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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION
ELIZABETH HANFORD DOLE
TO THE WINGS CLUB
NEW YORK CITY, NEW YORK
SEPTEMBER 14, 1983

We meet today in the shadow of tragic events, which cause us to question the very safety of international skies. Thirteen days have passed since the Soviet Union wantonly shot a Korean 747 from the skies -- thirteen days in which the world has risen up to voice its anger and disgust at what President Reagan has called "a crime against humanity." Thirteen days in which all of us concerned for the future of international flight have questioned how such acts can be stopped -- forever.

Thirteen days in which our initial shock may have subsided - but not our sense of outrage. Indeed, all members of the civilized world stand together in condemning this act, for which there is no justification, legal or moral.

Our first inclination, surely, is to punish the offender. As the President has said, it would be easy -- and it is easy -- to think in terms of vengeance. Instead, the better course, and the one we are pursuing, is to impress upon the Soviets the enormity of their action and persuade them to respond satisfactorily to our collective concern for aviation safety.

In cables I have sent to the Ministers for Civil Aviation of non-Soviet bloc countries around the world, and in follow-up telephone conversations last week, I urged a united and firm response from the entire international community to the unwarranted Soviet assault on a civilian aircraft.

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Aeroflot * We have, as you know, reaffirmed the order which -- in January 1982 -- denied Aeroflot entry rights to the United States. We have also closed remaining Aeroflot offices in this country and invoked orders suspending interline ticketing with Aeroflot. The immediate action by the government of Canada to suspend Aeroflot services in Canada is, in our view, an appropriate action. We are gratified that other countries are following their example. We also commend the members of the International Federation of Airline Pilots Association for organizing and carrying out a boycott on flights to Moscow.

The Soviets also have been notified that our bilateral agreement for cooperation in the field of transportation will not be renewed. And we are working with the 13 countries who had citizens aboard the Korean jet in an effort to obtain just compensation for the families of those killed.

But beyond these steps, we must concentrate our best efforts on repairing the fabric of international air commerce, so severely shredded by the Soviets. The United States government must and will be involved. But the work of assuring safe passage for civilian aircraft -- under rules that all nations will accept and honor -- can only be achieved through the determined efforts of the international civil aviation community. FAA * To further that objective, I have asked FAA Administrator Lynn Helms to join the ICAO * delegation representing the United States at the emergency session of the ICAO Council in Montreal tomorrow. The delegation's mission will be to register the outrage of the American people over the Soviet action; to call for ICAO to review the facts surrounding this tragedy; and for ICAO to condemn those responsible. We are urging the International Aviation community to take steps to insure that nothing like this can ever happen again.

I hope that the meeting will be the focal point and effective catalyst for demonstrating the strength of our common concern. The aviation community must be prepared to call to account any nation engaged in international air commerce which deliberately and callously violates the safety of air transportation. No issue to come before ICAO is of greater urgency or importance.

I regret that we must begin our time together on so somber a note. I have looked forward to this occasion to meet with members of the Wings Club, so I am pleased indeed to be here for your first meeting of the 1983-84 year.

FAA * This year we mark several milestones of historic significance to the aviation community. One, of course, is the 200th anniversary of the first balloon flight. But the anniversary much closer to us occurred August 23rd -- the date in 1958 when the Federal Aviation Administration was created, superceding the old CAA. Just a few months later, in January 1959, American Airlines inaugurated jet passenger service between New York and Los Angeles.

These two events -- the coming of the jet age and the formation of an agency dedicated to aviation safety -- made air travel practical and popular. They catapulted aviation into the growth industry it has become and remains today. Over the course of those 25 years, scheduled air traffic has increased eightfold and the safety of the airways has improved one thousand percent.

But 1983 is less important for the events that are behind us, than for the future that beckons. Today, a quarter of a century after the founding of the FAA, we are embarking on a vast modernization program that will double the airspace capacity available under existing air traffic control technology. Today, nearly a quarter of a

century after the first jet passenger coast-to-coast service, we have a vast fleet of jet aircraft carrying 300 million travelers a year across the country and around the world -- and a new generation of quieter, more efficient planes coming into the inventory.

Then, too, we are within a year and a few months of the sunset of the Civil Aeronautics Board, bringing an end to the domestic economic regulation begun 50 years ago to protect a fledgling industry.

We are, in short, in the midst of an array of technological and institutional changes that are both typical of this dynamic industry and essential to its further development.

The challenge of change has always been the key to prosperity to the commercial aviation industry. I want to talk with you today about a few of these changes, and what I believe we can expect in the years just ahead.

First, we have a deregulated industry. And I see no turning back the clock and no retreat to the rigid constraints and high costs of economic regulation. Deregulation has produced free market benefits for the carriers and economic benefits for the public. It is delivering what it promised: a more efficient airline system. Domestic flights have increased four percent since 1978, despite a recession complicated by soaring fuel costs and the 1981 air traffic controllers strike. **Deregulation*

I realize full well, of course, that the airlines have been flying through some turbulent economic skies. In such an atmosphere, deregulation may be viewed by some as a convenient scapegoat for the industry's financial problems. The real culprits, of course, are the sudden rise in fuel prices a few years ago followed by a prolonged recession which affected business and pleasure travel alike. Today, with fuel prices stable and the economy enjoying a healthy recovery, the U.S. airline industry is regaining both passengers and profits. The outlook for 1983 is a nine percent growth in traffic -- to an expected 317 million passengers -- and an operating profit that some industry analysts say could reach \$800 million. The outlook through 1986 is for continued expansion of traffic, revenues and earnings. **Air Deregulation*

Just as significantly, the industry now has the best opportunity ever to test the market potentials afforded by deregulation, in the first economic recovery with totally free pricing. This is the time for the members of this industry to roll up their sleeves, put their best competitive instincts to work, and demonstrate their management skills in an expanding and more diversified air transportation market. Some competitors will do better than others. But the industry itself, and the services it provides the public, are better today than before deregulation -- and there is little sentiment within the industry, less in the Congress and none at all in the Administration for a return to a regulated system. **deregulation*

We are, in fact, proceeding with all deliberate speed toward the event which will put the final seal on the deregulation process. We are now 16 months away from the sunset date of January 1, 1985, when the Civil Aeronautics Board joins that short, unlamented list of Federal agencies that die a natural death. I have no doubt that we will meet that date and that the transfer of remaining functions to DOT will be carried out smoothly and efficiently. Already, we have had a number of meetings with the people at CAB involved in planning for the transition. We know the responsibilities that are to be transferred, and we are well along toward completion of the operating plan we will send to the Congress in the near future. We must provide for these functions in our

budget for 1985, which will be submitted next February, so I can assure you we have no intention of waiting until the last minute.

Two of the responsibilities that very definitely will be moving to our Department are the Essential Air Service program -- which assures small communities access to the nation's air system -- and the oversight of international air routes.

Essential Air Service Program

In regard to those international responsibilities, I know there has been some concern that carrier selection functions might become "politicized" by moving them into the Executive Branch. I understand the concern and I appreciate this opportunity to refute it. The fact that we have concentrated on this possibility, making it a matter of public attention and a paramount concern throughout our transition planning, virtually guarantees that it will not happen. What's more, we have been full participants in international aviation relations for years now. We are certainly familiar with what needs to be done. The function, when transferred into our hands, will be structured to assure that it is completely free from any undue political influence.

As for 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.

Another of the most difficult tasks we face in international aviation is guaranteeing an environment that is as competitive, as fair and as non-discriminatory as possible. Our commitment to competition is absolute, because competition produces the best fares, the best service and the most efficient operations. It fosters management innovations which, in turn, produce 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. We recognize that many 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 as well.

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. We are prepared to do so in the future.

For example, we recently advised the government of Switzerland that the substantial imbalance in air traffic between our two countries, an imbalance in favor of the Swiss, warrants a consultation in the very near future. And we have no intention of allowing our airlines to be subjected to one-sided agreements in the future. During the next few months we expect to be conducting negotiations with a host of countries, including the United Kingdom, Israel, the Philippines, Italy and Peru, as well as with ECAC (European Civil Aviation Conference). We look forward to negotiating in good faith with our international neighbors and trading partners. There is one concession,

however, we will not make. We believe the airlines of each country must have a fair and equal opportunity to compete for traffic on a non-discriminatory basis. It's that simple -- and that imperative.

Another major change on the horizon concerns the airspace system itself. We are, as you know, operating an air traffic control system rooted in the technologies of the '50's yet geared to the traffic levels of the '70's and '80's. If we are to realize the prospects for greater growth, greater operating efficiencies and greater safety, we must expand capacity and make air service more reliable. The National Airspace System modernization program now underway will deliver those benefits. It has another distinct and appealing advantage, especially in an Administration that prides itself on conservative economics. It will save more money than it costs. We expect the bill for the new technology to total about \$10 billion. At the same time we expect the system to produce some \$25 billion in reduced operational costs by the end of this century. To achieve these cost reductions we will be phasing out some flight navigation facilities and perhaps consolidating others. As always, we will consult with those affected by the plan first.

* Air
service
- modernization
Program

In the meantime, initial contracts for the procurement of hardware items are being awarded, and the FY '84 budget authorizes \$750 million from the Trust Fund for the first stages of the modernization program.

* Modernization
Program

✓ In addition to being highly cost-effective, the system represents a very worthwhile investment in safety. From the days of the Mongolfiers, weather has been a chronic fear and the persistent concern of all who take to the air. Now, for the first time, we are going to be able to essentially "weatherproof" the airways. We are going to have the most precise landing systems possible. And we will, in effect, double the airspace capacity while at the same time reducing the risk of accidents.

As air travel gets safer, it will also become quieter. Considerable effort and expense have been invested in recent years in counteracting aviation's noise problems. We have, I believe, achieved at least an encouraging degree of success.

Federal aircraft noise compliance rules set back in 1978 gave the airlines six-years to retrofit or phase the oldest and noisiest planes out of their fleets. The airframe and aircraft engine manufacturers, in my view, have done a superb job of developing and building quieter planes which are also fuel efficient. The airlines, for their part, have done equally well in acquiring these new aircraft. We do not believe, under these circumstances, that extensions to the January 1985 compliance date are justified.

Some may argue that replacing aircraft that no longer meet environmental standards poses an unacceptable economic burden. Indeed, we are already starting to hear pleas for special exemptions. This argument is no longer valid in our opinion, especially given the need to improve the environment around the noise impacted U.S. airports. Federal Aviation Administrator Lynn Helms and I are convinced that airlines operating in the United States have been treated fairly and have had time to upgrade their fleets. The exemptions initially included -- giving the operators of smaller turbojets providing service to small communities an additional three years -- will, of course, still apply.

With regard to airport noise, let me be clear about our policy. Section 611 of the Federal Aviation Act directs the FAA to "provide for the control and abatement of aircraft noise" through the applicable regulation process. Under this mandate, we

* Aircraft
noise

prescribe operational procedures and flight patterns designed to minimize the impact of noise on the community. The limitation, of course, is that we will not authorize any procedure that is not consistent with the highest degree of safety.

Aircraft
Noise

Our responsibilities have not, and in my opinion should not, extend to those noise control activities which are properly the responsibility of local communities or airport authorities. These include limitations on numbers of flights, noise level ordinances and local zoning and land-use planning. Since these and other noise problems differ from place to place, we do not believe that strictly Federal solutions to local airport noise problems would be either appropriate or practical. At the same time, we cannot permit any local regulations that conflict with Federal law or discriminate among airport users.

We are prepared, however, to provide technical assistance and to work with local planning agencies or airport authorities to set noise policies. We realize that noise remains a problem. But we are convinced it is one that can be solved or alleviated only through the combined efforts of the manufacturers, the carriers, the local communities and the government.

Finally, of all the changes on the aviation menu, none is more important than safety.

In fact, as Secretary of Transportation, I have no higher mandate than safety. With respect to aviation in particular, I assure you that we stand ready to take every positive action possible, independently or in association with the air carriers, to avoid all 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. As you know, we are currently focusing most intently on efforts to reduce aircraft fire hazards, to detect and report wind shear conditions and to prevent hijacking.

In addition, after a rather extensive testing program, we have identified a number of child safety seats -- originally designed for use in cars -- that can also be used aboard aircraft. Some of these approved seats are on the market now, and we recommend that passengers traveling with a small child take this seat along, for use in the plane and in the car at either end of the flight.

I also want to express my appreciation to the airlines that have been cooperating with us so effectively in our campaign to increase safety belt usage in automobiles. I know that the flight attendants on a number of carriers have been reminding passengers on landing that "now that the safest part of your trip has been completed, please remember to fasten your safety belt when you get in your car."

Safety
Belts

Since I travel frequently by air, I have heard the announcements, and I want to commend the airlines involved for delivering this safety message. We estimate that for every one percent increase in the safety belt compliance rate we can save about 200 lives and 3,000 serious injuries. We probably can't hope to make highway travel as safe as air travel, at least not any time soon, but we would go a long way in that direction if people would just wear their safety belts when they drive.

I said earlier that my theme would be change. It is a theme that the men and women of aviation, and the industries represented here today, both understand and support. No area of transportation has changed so drastically, so dynamically, in so short a span of time. Few if any industries have contributed so greatly to the economic

growth and development of our country, as well as to international relations and space exploration. And none have achieved so rich a reputation for innovation and a willingness to take financial risks. Through good times and bad, your industry's passion for pioneering leadership, superior products and technical initiative has never faltered. We have good reason to be proud of America's aerospace industry, its people and their visions.

We also have good reason to be confident about tomorrow. Together we are moving into a future that combines new challenges with fresh opportunities. 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 industry's 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. Internationally, aviation has bridged the last frontiers of trade, exploration and travel. It has brought people together. It has made our world smaller but our role in human affairs larger.

Here in America, aviation 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.

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