that have occurred in the last five years, half involved engines and the others were put out by hand-held extinguishers.

Still, the problem remains, and as long as fire poses a threat to air safety none of us can rest easy. Fortunately, we're a pretty restless crowd. Today, at the FAA Technical Center in New Jersey, we are demonstrating two very promising approaches to aircraft fire and smoke control. The first is a fuel additive which prevents jet fuel from "misting" when fuel tanks are ruptured in a crash. It is this highly combustible mist which ignites, resulting in an explosive and consuming fireball. If further research, now being done, shows no adverse effect on aircraft engines, then the anti-misting additive might prove to be the very breakthrough that FAA has been looking for.

The second approach, one on which research has already been completed, involves the addition of a "fireblocking" layer of material to the polyurethane seats used in most jetliners. This rubberlike material delays ignition, giving crews more time to evacuate the aircraft in the event of on-board fires. In this area we are in the final phase of regulatory analysis and expect to issue a notice of proposed rulemaking in the next 30 to 60 days.

In the meantime, I want to assure both Congress and the industry that we stand ready to take every positive action possible, independently or in association with the air carriers, to avoid future life-threatening situations. We have an enviable safety record in this industry, and it is our obligation to the traveling public to take every reasonable step to see that it is maintained and improved.

In that regard, I can assure you that this Administration's anti-regulation reputation does not extend to safety regulation. We will never confuse red tape with legitimate rulemaking and the protection of human life.

We continue to believe, however, that economic regulation has outlived its usefulness in the aviation industry as elsewhere. Deregulation today is the rule, not the exception, throughout the transportation field. We are unlikely ever to return to the rigid constraints and high costs of such an economic strait-jacket. I am no 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 this capital city 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 pertained to industries that had disappeared altogether. All of which goes to show that there may indeed be something more permanent than a temporary Federal agency. Once we rescinded those



regulations, we began interceding with the Interstate Commerce Commission and the Civil Aeronautics Board to promote genuine competition in the market.

The deregulation concept has now been tried and tested. Since 1978, we have successfully eliminated many of the CAB's regulatory functions. The Board's authority over domestic routes expired December 31st, 1981; its authority over domestic fares ended last January 1. At the end of next year the CAB itself is scheduled to sink below the bureaucratic horizon, with the majority of its few remaining functions -- international route awards and the domestic Essential Air Service program -- transferring to DOT. We are fully prepared to assume those few responsibilities that will continue after the sun goes down. I have no doubt that DOT can administer these areas fairly, or that they can be safely insulated against partisan political influence. Early next year we plan to submit legislation to establish at DOT the necessary organizational structure to handle the transferred functions and to clean up a few loose ends -- including consumer protection and data collection authority.

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.

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 their 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.

In traveling around the country I have found you can get just about anywhere you want to go by scheduled carrier. Not every airline is "ready when I am," but I have done relatively little waiting and I have always enjoyed excellent service. And when you come from a small town like Salisbury, North Carolina, you appreciate the service the commuter airlines provide. I believe that under deregulation we are rapidly developing an essentially five-tiered carrier system -- consisting of the major airlines, the nationals, the large regionals, the medium regionals and the commuters -- which makes sense from a service point of view and assures the broadest access to commercial air transportation.

One of the responsibilities we will be assuming with the sunset of the CAB is the Essential Air Service Program. Although not every community has gotten exactly what it wanted under this program in terms of the size of aircraft and service patterns offered, we must recognize that this small community air service is supported by the general taxpayer. When both these concerns are balanced, Essential Air Service -- I believe, must be considered a success. For instance, no community has lost all air service. Further, the burdens on the general taxpayer have been reduced substantially from the \$77.8 million paid out before 1978 under the old Section 406, to only about \$50 million being spent today. I think the CAB deserves considerable credit for the manner in which it has balanced the often conflicting needs of the public. And I can assure you, we intend to very carefully review the whole program in order to be just as effective in its implementation once the responsibility comes out way.



In adopting the most efficient structure for both the Essential Air Service and international route programs, we have several criteria in mind -- fairness and equity to be sure, along with the most streamlined, least regulatory structure possible.

One thing is certain: we don't ever want to go back to the days when a competitive carrier selection case for an international market took several years to decide. It is difficult enough spending years negotiating with a foreign trading partner to gain entry for a U.S. airline into the market without spending another several years trying to get our own government to decide which airline will get the opportunity to provide the service.

To me it seems clear that the most difficult tasks we face in international aviation both today and in the future is not more administration of functions, but guaranteeing an environment that is as competitive, as fair and as non-discriminatory as possible. I am sure that you who operate in that environment know better than I what the difficulties are.

Our commitment to competition is absolute. For the emery board of competition produces the best fares, the best service and the most efficient operations. It fosters management innovations which result in constant improvements to the system.

At the same time, we must be realists. And in implementing the policy goals set down by the International Air Transportation Competition Act of 1979, we will be realists. Most of the foreign governments we deal with believe in "regulating competition." We simply have to come to terms with the fact that if they regulate from their side, then our side will be affected.

And we have no intention of allowing our airlines to be victimized by one-sided regulation. Let me give you a current example. As I am sure most of you are aware, we renewed our interim agreement on bilateral air services with Brazil this spring. That agreement accommodated many of the concerns of the Brazilian Government in terms of the number of carriers in the market, the capacity to be offered and the amount of charter service available. In the process, the Brazilians agreed that the airlines of each country would have a fair and equal opportunity to compete for traffic on a non-discriminatory basis.

We believe that existing Brazilian laws which encourage shippers -- both in the U.S. and Brazil -- to use only the Brazilian flag carrier to transport air freight conflict with those assurances. We further believe that these laws have reduced the U.S. airlines' opportunities in the cargo market and significantly erode the legitimate U.S. share of that market by artificially preventing a free and fair commercial environment.

Over the years, there have been other examples of foreign governments short-circuiting our ability to fairly compete for passengers and freight. Although we prefer to have governments play a minimum role of influence in the marketplace, if we are forced by a trading partner's restrictive action against our carriers, we will take decisive action. We have done so in the recent past in Korea, Japan and Peru. And we are prepared to do so in the future.

The Department of Transportation continues to support the concept of multiple designations in international airline service. We have modified that concept somewhat because we also hold the practice of all carriers serving the same city-pair route to be less effective competitively than having several carriers serving several routes. Such inter-gateway competition allows airlines from both countries to provide better, more



accessible service to a greater number of travellers and shippers. In the long run, competition tailored to the particular market and the concerns of our foreign trading partners will be more successful. We intend to pursue such a course.

Together we are moving into a future that combines new challenges with fresh opportunities.

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 -- and on that basis its childhood holds even greater potential. 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. American jetliners are still preferred around the world. The space shuttle represents an unparalleled achievement. After a decade or more in flight and billions of miles beyond our solar system, our Pioneer space probe extends its own exploration of the universe. 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 and the first fruits of a lasting prosperity.

Now and in the months to come, I look forward to maintaining the good working relationships that have existed between our Department and the members of the aviation community. My door, like my mind, remains open to your counsel, your suggestions and your commitment to safety.

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 we shall do so, I am certain, in greater confidence, greater comfort and greater safety for as far as the eye can see or man can fly.

Thank you very much.

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