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Office of the Assistant Secretary for Public Affairs
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Contact: Jennifer Hillings
Tele.: (202) 366-4570

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE
TO THE
GREATER DALLAS PLANNING COMMISSION/DALLAS COUNCIL ON WORLD AFFAIRS
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DALLAS, TEXAS

What a delight to meet with groups of such divergent interests as local planning and world affairs who share a common bond: dedication to Dallas and our country. And it's a joy to share in celebrating Texas' sesquicentennial year of independence. I want you, Frank and Jim Williams to know that the spirit and enthusiasm here tonight is an inspiration to me. And I'm especially glad to join in honoring Doris Dixon, Award winner for 1986, for her role in making Dallas an international city. John Kinnear, my regional representative for the Southwest, keeps me well informed on all the issues in Dallas and I'm using this forum to announce that I have appointed Bruce Jacobson, a Texan who has been on my staff in Washington since 1983, to be my deputy regional representative for the Southwest. He has done a marvelous job -- I'm pleased that he's taking on this new responsibility.

Anywhere you look these days, you'll see change, nowhere more apparent than here, amidst the rolling hills and gentle Trinity River of Northeast Texas. Long the financial and commercial center of the Southwest, U.S., Dallas today is truly an international city. Yours is the largest wholesale merchandise mart in the world. This mart plus your 815 high tech industries are only two of many factors stimulating growth and development in Dallas. Dallas has been an active participant in a national renewal as welcome as the bluebonnets and mockingbirds to a Texas spring landscape.

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And speaking of change, massive deficits and the Gramm-Rudman-Hollings Act are forcing us to reassess the proper federal role in transportation.

Obviously, defense and the facilitation of interstate commerce are essential federal roles, but in some other areas, like mass transit, the focus is more a local and a regional one. Quite simply, ladies and gentlemen, the federal government cannot continue to do all it's been doing if we're going to get these deficits down and insure a continuation of economic growth and expansion. Take Amtrak, for instance. Amtrak started out as a two-year, for profit experiment. Now, \$12 billion later, it's going to take \$6-8 billion to keep Amtrak running for the next decade. It provides less than two percent of inter-city travel. The average subsidy: \$33 per person every time someone rides Amtrak. So, I'm calling on the stakeholders who want to continue Amtrak service to help foot the bill.

In mass transit, we want the rest of the nation to learn from you when it comes to local financing. In 1983, when your own growth began putting more demands on transportation systems, you voted for a one cent a gallon gasoline tax to finance your regional transportation network. You are setting a strong example for the rest of the nation. I applaud you all across this country, your initiative in not expecting large federal mass transit grants but relying on local financing, subcontracting services that can be provided less expensively by private companies and developing cooperative planning efforts between the public and private sector. You have tremendous local involvement in mass transit. This is truly outstanding and it certainly proves there is room for entrepreneurs in transportation.

Now, we have enjoyed, of course, beginning in 1982, 41 consecutive months of economic growth. Productivity has risen. Inflation remains subdued at just 1.6 percent, and factories and offices alike have created 9.8 million jobs since November 1982, the height of the recession. The prime interest rate is 8.5 percent. Now, young people can dream the truly American dream of home-ownership and realistically expect to accomplish it. We want to see this trend continue by getting these deficits under control.

And, transportation, of course plays a major role in our economy and in our businesses. Transportation is an \$800 billion industry, which accounts for 20 percent of our Gross National Product. My department alone has a \$27 billion budget. We have 100,000 employees, and our responsibilities, quite literally, cover everything that moves.

And, interesting enough, 70 percent of my budget is supported by user fees, where those who actually use the services pay for them whether it's on our highways or in our airways or on our waterways.

In a broader sense, we are letting the market, if you will, lead us into the 21st Century.

Free market principles, for example, are the guiding force of economic deregulation of transportation industries and DOT is the voice of deregulation. The 1980 Motor Carrier Act, which provided for some economic freedom, has had significant and positive effects on shippers and the trucking industry. With freer entry into the trucking business, we've had an explosion in the number of firms with operating authority from roughly 18,000 to almost 31,000 companies. New service and price options offer shippers more opportunity to select the kind of service that they need.

Established carriers have become more efficient: they've become more innovative because they can restructure their routes. They don't have to travel on just one set route. They've reduced their empty back-hauls. And they've been able to provide simplified rate structures and offer shippers incentives to move freight more efficiently. So overall, we feel it's been very positive.

And I sent legislation to the Congress that promises to finally get the federal government out of the trucking business. My legislation will release the industry to operate in the free market without filing tariffs, reporting entry, or dealing with the red tape of ICC rate regulation.

Now let's talk about railroad deregulation for just a moment. Today's railroad industry survived the recent recession, the deepest since the 1930s, without a single bankruptcy. Capital investment has increased dramatically. Deferred maintenance has been virtually eliminated from the nation's mainlines. There are 30,000 contracts now between railroads and shippers addressing the specific needs of shippers. That was not permitted under regulation. And 1985 was the safest year in the history of railroads. Our studies show both the number of accidents and the accident rate per million train miles decreased.

As we move forward with economic deregulation, let me assure you that we will in no way permit safety to be diminished. We have just succeeded after twelve years of effort in finalizing a rule addressing the significant problem of drinking and drugs on the railroads.

We're addressing the safety issues, whether it's in the air, on the railroads or on the highways. In limited time I have to serve in this position what could be a higher priority than saving lives. Ninety-three percent of the fatalities occur on our highways --44,000 deaths last year. And, I'm going to keep working until we get every last drunk driver off the roads and highways of this country. That will eliminate 25,000 deaths a year. Certainly it's the best defense against the drunk driver.

Using that safety belt can eliminate another 10,000 deaths each year. If we eliminate drinking and driving, we can prevent 25,000 deaths a year. So, we have our work cut out for us, certainly.

Some of you who have new cars may be familiar with the high-mounted stop light I've required on this year's models. Our studies show that one

little light at the base of your rear window when all cars are so equipped will prevent about 900,000 accidents involving rear end crashes, and save almost half a million dollars in property damage every year.

The safety belt rule we put into effect two years ago has spawned 25 state safety belt laws, one of them here in Texas, and I am delighted that Texas statistics are already showing many lives saved by passage of that legislation.

Air safety is on everyone's mind today. First and foremost, let me emphasize that when we speak of "airline deregulation," we are talking about the elimination of economic regulation. Safety has most assuredly not been deregulated. And the benefits of economic deregulation both to the traveler and the American economy as a whole cannot be exaggerated. They are real, substantial and ongoing, and they are measured in billions of dollars in reduced travel costs.

Under deregulation, entrepreneurs launched a new era in aviation. Today there are twelve major carriers flying, another score or so of medium-sized carriers, and a host of regional and commuter airlines. Deregulation has clearly brought a new level of cost consciousness and service options to the airline industry. Before deregulation our choice was limited to first class or coach. Today, you can find as many as 10 categories of fares, each tailored to a specific market segment.

The low fares mean that air travel has been brought within the financial reach of millions who otherwise could not have afforded to fly. Since deregulation, air service to the Dallas/Fort Worth airport is up 56 percent and seat capacity has increased 96 percent. And the Dallas/Fort Worth airport accounts for 46 percent of weekly departures and 51 percent of the airline seats in Texas. While most international cities have a seaport, your airport serves as your link with the world, making it very special. And your airport, like Dallas itself, is still growing.

Once again, here is the important point: these benefits have not, as some would claim, come at the expense of aviation safety. Flying remains one of the safest forms of transportation, and air travel in the United States is still the safest in the world. Each day, some 15 thousand scheduled airline flights carry an average of one million passengers, and 99.999 percent of these flights reach their destinations without so much as a minor operational error.

I know the tragedy you experienced here in August 1985 probably still weighs heavily on this community. I want you to know we are doing everything in our power to complete the technology to deal with the wind shear problem. Just this week we installed an experimental weather radar system at Huntsville, Alabama, to study low level wind shear, "microbursts" and other hazardous weather conditions. We have to perfect a radar system that will reliably display airport wind shear conditions for air traffic controllers. Dallas/Fort Worth will be among the first 14 airports to be

outfitted with the Doppler radar system. This is not a question of money but technology.

Now there has been a lot of concern recently because commercial aviation worldwide in 1985 experienced its highest number of fatalities in a single year -- 1,622 people lost their lives. While even one fatality is one too many, it is crucial that this bare statistic be put in perspective. Worldwide about 70 percent of these fatalities occurred in accidents on foreign airlines, and over 50 percent in the crashes of Japan Air Lines with 520 aboard and Air India with 329 deaths -- and that was sabotage. We have found no common thread in the causes of last year's tragic accidents -- either here or abroad -- and we have no evidence that the presence or absence of government economic regulation contributed to those crashes. In fact J.A.L. and Air India operate under heavy government economic regulation.

As John Robson, who served as chairman of the Civil Aeronautics Board before deregulation, recently said in a Wall Street Journal column, "for U.S. carriers operating scheduled service with large aircraft (which includes all the major airlines), the 1985 total accident rate ranked among the lowest of the past decade. In fact, the domestic fatality rate for these carriers in the seven years after deregulation is only about half that of the five years immediately preceding deregulation. The commuter airlines, which have had an explosive growth under deregulation had the lowest accident rate in their history last year as did general aviation. Overall, the aviation accident rate in the U.S. has declined steadily over the past 25 years, and there is no evidence that deregulation is having any adverse effect on this comforting trend.

None of this should come as any surprise. Contrary to the snap judgment some have made, competition promotes safety. If a carrier acquires a reputation for sloppy operations and marginal practices, passengers will stay away in droves. Airline executives faced economic pressures before deregulation but had much less flexibility to adjust to those pressures than today. Because the government set fares under regulation, the carriers could not, in order to increase overall net revenue, lower their fares to attract new business or adopt new schedules to meet changing consumer demands. One of the few ways a carrier could reduce losses or increase profits was by cutting maintenance, pilot training and other safety items.

Now let me turn to another issue in the headlines: Aviation security. Since the security program was initiated in 1973, we have screened over 7 billion passengers and 8 billion pieces of carry-on baggage. These screening and inspection procedures have detected 34,000 weapons before they were carried aboard aircraft, and resulted in over 14,000 related arrests. At least 116 hijackings have been prevented.

As conditions have changed and would-be hijackers and other terrorists have tried new approaches, our security programs have been tailored to meet

these new challenges. When international terrorist activities escalated last year, I put in place tough new security procedures and last June, I went to the International Civil Aviation Organization in Montreal to seek tougher security standards worldwide.

And ICAO has responded with many new additional standards. New checked baggage and cargo security measures have been adopted here at home. We have required a security coordinator for all flights, domestic and foreign. We've increased substantially our air marshal force, composed of armed security personnel. While their focus is on ground security, making certain no unauthorized person gets anywhere close to an airplane, there are some marshals assigned to the air.

The FAA continually conducts security assessments of more than 50 of the world's largest foreign airports. And if we find an airport does not maintain effective security and will not immediately correct problems, I can ultimately suspend aviation operations between the U.S. and any foreign airport. And we have expanded our research and development efforts on explosives to keep pace with terrorists, whose criminal activities are ever more sophisticated. Aviation security continues to be top priority as we seek legislation to require criminal background checks for employees having access to secured areas in airports.

And speaking of international issues, there is one I would like to call to your close attention. The Texas shore was damaged by oil pollution in June 1984 when a British oil tankship grounded and broke up just off the Texas coast. The Coast Guard directed the clean-up from that oil spill. Even though we have one of the best response networks in the world and work hard to prevent spills, accidents will continue to happen. Oil spills are an international problem that require an international solution. A month before that spill off the Texas Coast, in May of 1984, I attended a diplomatic conference in London dealing with this very issue. Two treaties were negotiated at that conference that President Reagan has asked the Senate to ratify. Senate Foreign Relations. Once the treaties are ratified and a companion domestic bill is enacted, the United States will become party to an international system which could have provided up to \$234 million to pay for clean up and to compensate the victims of that Texas oil spill.

Let me close with another top priority at DOT; privatization. Conrail, the government-owned freight railroad which serves the Northeast, is the flagship of privatization in this country. It's the first one out of the box, so to speak. So, it's important that we win this because many privatization initiatives follow in its wake.

The sale of Conrail to the Norfolk Southern Corporation represents the equivalent of 15 percent of what Gramm-Rudman would require from the federal government in fiscal year 1986. We would get \$1.9 billion from the Norfolk Southern cash on the barrelhead the day we close the deal. And the sale to Norfolk Southern will ensure that Conrail remains a viable railroad, never

again returning to the federal government. Though Conrail is marginally profitable, traffic is down 3.6 percent. It carries recession sensitive traffic and cannot continue to shrink its way to profitability. Norfolk Southern brings the strength of a large, financially sound organization.

I don't think the federal government is meant to be in the business of running freight railroads any more than it's meant to be running airports. We have legislation before the House of Representatives to transfer National and Dulles, the two Washington airports, to an independent Regulatory Commission; thereby, putting them on par with all other major airports in the United States. Approximately \$500-\$700 million will be needed for expanding and refurbishing these airports. The independent authority could use revenue bonds like all other airport authorities and participate in the Airport Trust Fund. Right now they're dependent on federal appropriation and deficit, given Gramm-Rudman there is no possibility of such large amounts. There have been eight previous tries, and I am optimistic following our strong Senate vote that we will succeed on this important issue in the House this year.

In conclusion, whether we're talking deregulation, safety, air security, selling a railroad, transferring airports -- we're striving to provide the answers to complex questions that provide an opportunity to make a difference, a positive difference, for people. And it can get pretty challenging -- It's then that I think of something President Reagan said. He recalled how he first learned to deal with stress as the newly elected governor of California. And, he said, "each morning began with someone standing before my desk describing yet another newly discovered disaster. The feeling of stress became unbearable. I had the urge to look over my shoulder for someone I could pass the problem to. Suddenly, one day it came to me that I was looking in the wrong direction. I looked up instead of back, and I'm still looking up. I couldn't face another day in this office if I didn't know I could ask God's help and it would be given."

And, ladies and gentlemen, I wholeheartedly agree with that statement. I believe that's what it takes in this day and age with the challenges we all face.

We have the safest most efficient transportation system in the world. With your help and your support, and the fine example you set here in Dallas, we will continue to be the best in the world. Thank you for your attention tonight I look forward to continuing the journey iwth you.