

DEPUTY SECRETARY SPEECHES - 1984

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| February 10, 1984 | Talking points to the National Conference of State Legislatures, Legislative Leaders Seminar, Washington, D.C. |
| March 9, 1984 | Statement for an Urban Mass Transportation Administration Grant Announcement, Winston-Salem, North Carolina |
| March 13, 1984 | Statement before the Aviation Subcommittee of the House Public Works and Transportation Committee Concerning Legislative Proposals Relating to Airline Deregulation and CAB Sunset |
| March 15, 1984 | Talking points for State Hazardous Materials Enforcement Development Conference, Washington, D.C. |
| May 4, 1984 | Remarks for the Maritime Law Association of the United States, New York, New York |
| May 17, 1984 | Remarks for Hine Junior High School, Washington, D.C. |
| May 18, 1984 | Remarks to the Federal Bar Association, Washington, D.C. |
| May 22, 1984 | Talking points for the Regional Airline Association Leadership Breakfast, Washington, D.C. |
| May 23, 1984 | Remarks to the Society of Automotive Engineers Government-Industry Banquet, Washington, D.C. |
| May 23, 1984 | Remarks to the Graduating Class United States Coast Guard Academy |
| May 29, 1984 | Remarks Welcoming DOT Interns, Washington, D.C. |
| June 20, 1984 | Talking points for Representative Ron Packard's Washington Leadership Conference, Washington, D.C. |
| August 8, 1984 | Talking points for the DOT Tennis Council Awards Ceremony |
| September 6, 1984 | Remarks to the Joint Conference of the North Carolina Institute of Transportation Engineers and the Public Transportation Forum, Asheville, North Carolina |

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| September 13, 1984 | Talking points for the Air Transport Association Law Council |
| September 18, 1984 | Remarks for the National Council on Physical Distribution Management, Dallas, Texas |
| September 19, 1984 | Remarks to the Airport Operators Council International 37th Annual Conference, Boston, Massachusetts |
| September 25, 1984 | Remarks to the Washington Dulles Task Force |
| October 11, 1984 | Remarks for Hispanic Heritage Week, Miami, Florida |
| October 26, 1984 | Remarks for the Drunk Driving Billboard Campaign Awards |
| October 30, 1984 | Remarks for the Secretary's Awards for Volunteer Service |
| November 1, 1984 | Remarks to the American Bar Association Air/Space Law Forum |
| December 4, 1984 | Remarks to the American Enterprise Institute Annual Conference |

TALKING POINTS FOR
DEPUTY SECRETARY JIM BURNLEY
AT THE DOT TENNIS COUNCIL AWARDS CEREMONY
AUGUST 8, 1984

- * It seems appropriate to hold this awards ceremony during the Olympic games.
- * This awards ceremony proves that all this country's top athletes are not in Los Angeles this week.
- * I congratulate each of the 100 athletes who participate in the DOT Tennis Council each year.
- * You make the Department look good in the Federal Departmental Tennis League, where you consistently place well in games with teams from 23 other government agencies.
- * Within DOT, you keep team spirit alive through the Interagency League's weekly games. Although this year's season is far from over, it looks like FHWA and Coast Guard are neck and neck in one division. In the other division I hear UMTA is just barely ahead of OST. I don't want to appear partisan, so I'm not going to openly root for the OST team.
- * It's a pleasure to have this opportunity to present the awards to the winners of the 1983-1984 DOT Tennis Tournament.
- * Thank you for inviting me to join you today — and good luck to all of you this season.

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AWARD WINNERS

- * Men's Singles - Winner: Akira Kondo (FAA)
- * Women's Singles - Winner: Kathy Koo (NHTSA)
- * Men's Doubles - Winner: Cdr. Dennis Parker (USCG) & Sam Whitehorn (CAB)
- * Men's Singles
40 & Over - Winner: Johnny McQuaig (FAA)
- * Mixed Doubles - Winner: Cdr. Dennis Parker (USCG) & Nita Jackson (non-DOT member)
- * Men's Singles - Runner-up: Cdr. John Painter (USCG)
- * Women's Singles - Runner-up: Carolyn Felder (NHTSA)
- * Men's Doubles - Runner-up: Cdr. John Painter (USCG) & John Barcynski (USCG)
- * Men's Singles
40 & Over - Runner-up: Roger Tate (UMTA)
- * Mixed Doubles - Runner-up: Bill Holden (NHTSA) & Trish Williams (non-DOT member)

INTERMEDIATE TOURNAMENT

- * Men's Singles - Winner: Dave Bingham (NHTSA)
- * Men's Doubles - Winner: Cdr. Kenny Fields (FAA) & Jim Norton (FAA)
- * Men's Singles - Runner-up: Greg Sparkman (MARAD)
- * Men's Doubles - Runner-up: Dave Lippold (MARAD) & Greg Sparkman (MARAD)

DOT TENNIS LEAGUE - 1983

- * East Division Winner and League Champion: The U.S. Coast Guard team
- * West Division Winner: The FAA Team



U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
TO THE JOINT CONFERENCE OF THE NORTH CAROLINA INSTITUTE
OF TRANSPORTATION ENGINEERS AND THE PUBLIC TRANSPORTATION FORUM
ASHEVILLE, NORTH CAROLINA
SEPTEMBER 6, 1984

It is a pleasure to be in the company today of such a distinguished group of legislators, engineers and transit officials. I was pleased to learn shortly after joining the U.S. Department of Transportation that North Carolina's transportation professionals enjoy a reputation nationally as leaders in the never-ending battle to stretch limited resources to meet limitless demands.

I also want to pass along best wishes for a successful conference from another North Carolinian, Secretary of Transportation Elizabeth Dole. I know you share my pride in the job she is doing as the first woman to hold that position. You may not realize that she is also the first woman to head a military service, since the Coast Guard is a part of the Department.

I have the good fortune to come before you at a time when the U.S. economy is causing many of the experts to revise their assumptions and reprogram their computers. We can plan for the future secure in the knowledge that our economy -- our financial infrastructure if you will -- is again robust, perhaps stronger than it has been in two decades. The Gross National Product in the first quarter of this year grew at an astounding rate of ten point one percent. Second quarter growth continued to be strong -- at a rate of seven point six percent. Inflation remains low, at a modest annual rate of four percent. Since December, personal income in the United States has risen more than ninety-five billion dollars. Consumer confidence is at an historic high and business investment plans for 1984 and beyond mirror similar faith in the recovery.

Transportation is sharing in this new economic prosperity and is, in fact, responsible for some of it. The transportation industry is not only big business, it's the engine of our nation's economy -- a six hundred and ten billion dollar industry that accounts for twenty percent of our GNP.

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Like other industries, it is adapting to a new economic climate. In aviation, deregulation has transformed an industry long shielded from real price competition and new competitors. It suggests the continuing validity of at least one economic theory -- that a little competition is a good thing -- and a lot is better still, especially for today's air travelers. Passengers looking for air transportation, shorn of its frills, but safe and reliable, can readily find that kind of service. Since some carriers, including those born of deregulation, have lower operating costs, they can offer low fares and still turn a profit. Deregulation has served North Carolina very well. Many of our larger cities -- including Charlotte, Greensboro and Raleigh -- have experienced major improvements in air service.

Since deregulation, service to and from Charlotte has increased nearly one hundred and thirty-three percent. Piedmont alone increased its flight operations there substantially. Three other major airlines -- Pan Am, Ozark and USAir -- along with five new regional airlines have introduced service into Charlotte. We are all proud that the airport has received an international designation and now serves west coast cities with direct flights. Such growth induces yet more growth in other sectors of our state's economy. For example, when the Royal Insurance Company relocated in Charlotte, bringing with it fifteen hundred new jobs, one reason for the move -- according to the company -- was the excellent air service now available.

Raleigh-Durham is a similar success story, where flights have increased ninety-four percent since 1978. Six years ago, there were forty-five daily flights by four major carriers at the airport. Today, nine major carriers provide eighty-five flights a day.

In Greensboro, flights have increased sixty percent since deregulation. Satisfactory levels of air service are being maintained in Asheville and in other cities across this state.

The U.S. Department of Transportation is working to meet the needs of this aviation expansion. So far this year, we have awarded over thirteen-and-a-half million dollars for airport improvement programs to eighteen different airports in North Carolina. These grants range from more than five million dollars to Raleigh to the fifty four thousand dollars we gave to Oxford.

While deregulation has changed the economic structure of the airline industry, we remain firmly committed to our responsibilities in overseeing the safety of the nation's airspace system. In July, Secretary Dole announced a broad safety audit of private and business aircraft operations in order to determine the effectiveness of FAA standards for operator qualifications and operations and maintenance. This audit, which will encompass two hundred and ten thousand aircraft, is a follow-up to the special National Air Transportation inspection of the scheduled air carriers that was conducted earlier this year.

Just a few days ago, the Secretary announced the award of two contracts totaling two hundred forty-six point seven million dollars for an Advanced Automation System which will meet the nation's increasing demand for air traffic control services into the twenty-first century. When operational, the new AAS system will enhance flight safety through the application of new aircraft separation techniques, increase controller productivity and reduce flight delays through improved traffic metering. This contract is a part of the National Airspace System Plan, which is a ten billion dollar program to modernize the air traffic control system.

Recently, six busy airports -- JFK, LaGuardia and Newark in the New York area, Chicago's O'Hare, Denver's Stapleton and Hartsfield in Atlanta -- have experienced flight delay problems at certain peak hours. Delays at these key airports quickly ripple through the entire system. Although this is not a safety issue, the Department is aware that the delays caused by the crowding of scheduled arrivals and departures during peak hours has been a source of inconvenience for air travellers. In order to ensure that the scheduling problems at these airports are resolved, the Department has come out in support of allowing the airlines to meet and discuss scheduling adjustments to reduce delays. Last Friday, the Civil Aeronautics Board granted antitrust immunity to the airlines for a period of forty-five days, thus allowing airline executives to get together to discuss this issue. The meetings - which began yesterday and will end early next week -- will be limited to a discussion of schedules at the six airports.

Aviation is only part of the story of transportation growth in North Carolina. A few years ago there was anxiety here as elsewhere over the deteriorating state of America's highways. Clearly something had to be done, and the Administration took decisive action. For just a nickel increase in the federal gasoline tax -- the first in nearly twenty-five years -- federal highway assistance to the states has risen more than fifty percent in just two years. To show you how this translates into dollars and cents, North Carolina's share of federal highway funds jumped from one hundred and forty-eight million dollars in 1982 to two hundred and twenty-eight million dollars this fiscal year. In addition, North Carolina is receiving eleven million dollars in discretionary highway funds in 1984. I should note that North Carolina's Senators, Jesse Helms and John East, are very effective in bringing North Carolina's highway and bridge needs to our attention.

This increase in federal dollars combined with higher levels of state highway investment assures completion of the Interstate system and its preservation. It enables us to renew our roads instead of just patching them. We are also repairing and replacing bridges at an unprecedented rate. The rehabilitation work we are doing today saves costly reconstruction in the future.

Overall, federally assisted highway construction levels increased more than seventy-three percent in 1983. Bridge construction and rehabilitation projects grew by fifty-six percent. Resurfacing projects accounted for more than eleven thousand miles of improvements on the federal-aid highway system, and work began on nearly one thousand miles of new roads.

For North Carolina, with one of the largest state-maintained highway systems in the country, this federal policy is producing highly visible results. The bridges over the French Broad River on I-240 are going to be rehabilitated -- at a cost of three point eight million dollars. Work is scheduled to begin in a few months. Just last fall, the North Carolina Board of Transportation approved a three-year bridge replacement program, affecting five hundred bridges at a total cost of one hundred and sixty-five million dollars. And on I-40 in Haywood County -- just outside Asheville -- seven point six million dollars of repair work has just been approved.

North Carolina's eight hundred and sixty-two miles of Interstate are nearly ninety-two percent complete, and excellent progress is being made on the remaining mileage. Earlier this year, thirty-three miles of I-85 from Lexington to southern Greensboro were opened; and here in Asheville, the new three point three-million-dollar interchange of I-40 with U.S. 25A is in the developmental stages.

Of course, a key factor in our ability to move forward with the completion of the Interstate Highway System is the Interstate Cost Estimate -- the so-called ICE. As I am sure you know, both the Interstate Cost Estimate and the Interstate Substitute Cost Estimate must be approved by Congress before apportionment of the remaining Interstate construction funds can be made each year.

Unfortunately, the ICE approval for fiscal year 1985 was derailed by a proliferation of add-ons, which obstructed the flow of Interstate funds to the states. Thanks to a compromise, a clean six-month ICE was finally approved and signed by the President in March.

This month we must go back to the Congress for approval to release the balance of the 1984/85 funds for ICE and ISCE. At the same time, we need Congress' approval to release the fiscal year 1986 ICE funds so that construction plans can move ahead without further delay.

We are concerned that there will be another effort to attach a number of special projects to the ICE legislation -- threatening its approval. Your support, as transportation professionals, for a clean ICE bill would be both very welcome and valuable toward ensuring the uninterrupted flow of interstate dollars to North Carolina and the other states.

Our commitment to rebuilding our transportation systems also extends to our urban public transportation system. As you know, one cent of the five-cent federal tax increase is dedicated to transit. With capital funding from the Urban Mass Transportation Administration, communities are putting new buses on their streets, improving rail systems and providing more efficient facilities -- from maintenance shops to bus shelters -- to ensure better urban transit service.

Of North Carolina's fifteen urbanized areas, eleven have some form of public transportation. This year, nineteen million dollars in federal money will help support North Carolina's transit needs. Charlotte, which runs close to one hundred peak-hour buses, received three point seven million dollars for capital and operating expenditures. In March, I was in Winston-Salem to award a one point two million-dollar grant to the city for six new transit buses, twenty vans and design work on a new transit facility for the central business district. Raleigh was granted eight hundred and forty thousand dollars for construction of a downtown bus station, and in April, the Department awarded Fayetteville two hundred and eight-thousand-dollars to buy four vans for elderly and handicapped citizens and for needed transit facility renovations. Two months ago, we awarded a four point two million-dollar grant to North Carolina for twenty-three public transit projects in small urban and rural communities.

You may have noticed that I have emphasized the role of the federal government in assisting capital investments by transit systems. We believe that local communities should bear primary responsibility for operating costs, since they are in a far better position than the federal government to make the decisions necessary to control those costs.

Surely, we already have one of the finest national transportation systems in the world. That does not prevent us from working together to improve it. And while we are privileged to use a system noted for its safety, we are committed to improving on that record as well.

All safety experts agree that we could dramatically reduce highway deaths and injuries if we removed drunk drivers from our roads, persuaded more people to wear safety belts, and increased the use of child safety seats.

We are making progress on all three fronts. Traffic fatalities have declined by seventeen percent since 1980. The 1983 highway death toll was the lowest in twenty years, and the fatality rate the lowest ever recorded in our country. Still, forty-two thousand five hundred people died on our highways last year, and we must do more to reduce that number.

Two months ago, President Reagan signed into law a bill providing federal incentives for states dealing sternly with those convicted of drunk driving -- and encouraging states to set twenty-one as their legal minimum drinking age for all alcoholic beverages. About half the states already have such a law. A uniform drinking age, as the President said, will do away with today's "crazy quilt" of different state drinking laws that has resulted in what have been called "blood borders" -- where teenagers cross state lines to take advantage of lower drinking laws. We normally defer to state governments on traffic law issues, but this was one instance where the interstate nature of the problem justified federal action. We know there are a lot of responsible young people, but statistics show that drivers between the ages of eighteen and twenty are more than twice as likely as older drivers to become involved in alcohol-related accidents. In every state where the drinking age has been raised, teenage driving deaths have declined.

We want to work with the states and communities to eliminate this tragedy on our highways. For example, Raleigh received one hundred and seventy-two thousand dollars in federal funds to fight the drunk driving problem. An estimated seventy-five thousand dollars worth of support was also donated by groups like Mothers Against Drunk Drivers, companies contributing billboard space and time donated by law enforcement personnel. The project has nearly reached its goal of a ten percent reduction in overall drunk driving charges within a two-year period. To date, sixteen states have qualified for federal funds under our Alcohol Traffic Safety Incentive Grant Program by enacting stricter drunk driving laws. We would like to add North Carolina to this group, because we know of your strong interest in making roads safer for everyone.

But getting drunk drivers off the road is only one approach to a king-size problem. The cost of highway accidents -- in lives, injuries and property losses -- demands greater efforts toward occupant protection. Safety belts, for example, are proven life-savers. Studies show that safety belts can cut moderate to serious injuries in half. However, for people who won't wear them, their effectiveness is zero.

We have made some progress in the last two years through our concerted public/private sector campaign to increase safety belt use. More and more, communities and employers are joining in this effort, through volunteer incentive programs, and in urging drivers and passengers to buckle up. At Chapel Hill, a community-wide incentive program raised safety belt use from fourteen to forty-one percent in six months. As with the fight against drunk driving, the campaign in North Carolina to get people to buckle up must be led by the people in this room today.

Encouraging parents to use child safety seats is an extension of our safety belt campaign. North Carolina has made real progress in child protection. The

comprehensive child restraint program in effect here since 1977 is operational in eighty-eight of our one hundred counties. The program, which includes public information, education and safety seat loaner programs, has gained widespread support among civic groups and health organizations. In 1981, North Carolina passed a child restraint law and as a result, use of child safety seats increased from sixteen percent to fifty-seven percent. There are now one hundred and twenty-four loaner programs staffed by many hours of volunteer work. There is also a dollar-for-dollar match by the private sector for each dollar contributed in state funds for parents who need safety seats for their children and cannot afford them.

This is typical of the positive approach we in North Carolina have always taken on transportation issues. As legislators and transportation officials responsible for highway and transit systems, you know this is also a time of many challenges. North Carolina is setting a strong pace among the Sun Belt states in industrial and population growth. You know better than anyone what this means for you as transportation planners, engineers and administrators. You must be ready to meet the growing transportation needs of this dynamic state -- efficiently, effectively and safely. Let me assure you that you have our Department's support. Working together, we will keep the Tar Heel state's reputation for leadership intact, delivering the transportation services our citizens deserve.

Thank you for inviting me to join you this afternoon.

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U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
NATIONAL COUNCIL OF PHYSICAL DISTRIBUTION MANAGEMENT
DALLAS, TEXAS
SEPTEMBER 18, 1984

I welcome this opportunity to be with you today. Your Council is widely recognized as a society of knowledgeable professionals endowed with a vast talent for ingenuity and innovation. You are the hands-on practitioners of distribution management. You make the free market decisions so important to transportation's future. You take the risks. You, more than anyone, deserve a lion's share of the credit for a transportation economy on the move in 1984.

As you know, under President Reagan's economic program, America's GNP grew a resounding 10.1 percent in the first quarter of this year and 7.6 percent during the second quarter. Inflation is running at about 4 percent. Economic growth is now settling down to a more moderate, sustainable rate which should prevent a rekindling of inflation. But the best economic news of all lies in business productivity gains. Productivity increased at an annual rate of 4.7 percent in the second quarter, the eighth increase in a row.

Let us not forget who is responsible for these business productivity gains -- in large measure, it is people like the managers of physical distribution. Today, transportation management, movement of goods, inventory control, production scheduling -- all these distribution functions -- command top corporate attention. Management -- be it in the pentagon or a fortune 500 company, an old established firm or a new manufacturer of high tech products -- recognizes physical distribution as a reliable wellspring for more effective cost control and greater efficiency. the trend toward greatly reduced inventories -- with all the cost benefits that policy implies -- is the brainchild of your profession.

Transportation is sharing in these productivity gains and in the economic resurgence we are enjoying. It is, in fact, responsible for some of those gains. Deregulation is the catalyst making it happen. While the deregulation process is not yet complete, we have gone a long way toward untangling the red tape that for a century had been choking our transportation industries and sapping their initiative. New market freedoms have brought new competitive opportunities. Carriers, enjoying new operating efficiencies, are sharing the benefits with shippers. New entries into the market are helping spur innovation and competition.

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At the same time, shippers and carriers alike are striving for a better understanding of their own businesses, consulting each other instead of a rate book — following their competitive instincts rather than bureaucratic rules. Carriers today are more market-oriented. For example, many carriers are creating transportation information systems to help them understand cargo flow, cargo value, shipping patterns and transportation needs so that services can be tailored toward moving cargo to its destination the most efficient way possible.

Looking ahead, to the 1990s and beyond, those information systems almost certainly will be integrated with shippers and receivers to control the flow of goods to an exceedingly fine point. This will let producers reduce inventory to the lowest possible level. Each step along the way offers reduced costs and improved productivity.

Let's look at what has happened in the transportation industries as they have moved out of the regulatory womb into the real world. There have been some problems and discomforts as companies long insulated from competition learned to adjust to it. But, overall, there can be little doubt that deregulation is a success. For travelers and shippers, deregulation is delivering what it promised: wider choice, greater efficiency, more competitive rates and generally lower fares.

In air transportation, deregulation has transformed an industry long shielded from real price competition and new competitors. It has demonstrated the validity of at least one economic theory — that a little competition is a good thing, and a lot is better still, especially for today's air travelers. Passengers favoring all the amenities of flight can still fly in the lap of luxury. Travelers looking for air transportation shorn of its frills, but nonetheless safe and reliable, can readily find that kind of service. Carriers have new incentives to reduce costs and operate more efficiently; and they have new freedom to select their own routes, schedules and fare structures. The government no longer guarantees that all airlines will succeed financially, but many carriers — including some born of deregulation — have found they can offer low fares and still turn a profit.

It is no coincidence, and should be no surprise, that the airline industry is now sharing the economic growth we're enjoying nationally. The major airlines chalked up a net income of 342.2 million dollars for the second quarter of 1984 compared with 24.5 million for the same period 1983. In short, the industry is recovering — not without a few problems along the way, but those are largely matters of scheduling and cost control. Overall, airline deregulation is being accomplished as Congress intended and with the expected results.

In the trucking and rail freight industries, Congress directed the Interstate Commerce Commission to give carriers more flexibility to vary their services and to encourage competition. The Staggers Rail Act of 1980 and the Motor Carrier Act of the same year permitted a range of new freedoms — authority for rail carriers to contract with shippers, to exempt classes of traffic from ICC rate regulation, to adjust rates within certain zones and to cancel joint rates and routes. The Motor Carrier Act made it easier for new companies to enter the trucking business. It allowed the mixing of exempt and regulated freight, and permitted private and contract carriers more hauling potential by eliminating unnecessary operation restrictions.

Still, neither law eliminated economic regulation entirely. There are "captive shippers" who rely primarily on one rail line for service, and the large investments

required to start a railroad from scratch may deter some potential competition; thus requiring some type of protection against possible monopoly pricing. The trucking industry, on the other hand, with its much lower initial capital costs, can become a classic free market.

The ICC generally continues to respond favorably to arguments in favor of deregulation on an incremental basis. We have supported their efforts to exempt export coal, boxcar traffic, frozen foods and various agricultural commodities carried by rail. We concurred in the exemption of railroad "piggyback" traffic from rate regulation, a decision resulting in a 20 percent growth in that business at a time when other rail traffic was declining. New rate and service freedoms permitted under the Staggers Act have also enabled shippers and carriers to enter into contract agreements on rates. To date, more than 16,000 contracts have been signed, providing distribution opportunities that simply didn't exist before 1980.

There is little doubt that these incentives to competition helped to restore the financial viability of the railroad industry. Less than a decade ago, low rates of return and dwindling markets were eroding both the resources and the spirit of America's railroads. Oft-delayed improvements and long-deferred maintenance had reduced efficiency and increased costs. Calls for federal bailouts or economic takeovers of the freight rail system were common. The stranglehold of the federal regulatory hand on our railroads was clearly a major cause of their decline.

Today, railroads are buying new equipment and maintaining existing stock. Track is rapidly being renewed. New cars are riding the rails. traffic is increasing. Costs are being vigorously cut. Together, America's class one railroads had a net railway operating income of 1.3 billion dollars last year, up substantially over 1982 levels. Deregulation can claim much of the credit for that, and for keeping the industry profitable even during the recession. The railroads have discovered the magic of the marketplace, and the fine art of competition.

Even a once-troubled line like Conrail is now making money and able to advertise "on-time freight delivery" with a money-back guarantee. As many of you know, we are proceeding in an orderly manner with efforts leading to the sale of Conrail. Secretary Dole has reviewed and evaluated 15 offers, narrowing that list to three -- the Marriott group, the Alleghany Corporation and Norfolk-Southern -- which best meet our criteria for assuring the railroad's future integrity and financial strength. The Secretary said last week she would move the process as rapidly as possible to determine the final bidder, but there is no artificial deadline. Let me assure you we remain committed to recommending the offer which, in our best judgment, leaves the railroad in the strongest financial condition after a sale, best preserves service to shippers and provides the maximum possible return to the taxpayers.

The results of regulatory reform in the trucking industry may appear less dramatic, but motor carriers were hit hard by the recession and fuel price increases. Trucking has been somewhat slower to recover, but industry financial results are now showing substantial improvement.

ICC data for the 100 largest motor carriers of property show that, although tonnage rose only slightly last year, net operating income increased from 216 million dollars in 1982 to 660 million in 1983. In addition, net income soared from 77 million dollars to 360 million; and average return on equity increased from 2.6 percent to

twelve point four percent. Moreover, this overall positive trend continued during the first quarter of 1984, with tonnage increasing by an impressive 9.6 percent and net operating income growing by 15.3 percent.

Some carriers have made the transition to deregulation more successfully than others. There has been a real revolution in the way motor carriers do business, and the most successful ones exhibit the greater efficiency and responsiveness to shipper needs made possible by reform.

With the freer entry permitted under deregulation, the number of ICC-regulated trucking firms has grown from 18,000 in 1980 to 33,000 in 1983. New price and service options have been introduced. Established carriers have become more efficient and innovative: for example, restructuring routes, reducing empty backhauls, providing simpler rate structures, and offering shippers incentives to consolidate freight into larger shipments. Furthermore, while opponents of reform had argued that service would deteriorate, surveys show that shippers -- even those in small and isolated communities -- remain satisfied with their truck service since deregulation.

The Reagan Administration has supported ICC reforms, including elimination of tariff-filing requirements for contract carriers, reduction of the notice period for common carrier rate changes, removal of most restrictions on the leasing of equipment and drivers by private carriers, and an end to the barriers blocking truck-rail intermodal coordination.

However, while generally satisfied with the pro-competitive manner in which the ICC has implemented the Motor Carrier Act, the Department has been very disappointed by the Commission's inaction on antitrust immunity for motor carrier collective ratemaking. The Department continues to believe that the removal of all remaining immunity is a very important goal.

Antitrust immunity for single-line ratemaking was removed on July 1, as provided by the Motor Carrier Act. Though some opponents of reform had predicted that "chaos" would result from this removal, it actually proceeded quite smoothly -- so smoothly, in fact, that some industry members have described it as a "non-event." It follows that the benefits of fully competitive, individual pricing should be extended to all ratemaking activities as soon as possible.

Finally, let me say just a word about maritime regulatory reform. For any of you who have struggled with international liner shipping, it is no secret that federal regulation has been characterized by both excess and confusion. Carriers operating in our trades have been unable to predict reliably the extent of the antitrust exemption under the Shipping Act of 1916, and they have felt unable to engage in many activities common on other trade routes.

For some years, the United States followed a philosophy that limited the activities of carrier conferences through a combination of regulatory and antitrust oversight of rates and practices. The result was insecurity; delays in regulatory approval for practices that are standard elsewhere; excessive and unpredictable government intervention; and the anomalies and irritations that inevitably arise from the attempt to impose our laws on foreign parties. Our foreign counterparts felt imposed upon in the name of a policy they do not embrace, and our own operators were the victims of an ever-changing policy that was only partially effective when applied to foreign operators.

The Shipping Act of 1984, signed last March by the President, ended much of the uncertainty and delay that had surrounded U.S. government regulation of ocean liner shipping. The new law establishes a predictable legal framework and streamlined regulatory process. It provides new intermodal authority, greater pricing flexibility, quick federal Maritime Commission approval of carrier agreements and more service freedoms.

It is interesting to note that the maritime regulatory legislation had to accomplish its purpose by giving shipowners a larger, rather than a smaller, exemption from the antitrust law. Shipowners got this new freedom from regulation by offering shippers opportunities for bargaining with conferences and shipowners. The legislation includes authority for "service contracts" between shipowners and shippers, offering an opportunity for each to reduce costs through volume contracts. In addition, all agreements must provide for the right of independent action by carriers and conference members.

We expect these provisions will provide shippers a much wider array of prices and services. Previously, shippers had far narrower rate flexibility and less opportunity for individual conference members to set independent rates or adjust their services and rates to shippers' special needs.

I regard this legislation as a very significant achievement in our long struggle to bring about regulatory reform of the ocean shipping industry.

In summary, we have come a long way in deregulating America's air, truck, rail, bus and maritime industries. We have long since passed the point of no return. We will not deregulate safety, but nothing in our experience argues for any departure from our commitment to bring transportation out of the economic dark ages and into the sunlight of competition. I would say the potential of deregulation will be as great or as limited as the vision of the men and women in this room. Physical distribution has long been a science. Deregulation has made it an art as well. The opportunities for delivering the goods faster, safer, cheaper and more effectively are as broad, inviting and challenging as free enterprise itself. It invokes your talents as professionals. It calls for the best you have to contribute.

Winston Churchill pleaded with Franklin Roosevelt during the dark hours of World War II: "Give us the tools and we will finish the job." The Reagan Administration has assisted in providing the tools -- a rebirth of free enterprise and competition, an economic environment conducive to greater productivity. As professionals you have shared in a remarkable transformation of the transportation industry. Working together we will finish the job.

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U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
TO THE AIRPORT OPERATORS COUNCIL INTERNATIONAL (AOCI)
37TH ANNUAL CONFERENCE
BOSTON, MASSACHUSETTS
SEPTEMBER 19, 1984

I am delighted to be here today, to bring personal greetings from Secretary Dole, and have this opportunity to talk about what we can do together to improve the safety and quality of air transportation.

The airline industry, as you well know, is a good barometer of the economy. After a few lean traffic years and some heavy red ink for the industry, the airlines today are enjoying strong demand and near-record profits. Traffic grew 10 percent last year, and is running 7 percent above that this year. The major carriers reported a combined net income of 342.2 million dollars for the second quarter, compared to only 24.5 million for the same period in 1983. The industry may very well earn a billion dollars this year.

This gain in air travel echoes the growth in the economy. The GNP is up -- at an annual rate of 10.1 percent the first quarter; 7.6 percent in the second quarter. Inflation remains moderate, 4.1 percent for the past 12 months. Our expanding economy is generating jobs at a rate of about 300,000 a month, and Americans have more "spendable" income now than at any time in recent years.

People are earning more. People are traveling more. The industry itself, stimulated by deregulation, is expanding. Since 1978, 119 new carriers have begun operations, including 15 flying large aircraft. We have more airlines, carrying more people, than ever before.

The flip side of this success story is the congestion we are experiencing at a few of our busiest airports. On the one hand, that signifies a healthy, competitive industry. On the other, it disrupts flight schedules, displeases passengers and frustrates airport operators. The record 44,000 delays last month shows what happens when too many airlines schedule too many flights for the same runways at the same time.

To deal with the problem, Secretary Dole proposed late last month to limit peak hour operations at the six busiest airports. However, in announcing the proposed rulemaking August 15th, we said we would take action only if the airlines did not reach agreement among themselves. The CAB, in ruling favorably on the carriers' request for

antitrust immunity, paved the way for eight days of meetings which began September 5th. The good faith effort by the carriers, in voluntarily shifting flights to avoid peak-hour congestion, should resolve the worst of the scheduling problems. The changes agreed upon during those meetings, subject to CAB approval, will be incorporated in the airlines' fall schedules to be posted in late October.

As airport operators, you know better than anyone that no amount of runway capacity -- no army of controllers or batteries of radar -- can accommodate a host of competing flights all scheduled to depart at the same hour. Like you, we respect the airline's desire to serve their passengers -- to depart at popular travel hours and arrive at times convenient to their customers -- but such schedules must be tempered by realism. Eighty or 90 operations can't be handled in 30 minutes without some flights being delayed and passengers inconvenienced.

Customarily, the end of the summer travel season brings some temporary relief, but overuse of airports at peak hours must be avoided if the industry is to enjoy continued growth. Self restraint, not government regulation, is the answer. Every airport, of course, is not affected directly; the worst delays this summer were at New York's JFK, LaGuardia and Newark airports, and at Chicago, Atlanta and Denver. But the "ripple effect" disrupts schedules at other airports as well. In that respect, congestion is one issue that must continue to get our full attention.

Airport funding is another. Following record expenditures on the federal airport improvement program in fiscal year 1983, the Administration increased spending to 800 million dollars in 1984. As you know, the President's budget recommends 987 million dollars for fiscal 1985. We are, in other words, close to the billion dollar level in airport funding. I also want to emphasize that the Administration is not asking Congress to impose spending limitations below the authorized levels for the Airport Improvement Program in 1985. We agree that the total authorization should be available for obligation.

We have been meeting frequently in recent months with airport executives -- and will continue to meet -- to discuss capacity concerns, fiscal issues and other subjects of mutual interest. As always, we value your input and welcome every opportunity to share ideas about how America's air travelers can best be served.

One continuing issue which defies a perfect solution is noise.

Noise is endemic to airports. It is also a constraint at many airports, both in this country and worldwide. Dealing with the problem is a shared responsibility, involving the airport user, airport proprietor and airport neighbor. It involves aircraft manufacturers as well, and federal, state and local governments.

The federal government's statutory noise abatement responsibilities date from 1968. They consist of a three-pronged approach: control of aviation noise at its source, the airplane; control over the way aircraft are flown in and out of airports, to minimize overflight noise; and control of the residual problems through local airport noise compatibility programs.

Aircraft noise standards, first applied to turbojet aircraft built since 1973, were applied eight years ago to all large jet aircraft. Deadline for compliance with those standards is January 1, 1985. As the Department has made clear, every exemption

request is being considered on a case-by-case basis, following the guidance specified by Congress. That guidance is contained in the Conference Report that accompanied the Aviation Safety and Noise Abatement Act of 1979, and it states: "In evaluating carrier compliance for the four-engine requirements of Part 36, the FAA is urged to give consideration to hardship situations involving smaller carriers where the carrier is making a good faith compliance effort but needed technology is either delayed or unavailable and rigid adherence to compliance deadlines could work financial havoc and deprive the public of valuable airline service." We intend to adhere to that guidance. No exemptions have yet been granted, because none of the requests that have been fully evaluated met the Congressional criteria. However, we are continuing to review petitions and any carrier which, in our judgment, meets the criteria will be granted an appropriate exemption.

No one wants to see any airport lose revenue or jobs. But the vast majority of carriers, including all major U.S. carriers and most foreign airlines, have made the investments necessary to bring their aircraft into compliance with the rule. They have spent substantial sums to acquire the new, quieter planes or re-engine older planes. These carriers should not be expected to compete with non-complying operators, many of whom acquired Stage One aircraft after the 1976 rule was announced. In fact, the majority of the aircraft owned by the 97 operators who, as of last Friday, had petitioned for exemption were acquired after the rule was published. One foreign operator asking for exemption acquired a DC-8 in May of this year, and new operators who have not even leased an aircraft yet are petitioning for relief from the rule.

The noise rule is a delicately-balanced, hard-won compromise. It reflects the needs and concerns of noise-impacted communities, aircraft manufacturers, airport operators and the airlines themselves. The rule promises to serve us well, and its effectiveness should not be compromised by a lenient exemption policy.

As for the second approach to noise control, the benefits of noise abatement takeoff procedures, aircraft engine power management and noise suppression approach patterns are substantial, although these measures all remain subject -- of course -- to the demands of aviation safety.

The third part of this triad strategy, the airport noise compatibility program, is necessarily local in nature. It depends for its success on the initiative of airport operators in bringing together elements of the local community to develop and carry out a balanced noise abatement program. The FAA provides technical support, through such analytical tools as the computer-based integrated noise model and through advice from experts on noise problems. No less than eight percent of airport improvement funds are authorized for assisting local noise compatibility programs.

While the Department supports local initiatives to make airports better neighbors, we draw the line at communities that would close their airports completely to night traffic. There are planes that can be operated quietly at night, and communities that impose blanket curfews are doing a disservice to the people who depend on air cargo, commuter or private operations at night.

The Department successfully fought efforts to close Westchester and Republic airports in New York, and is protesting the shutdown of San Diego's Montgomery Field to night traffic. We will continue to stand on the side of airport operators in any other curfew litigation cases.

Turning now to several future considerations that I'm sure are on your agenda, I can report to you today that the Airport Defederalization Study is nearing completion and will go to the Congress in the very near future. That study grew out of a proposal three years ago to defederalize some 80 major airports, a proposal opposed by many in the airline industry and certain other aviation interests.

The study makes no recommendations, but analyzes the expected effects of substituting local passenger facility charges for federal grants. The study is now undergoing final review in the Department and at OMB.

Whatever the funding source, federal capital grants or locally generated revenues, our airports are straining to keep pace in a marathon with growth in air travel. The airlines carried 310 million passengers last year. We expect an increase to 500 million in 10 years. The number of general aviation aircraft is projected to grow from today's 210 thousand to more than 290 thousand by 1995. Without strong industry and community support, the prospects for any new metropolitan air carrier airports being built in the next decade are not good. More reliever airports are a better possibility. In fact, we are pleased by the continued growth over the last three years of general aviation airports and heliports, which play an important role in our national airport system. During the last three years, over 300 general aviation airports and over 400 heliports have been added to the system.

In terms of progress on system improvements through the National Airspace System (NAS) Plan, we are only two years away from installing the first microwave landing systems. The 90.6 million dollar contract awarded by the Department of Transportation last January (to the Hazeltine Corporation) covers 208 systems to be installed over a five-year period. Ultimately, there will be 1250 MLS systems in place.

The MLS will offer tangible benefits to both airport operators and users, by lowering approach minimums, increasing airport capacity, reducing noise, lessening fuel consumption and achieving IFR precision approaches at places where they are not now practical.

To date we have awarded 1,605,000,000 dollars in hardware contracts for NAS Plan components. The total modernization program, as I'm sure you know, will cost 11.7 billion dollars. It will bring increased safety, capacity, productivity and economy --the result of higher levels of automation, facility consolidations and new telecommunications technology. Savings by the year 2000 are estimated at nearly 20 billion dollars for the FAA, in reduced operation and maintenance costs, and 10 billion dollars for users through lower costs and fewer delays. The NAS Plan represents one of our wisest investments in the future of our industry, our economy and our country.

Another development affecting aviation's future is even more imminent -- sunset of the Civil Aeronautics Board.

Let me assure you we are prepared to assume and carry out the CAB functions transferred by law to our Department under the 1978 Act. These include the Essential Air Service subsidy program and international route selection responsibilities. And, as you know, a Congressional Conference Committee last week also assigned authority for

consumer protection to us rather than the FTC, and domestic airline antitrust immunity to DOT. The Department of Transportation and the Reagan Administration would have preferred for antitrust responsibilities to go to the Department of Justice. However, if this bill is passed by Congress and signed into law, we will be prepared to carry out all of our new responsibilities.

During the course of the legislative process, the Department's plans for smoothly integrating the residual CAB functions and staff into DOT have been going forward. Our transition team has been working with CAB personnel for several months now. Most of the staff you know and have consulted at the CAB will be doing similar work at DOT -- and that includes traffic data acquisition which we know is of special interest to you.

The Essential Air Service program will be transferred to DOT intact as a new and discrete office within the Office of the Secretary. We are committed to preserving the EAS function as is throughout the remainder of its statutory authority.

All international aviation functions -- bilateral negotiations, carrier selection, tariff-filing and review, and international air mail rate regulation -- will be absorbed after December 31 by our Office of Policy and International Affairs. Careful provisions have been made to insulate decisions, in formal proceedings, like carrier selection, from political influences.

Finally, we will continue in the future to make every effort to implement the policies set forth in the International Air Transportation Competition Act of 1979. Simply stated, that policy aims at the most competitive operating environment possible, consistent with efficient and economic air service.

We are more aggressive, perhaps, in our bilateral negotiations than we were a few years ago. In exchanging route authority with other governments, we expect U.S. air carriers to be awarded competitive opportunities at least equal to those enjoyed by the foreign flag carrier. We want the least restrictive charter agreements and the most deregulated pricing schedules. We want fair treatment for U.S. airlines abroad and the elimination of all discrimination. We are pragmatic enough to know we cannot and will not achieve all our objectives all the time. But we will continue to demand a balanced exchange of commercial rights and fair competitive opportunity for our airlines as the price of admission for foreign carriers to the U.S. market.

We have also become more sensitive in the last few years to the needs of airports and the surrounding communities when we plan and conduct international aviation negotiations. Since September 1983, a representative of your organization has participated in these negotiations as a member of U.S. aviation delegations, and provides valuable additional input to help us understand airport and community needs.

A good example of the importance that the U.S. negotiators attach to providing for the needs of U.S. communities is the recent agreement reached with Canada. That accord allows any number of airlines the opportunity to serve most airports in the United States from Montreal's Mirabel Airport with any size aircraft, and to competitively price those services. Absent this arrangement, new services with large aircraft could not start without lengthy route negotiations, fares would be controlled and, in most cases, only one airline could provide the service. There are already plans for services to several U.S. airports by Canadian and U.S. airlines. Another aspect of

the same agreement will stimulate local and regional services with small aircraft and result in new air services to U.S. communities. The AOCI representative was most helpful in these negotiations.

Forty years ago Grover Loening, one of aviation's pioneers and at that time a consultant to the Grumman Corporation, had a vision of the future. "Gliders," he said, "will be the freight trains of the air. We can visualize a locomotive plane leaving LaGuardia Field towing a train of six gliders. It would be possible to unhitch the glider that must come down in Philadelphia as the train flies over that place -- similarly unhitching the gliders headed for Washington, Richmond, Charleston, Jacksonville --and finally the locomotive itself lands in Miami. During the process it has not had to make any intermediate landings, so it has not had to slow down."

That prediction of "intermodal transportation" never came to pass. Yet in many ways aviation has far exceeded our wildest dreams of what air transportation can achieve. Today's challenges -- congestion, capacity and growth -- will be met as surely and as ably as the problems of our past. The airport, tomorrow as today, remains an indispensable fixture -- a community asset and an essential element in our transportation system.

It is a system in which we take great pride. Years ago -- during the dark hours of World War II -- Winston Churchill pleaded with Franklin Roosevelt saying, "Give us the tools and we will finish the job." The Reagan Administration has assisted in providing transportation with the modern-day tools to do the job -- a rebirth of free enterprise and competition, and an economic environment conducive to greater productivity. As professionals in airport operations, you can appreciate the value of these incentives to the aviation industry. Working together, we will get the job done -- and done well.

Thank you very much.

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REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
WASHINGTON DULLES TASK FORCE
SEPTEMBER 25, 1984

* I'M DELIGHTED TO BE HERE, AND BRING GREETINGS FROM SECRETARY DOLE WHO, AS YOU KNOWS, HAS STRONGLY SUPPORTED THE GROWTH AND DEVELOPMENT OF DULLES.

-- THE CONNECTOR ROAD, OPENED LAST DECEMBER, CUT RUSH-HOUR TRAVEL TIME BETWEEN DULLES AND DOWNTOWN ALMOST IN HALF.

-- THE WASHINGTON FLYER SERVICE, WHICH BEGAN OPERATIONS LAST MAY, IS PROVIDING THE BEST GROUND TRANSPORTATION OF ANY AIRPORT IN THE COUNTRY.

-- DULLES ITSELF IS BECOMING A MAGNET FOR COMMERCIAL DEVELOPMENT, AND THE NEW COMMUTER ROAD OPENING OCTOBER 1 WILL MAKE THE COMMUNITIES IN AND AROUND THIS AIRPORT MORE ACCESSIBLE WITHOUT IMPAIRING TRAFFIC FLOW TO AND FROM THE AIRPORT ITSELF.

-- WE ARE DELIGHTED THAT THE SMITHSONIAN HAS CHOSEN DULLES AS THE SITE FOR ITS EXPANDED AIR AND SPACE MUSEUM.

* EVEN CHAMPION FOOTBALL TEAMS AT TIMES GET A "SLOW START." DULLES IS RAPIDLY GAINING MOMENTUM AS A MAJOR METROPOLITAN AIRPORT.

-- IN 1983, DULLES PASSED THE THREE MILLION PASSENGER LEVEL, A SIXTEEN PERCENT INCREASE IN A SINGLE YEAR -- UP THIRTY-TWO PERCENT IN LESS THAN TWO YEARS.

-- OVER THE PAST TWELVE MONTHS, DULLES SERVED THREE POINT THREE MILLION PASSENGERS -- A SEVENTEEN PERCENT INCREASE.

-- SEPTEMBER MARKS THE 31ST CONSECUTIVE MONTH OF PASSENGER GROWTH HERE AT DULLES.

- * ANY WAY WE MEASURE IT, DULLES IS GROWING IN POPULARITY -- IN NUMBER OF OPERATIONS, CITIES SERVED, AND AIRLINES OPERATING HERE. FREIGHT TRAFFIC CONTINUES TO INCREASE. MORE TERMINAL, HANGAR AND PARKING SPACE IS BEING ADDED TO MEET DEMAND AND PLAN FOR THE FUTURE.
- * WE ARE LOOKING FORWARD TO THE RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON THE REORGANIZATION OF THE METROPOLITAN WASHINGTON AIRPORTS (THE HOLTON COMMITTEE), AND THE TRANSFER OF DULLES AND NATIONAL AIRPORTS TO A LOCAL OPERATING AUTHORITY.
- * SECRETARY DOLE AND I GREATLY APPRECIATE THE TREMENDOUS SUPPORT OF EVERYONE INVOLVED IN RECOGNIZING THIS AIRPORT'S IMPORTANCE TO THE COMMUNITY AND ITS POTENTIAL BOTH FOR GREATER AIR SERVICE AND COMMERCIAL DEVELOPMENT.
 - I WANT TO THANK SENATOR WARNER, CONGRESSMAN WOLF, GOVERNOR ROBB AND FAIRFAX COUNTY CHAIRMAN JACK HERRITY IN PARTICULAR, FOR THEIR COMMITMENT TO DULLES.
 - MOST OF ALL, LET ME EXPRESS MY DEEP APPRECIATION TO TOM MOORE AND ALL THE MEMBERS OF THE WASHINGTON DULLES TASK FORCE FOR GENERATING BROAD COMMUNITY SUPPORT FOR THE FURTHER DEVELOPMENT OF THIS AIRPORT.
- * I LOOK FOR ANOTHER CHAMPIONSHIP SEASON -- BOTH FOR OUR HOMETOWN FOOTBALL TEAM AND OUR HOMETOWN AIRPORT.
- * THANK YOU VERY MUCH.



U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
HISPANIC HERITAGE WEEK
MIAMI, FLORIDA
OCTOBER 11, 1984

I am delighted to be here to share in celebrating your Hispanic Heritage Week. This observance is unique to South Florida. While much of the country paid tribute to our Hispanic citizens four weeks ago, you have carved out a special time here to commemorate this community's rich Spanish heritage.

Discovered by Spanish explorers, settled by Spanish pioneers, peopled today by descendants of those early inhabitants, and still a mecca for Hispanic culture, enterprise and trade, South Florida richly reflects the Spanish tradition in America.

It is a transportation hub as well. One of your city's nicknames is the "Air Capital of the World." It is an accolade you have won not only for your air commerce, but for an outstanding safety record as well. The South Florida FAA district, in fact, has one of the best safety records in the world. Let me say how very much Secretary Dole and I appreciate the dedicated men and women of the Federal Aviation Administration serving the cause of air safety here in South Florida. We have not forgotten the air traffic controllers who stood by us -- who refused to leave the American people without air service -- during the strike three years ago. You have our gratitude for your courage, perseverance and professionalism. We are keenly conscious of the sacrifices you have made -- the long hours worked, the devotion to responsibility. Often it has taken time away from your families. It has meant holidays forgotten or foregone. But to veterans and new hires alike; to supervisors and journeymen; to technicians and inspectors; to all FAA employees: thank you for a job well done -- a job you still do with great professional competence and pride.

Elaine Yadwin might not be with us tonight if it weren't for the exceptional skills of our air traffic control personnel. As you know, Mrs. Yadwin, who is not a pilot, safely landed a plane with the help of three controllers and a private citizen.

Miami can claim transportation heroes on the sea as well as in aviation. Your Coast Guard district ranked first in search and rescue missions last year. I am sure more lives were saved because tons of illegal drugs were intercepted by the Coast Guard before reaching Florida's shores or Miami's streets.

- more -

Today transportation and Hispanic culture come together in this celebration of Dia de la Raza. What better way to celebrate than in saluting contemporary champions, honoring past heroes and planning for the future.

For many Hispanic Americans, this has been a year of victories. The Olympic medals claimed by a cadre of spirited young Hispanic American athletes are a source of both national and personal pride. In a land where opportunity abounds in athletics as in other aspects of life, medals earned in competition reflect the heights that can be scaled when ambition is followed by determination and commitment.

Hispanic Heritage Week is a time not for setting Hispanic Americans apart, but for recognizing the extent to which they are so very much a part of mainstream America. I think of Jose Manuel Casanova. He was a Cuban business owner, cattle and hog rancher, president of a soft drink bottling firm, owner of a sugar mill and member of the board of directors of an airline. He lost everything in the revolution. Like many former Cubans now in the Miami area, he came to the United States in the early 60's. He established himself as a banker and partner in a major stock brokerage firm. He became active in community affairs in Miami. Today he is executive director for the U.S. at the InterAmerican Development Bank.

Or, think of Enrique Pereira, successful businessman in Nicaragua. His business was confiscated by the Sandinistas. He started from scratch in the United States in 1981 and in three years built a construction company that today employs 150 people.

You need not look beyond your own ranks for such success stories. Joselin Garcia and Rodolfo Gonzalez started with the FAA in the late sixties and early seventies and today they are area supervisors at the Miami Air Route Traffic Control Center. Their rapid rise in responsibility from GS-5 and -6 respectively to GS-15s, testify to their hard work and dedication. Thomas Martin who is the FAA representative in the Miami International Field Office -- a GS-15 -- began his career as a GS-4 teletypist with the Navy in San Juan. Rene Cardona who has served the FAA in Lima, Peru, Washington, D.C. and Miami, has a similar success story.

These and many others like them are the soul of the Hispanic community and the heart of America. These last four years, we have seen what it can mean to have an Administration that honors the values of integrity, hard work and pride in country. This Administration stands for quality education -- a disciplined mind, and discipline in the classroom. We believe in protecting neighborhoods against drugs and crime. We embrace free enterprise and encourage economic opportunity.

This week we honor many millions of our citizens who exemplify the basic principles of faith in people, faith in God and faith in country.

As the President has said: "When it comes to these basic building blocks of character, no group of citizens should be prouder than Americans of Hispanic descent."

Over the years, their contributions have had an enormous impact on our way of life. Through hard work they have earned a well deserved spot in mainstream America. We need only to look to the Hispanic community to know that the American dream is alive and well.

Yet success is not measured only in commercial and professional accomplishments. Let us acknowledge the millions of heroic parents throughout the Hispanic community who, even though struggling to make ends meet, manage to raise their children with dignity and pride; to give them a good education and teach them the values that count -- values that strengthen and bind this nation together.

I think also of how Hispanic Americans have served our country courageously, in times of conflict. President Reagan paid special tribute earlier this year to the ten living Hispanic Americans who have won the Congressional Medal of Honor. This high award is given not on the basis of race, or color, or national origin. It is given for courage in defense of the one flag that, as Americans, we all honor and serve.

The Hispanic heritage also runs deep in transportation history. Our nation's first port, the St. Nicholas Ferry in Florida, was developed by Spanish explorers. Our first highways, linking San Antonio to Louisiana and Mexico to San Francisco, were laid out by Mexican and Spanish explorers. Later, Hispanics joined in developing our national rail system, braving the extremes of weather from the sands of the Mohave Desert to the peaks of the Rocky Mountains. Their contribution to transportation continues to this minute with the first Hispanic American astronaut awaiting a flight in space and a second in training.

Just as Hispanic Americans are involved in space transportation, they also participate right here on earth. Nearly \$216 million in highway contracts alone went to firms owned by Hispanic Americans in fiscal 1983. When the figures for '84 are totalled, we expect to surpass that mark. Hispanic American contractors are at work in other aspects of transportation progress -- manufacturing unlighted ice buoys for the Coast Guard and designing complex computer technology for the Federal Aviation Administration.

The accomplishment I am proudest to celebrate this year is our progress in the Department's Hispanic Employment Program. One of Secretary Dole's earliest acts was to express her commitment to recruit, hire and promote Hispanic Americans, blacks, women and others who may not have enjoyed full opportunity in the past. Under her leadership we have increased the percentage of Hispanic Americans employed in the Department. We now have more Hispanic Americans at higher levels than in any previous period. From Jim Marquez, the Department's General Counsel to the new Hispanic lawyers and engineers in the Department, we are increasing the skill, talent and personal dedication we seek for responsible public service. A talented Presidential Management Intern of Hispanic descent works in the FAA's Office of Management Systems in Washington.

During the National Hispanic Heritage Week celebration in September, the Secretary reaffirmed her commitment to the Hispanic Employment Program, resolving to work until Hispanic Americans are fully accorded the opportunity that is America's promise to all her people. I renew that commitment to you now.

That promise today is being fulfilled in a healthy, growing economy. The success of President Reagan's economic leadership can be measured in a moderate four percent inflation over the last 2½ years, in a GNP annual growth rate of nearly seven percent, and personal income that has increased by nearly \$200 billion since last December. Since the end of the recession about two years ago, the economy has generated over six million new jobs. Five hundred fifty-five thousand of those went to Hispanics.

Because many of you in this audience are from the FAA and have a special interest in aviation, let me bring you up to date on some recent developments.

Most of you know that the President has signed the law distributing the remaining functions of the Civil Aeronautics Board after it goes out of business at the end of this year. The Department will administer the Essential Air Service subsidy program for small communities and international route selection responsibilities. In addition, Congress designated our Department as the agency for aviation consumer protection, and gave us the responsibility for airline antitrust immunity.

During the course of the legislative process, the Department's plans for smoothly integrating the residual CAB functions and staff into DOT have been going forward. In fact, our transition team has been working with CAB personnel for almost a year now.

The Essential Air Service program will be transferred to DOT intact, as a new and discrete office within the Office of the Secretary. This Office will establish EAS standards, set subsidy and service levels and process carrier selection cases, much as the CAB does currently. We do not now foresee major changes in the way the EAS program is carried out.

All international aviation functions -- bilateral negotiations, carrier selection, tariff-filing and review, and international air mail rate regulation -- will be absorbed by our Office of Policy and International Affairs. Careful provisions have been made to insulate decisions in formal proceedings, like carrier selection, from improper influence.

During the legislative deliberations, the Department expressed a preference that antitrust matters be handled by the Department of Justice. However, the Congress chose to give that function to us and we will carry out this responsibility in close coordination with the Justice Department. In line with the Administration's position that the airline industry is mature and antitrust policy for the industry should be consistent with the treatment accorded other industries, DOT intends to be sparing in its conferral of complete antitrust immunity upon future agreements among domestic carriers.

This policy is not in conflict with the recent grant of narrow antitrust immunity by the CAB, which allowed carriers to meet to ease congestion at crowded airports. In those meetings the carriers succeeded in voluntarily shifting over 1,000 flights to avoid peak-hour congestion and delays which had plagued six major airports. If approved by the CAB, the new schedules will take effect November 1. We are hopeful that this extraordinary process will achieve the desired results for the traveling public.

The airline industry, as you well know, is a good barometer of the economy. After a few lean traffic years and some heavy red ink for the industry, airlines today are enjoying strong demand and near-record profits. Traffic grew ten percent last year, and is running seven percent above that this year. The major carriers reported a combined net income of \$342.2 million for the second quarter, a 15-fold increase over the same period in 1983. The airlines may very well earn a billion dollars this year, while providing travelers better service and a wider choice of carriers and fares. The industry, in fact, stimulated by deregulation, is expanding. Since 1978, 119 new carriers have begun operations, including 15 flying large aircraft. We have more airlines, carrying more people, than ever before. The CAB sunset legislation maintains these deregulatory gains.

Our airports are straining to keep pace with this marathon growth in air travel. The carrier industry's 318 million passengers this year will grow to 500 million in 10 years. The number of general aviation aircraft is projected to grow from today's 210 thousand to more than 290 thousand by 1995. To meet that demand, with levels of safety equal to or better than we enjoy today, we are carrying out an intensive air traffic control modernization program.

This program, to cost \$11.7 billion -- paid for by the users of the system, not the general taxpayer -- will provide increased safety, capacity, productivity and economy -- the result of higher levels of automation, facilities consolidation and new telecommunications technology. Savings by the year 2000 are estimated at nearly \$20 billion for the FAA, in reduced operation and maintenance costs, and \$10 billion for users through lower costs and fewer delays. To date, we have awarded \$1.6 billion in hardware contracts for NAS Plan components.

The FAA is only two years away from installing the first of 208 microwave landing systems. The \$90.6 million contract for this effort was awarded by the Department last January. All 208 systems are to be installed over a five-year period. Ultimately, there will be 1, 250 MLS systems in place.

The MLS will offer tangible benefits to both airports operators and users, by lowering approach minimums, increasing airport capacity, reducing noise, lessening fuel consumption and achieving IFR precision approaches at places where they are not now practical.

This high technology stands in sharp contrast to the times of Juan de la Cierva, the Spanish designer of rotary-wing aircraft, who saw his autogiro fly successfully in 1923. In many ways aviation has far exceeded our wildest dreams of what air transportation can achieve. Today's challenges -- congestion, capacity and growth -- will be met as surely and as ably as the problems of our past. The air space system, tomorrow as today, remains an indispensable fixture -- a national and commercial asset of great value and an essential element in our transportation system.

It is a system in which we take great pride. Working together, we will continue in America to fly farther, faster and -- most important -- safer. In aviation, as for Hispanic Americans and all Americans, the sky is no limit, a bright future no longer the impossible dream.

Thank you very much.

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U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
DRUNK DRIVING BILLBOARD CAMPAIGN AWARDS
OCTOBER 26, 1984

Several months ago the Distributive Education Clubs of America (DECA) and the Outdoor Advertising Association of America (OAAA) joined forces in a voluntary effort to fight drunk driving. Together they sponsored a billboard campaign calling attention to the hazards of mixing driving and drinking. We are here today to award the winners of that competition and thank all who participated in it.

Secretary Dole and I are grateful to DECA and the Outdoor Advertising Association for their initiative in creating and promoting this contest. It is particularly encouraging to see our young people involved, because they are especially vulnerable to the dangers of drunk driving. Last year, 8,000 young adults between 15 and 24 were killed in auto crashes where alcohol was a factor. Nearly a quarter of a million young men and women were injured. The toll drunk driving takes of our young people is a national tragedy. For the families involved, the heartbreak is beyond expression.

No one can address this problem more eloquently or persuasively than our young people themselves. The billboard art they submitted speaks of their concern and their commitment to prevent drunk driving in their communities.

In the few months since this program was conceived, more than 180,000 students have become involved, representing 6,000 schools in all 50 states and four territories. As members of the Distributive Education Clubs of America, these young men and women have used the marketing skills they are learning to carry their anti-drunk driving messages to the communities where they live. The 16 finalists will have their winning posters displayed in their home communities, along with their names and pictures.

On behalf of Secretary Dole, I want to thank Dr. Fred Williford, director of DECA, and Mr. Vernon Clark, president of OAAA, for undertaking this very worthwhile project and for being here today for this awards ceremony. Our thanks as well to the judges who examined more than 600 entries to determine the four regional winners and

the national winner. Each regional winner receives a \$500 scholarship; the national winner, a \$1,000 scholarship, courtesy of the Outdoor Advertising Association.

Now it is my pleasure to present each of the contest winners a plaque and a check. I invite each winner's chapter advisor to stand and be recognized as well.

Our Southern Region winner is Tonee Gregory of Waco, Texas. Tonee is in junior college, a single parent in addition to being a full-time student. She is studying commercial art and advertising, preparing for a career as an illustrator. Her advisor is Roy Norman, also from Waco.

The North Atlantic Region winner is Julie Troia of Cranston, Rhode Island. Julie is 16 and vice-president of her school's DECA chapter. Her chapter advisor is Doreen Corrente.

The Central Region winner is Michelle Andersen, a high school senior from Melrose, Minnesota. She is president of her DECA chapter. Her advisor is John Knickerbocker.

The Western Region winner is Gary Abkin. Gary is 18, a senior at Blackford High School, Campbell, California, and cartoonist for the school paper. His advisor is Steve Resz, of San Jose.

The national winner is Daniel Robert Tyler of Enfield, Connecticut. Dan is 17, a junior at Enfield High School, where he is studying marketing. He plays football, is active in wrestling and track, and manages the school store. His advisor is Rose Ann Porcello. Dan's poster, displayed here and soon to be seen on billboards all over America, expresses how he and millions of other young people feel about the combination of drinking and driving. "Drunk drivers are breaking America's heart."

Dan: your poster will be a high visibility reminder of the dangers of drunk driving. Secretary Dole and I appreciate your concern over this nationwide problem, and your contribution toward overcoming it. You have used your talent well. I am delighted to present you this scholarship. Best wishes for much success in your studies and in your career.

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SUGGESTED REMARKS FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
COMBINED FEDERAL CAMPAIGN
OCTOBER 29, 1984

GOOD MORNING. SECRETARY DOLE EXPECTED TO BE HERE TO PERSONALLY LAUNCH THE 1985 COMBINED FEDERAL CAMPAIGN. UNFORTUNATELY, CHANGES IN HER SCHEDULE PREVENT THAT, BUT SHE ASKED ME TO THANK EACH OF YOU FOR AGREEING TO SERVE IN LEADERSHIP POSITIONS.

WE ARE VERY PLEASED TO HAVE SECRETARY OF AGRICULTURE JOHN BLOCK WITH US THIS MORNING. PRESIDENT REAGAN ASKED SECRETARY BLOCK TO SERVE AS CHAIRMAN FOR THE 1985 CAMPAIGN IN THE NATIONAL CAPITAL AREA, AND WE ARE DELIGHTED HE WAS ABLE TO JOIN US FOR OUR KICK-OFF EVENT.

OUR DOT GOAL IS A CHALLENGING ONE -- A TEN PERCENT PER CAPITA INCREASE IN CONTRIBUTIONS OVER OUR ACHIEVEMENT IN 1984. OUR DEPARTMENT ALWAYS HAS BEEN ONE OF THE LEADING FEDERAL AGENCIES IN SUPPORT OF THE CFC. I HAVE EVERY HOPE WE WILL MEET OUR GOAL THIS YEAR; SECRETARY DOLE IS CONFIDENT WE WILL EXCEED IT.

WE VERY MUCH APPRECIATE WHAT YOU HAVE ALREADY DONE, AND THE WORK YOU WILL BE DOING OVER THE NEXT TWO WEEKS TO PUT OUR DEPARTMENT OVER THE TOP. WE ARE DEPENDING ON YOU, AND I AM SURE WE WILL NOT BE DISAPPOINTED. I KNOW WE CAN COUNT ON EACH OF YOU TO HELP EVERY DOT EMPLOYEE "CATCH THE SPIRIT" OF CFC 1985.

NOW, IT IS MY PRIVILEGE TO PRESENT OUR HONORED GUEST. SELECTED BY PRESIDENT REAGAN TO HEAD THE DEPARTMENT OF AGRICULTURE, SECRETARY BLOCK TOOK OFFICE JANUARY 23, 1981. HE WAS INSTRUMENTAL IN ENDING THE SOVIET GRAIN EMBARGO; HE HAS WORKED TO DEVELOP NEW MARKETS FOR

FARM PRODUCTS; AND, A FARMER HIMSELF, HE UNDERSTANDS THE PROBLEMS AND THE NEEDS OF OUR NATION'S AGRICULTURE INDUSTRY, HE ALSO HAS A GREAT CONCERN FOR PEOPLE, SO I AM SURE HE WILL MAKE THIS COMBINED FEDERAL CAMPAIGN ONE OF THE MOST SUCCESSFUL IN HISTORY. THE SECRETARY OF AGRICULTURE, THE HONORABLE JOHN R. BLOCK.

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OUTLINE OF SUGGESTED REMARKS FOR
DEPUTY SECRETARY JIM BURNLEY
TO THE OIG EXECUTIVE WORKSHOP
OCTOBER 31, 1984

Draft Prepared by John Demeter

#2 10/29/84

Getting a call from the Inspector General is not always good news, but in this case I was delighted to hear from Joe and pleased to accept his invitation to be with you today.

I am also glad to follow Jim Marquez on your program. He lays down the law; you enforce it. Together you keep me out of trouble.

As a lawyer, I can appreciate some of the problems involved in the investigative profession, and the special skills the job requires. I admire your perseverance and patience, your tact and tenacity, your keen sense of the ethical and unfailing instinct for detecting improprieties. I assure you, Secretary Dole and I are most grateful for all you do to guard not only the Department's resources but its reputation as well.

We also share with you the justifiable pride you can take in your accomplishments this past year. Those include: four hundred thirteen million dollars in measurable audit savings; five million dollars in fines; eighty-two convictions and one hundred eight administrative actions.

Impressive as those statistics are, they do not begin to reflect the extent of your efforts — the long hours spent sifting records, probing contracts, studying reports and auditing books. Even with the aid of computers, to assist in analyzing construction bidding patterns and other investigative functions, your success depends largely on the exercise of uniquely human skills.

In a Department with a twenty-eight point four billion dollar budget, the need for fiscal vigilance runs high. This is especially true with respect to procurement actions.

(COMMENTS ON PROCUREMENT PRACTICES AND CURRENT REVIEW PROCEDURES BY BOB COLLINS.)

As we look ahead to 1985 and '86, we must be particularly sensitive to several high-cost programs requiring our careful stewardship. These include the National Airspace System Plan, projected to cost eleven point seven billion dollars over a ten year acquisition period; the Coast Guard's program to modernize its vessels, aircraft and shore facilities; UMTA's grant programs; and MARAD's operating differential subsidy program. We must continue as well to monitor the states' highway construction and engineering activities to make the most of our Federal highway dollars.

(COMMENTS ON: UNNECESSARY OR QUESTIONABLE RESEARCH PROJECTS: YEAR-END SPENDING: AND UNNECESSARY TRAVEL.)

We must also be prepared to handle the responsibilities transferring to DOT when the CAB sunsets the end of this year. Those responsibilities will include the audit function for the Essential Air Service Program we will inherit. OIG staffing, now four hundred thirty eight, will increase by fourteen positions.

(BRIEFLY DESCRIBE KEY ISSUES IN CAB TRANSFER.)

Joe assures me that high priority will continue to be directed toward the detection and prevention of bid-rigging, with increased emphasis on prevention. This is one abuse that can be corrected, to a large extent, by involving state and local officials through presentations, publications and recommendations on ways to improve controls and operating procedures. I want to be sure that Federal funds flowing to the states and other recipients go to qualified low bidders, not bid-riggers. We just as surely want minority contracts to go to legitimate disadvantaged business enterprises and women-owned businesses, not "false fronts" masquerading as DBE and WBE contractors.

(COMMENT ON A-76 PROGRAM: ITEMS OF INTEREST FROM CABINET COUNCIL MEETINGS: AND GENERAL DIRECTION DEPARTMENT WILL TAKE OVER NEXT YEAR OR SO.)

In concluding, let me emphasize how much we depend on you and your professional skills. You provide valuable assistance in improving internal management controls. I cannot stress too strongly the importance of working with all DOT elements to help them control costs, encourage efficiency and improve management procedures. A close working relationship is mutually beneficial. Your 1981 document describing corrective measures that can be taken by management is still in use and still in demand.

As I told all the Department's senior managers last Thursday, management is as much a matter of motivation as it is mechanics. The people of this Department, I have found, are highly motivated -- by their own professional ability and a desire to do the best job possible, by a strong commitment to the public interest, and by pride in achievement.

The OIG contributes much to that pride and to the high levels of both confidence and competence DOT people exhibit. On behalf of Secretary Dole, I thank you for the quality work you do and the invaluable services you provide. We admire your skills, appreciate your contributions and value your dedication to a difficult and demanding job.

Thank you.

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News:

Office of Public Affairs
Washington, D.C. 20590

Contact: Mari Maseng
Tel.: (202) 426-4570

REMARKS PREPARED FOR DELIVERY BY
DEPUTY SECRETARY JIM BURNLEY
AMERICAN BAR ASSOCIATION
AIR/SPACE LAW FORUM
NOVEMBER 1, 1984

I was delighted to be invited by a fellow North Carolinian, Bill Maready, to join you today. On behalf of myself and yet another North Carolinian, Secretary Elizabeth Dole, I welcome this opportunity to briefly review some of the major issues we at the Department of Transportation will be addressing with the aviation and aerospace industries in the months to come.

Both industries are in the midst of major changes. Commercial aviation has undergone a radical transformation since passage of the Airline Deregulation Act in 1978. The major symbolic change dictated by the statute occurs in a few weeks when the CAB sunsets. Most of the substantive changes in the regulatory scheme have already been implemented, and the success of deregulation is clear even to those in the industry who opposed it.

In aerospace, we are in the early stages of a fundamental realignment of the respective roles of the federal government and private industry. Since the birth of this industry in the 1940's, government has been the master. Today, the issue is no longer what role government in its sole discretion will permit private industry to play. Rather, the primary concern is how quickly aerospace companies can assume responsibility for the "routine" aspects of exploitation of the limitless opportunities in space.

Returning closer to earth for a few moments, the airline industry, as you well know, is a good barometer of the economy. After a few lean traffic years and some heavy red ink for the industry, airlines today are enjoying strong demand and some carriers are achieving record profits. Commercial air traffic grew eight percent last year, and was running six percent above that through June of this year. The major carriers reported a combined net income of more than \$342 million for the second quarter of 1984, a 14-fold increase over the same period in 1983. The industry may very well earn a billion dollars this year.

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This policy does not conflict with the recent grant of limited antitrust immunity by the CAB, allowing carriers to meet to deal with the congestion problem at certain crowded airports. We supported that action as an interim measure, while working to increase the air traffic system's capacity and consider how best to allocate slots in a fully deregulated environment. The Department is currently conducting a rulemaking on this complex subject to provide us a long-term solution. In the meantime, the carriers have succeeded in voluntarily shifting over a thousand flights to avoid peak-hour congestion and delays which had plagued six major airports. Those new schedules, approved last week by the CAB take effect today. We are hopeful this extraordinary process will deliver the desired results for the traveling public.

Another provision of the new CAB sunset law transfers to the Department responsibility for finding a carrier to be managerially and financially "fit" before being permitted to undertake domestic air service. DOT opposed this provision initially because we believe such scrutiny is inappropriate in the domestic market, where competition is plentiful and where adequate consumer protection and airline safety authority exist to prevent unfit operations. Nevertheless, I think a restrained administration of this "fitness" authority by DOT can avoid undue inhibition of entry by new competitors.

Happily, one issue which has been of substantial concern to the Department for several years does not loom large on the horizon anymore. As you are probably aware, the Supreme Court held last summer in the VARIG case that claims against the FAA for alleged negligence in certificating or inspecting aircraft are barred by the discretionary exemption to the Federal Tort Claims Act. This unanimous decision by the Court endorses what had long been the legal position of the Department in certification cases. Even more important, however, it confirms our understanding of the federal government's proper role in the exercise of its regulatory responsibilities. In a line that will be quoted over and over again in briefs, the Supreme Court concluded its decision with a sentence in the last paragraph which simply reads:

"The FAA has a statutory duty to promote safety in air transportation, not to insure it."

I would like for you to think about that for a minute. The U.S. Court of Appeals for the Ninth Circuit had held in VARIG that liability could attach to aircraft certification activities based upon its findings that the FAA had taken on a Good Samaritan duty. That reasoning would put the federal government in the untenable position of being legally responsible for products it certifies as meeting minimum safety standards for use in the marketplace. This would require an intrusive federal presence far beyond current practices. It would discourage federal safety officials from undertaking any safety activity, or certifying any product under any circumstances. Such a result would undermine our ultimate goal of encouraging the highest level of safety possible.

Now, let me turn briefly to potential and promise at higher altitudes — commercialization of space. As President Reagan has said: "If our efforts in space are to show the same energy, imagination and daring as those in our country, we must involve private enterprise to the full."

The United States and other industrialized countries now stand at the threshold of an important new era in economic progress: the "commercial" use of space. Where

conventional wisdom once held that the advent of the Space Transportation System — NASA's Space Shuttle — meant that expendable launch vehicles or "ELVs" would be obsolete, it has now become clear that a significant segment of the space industry — both in the U.S. and abroad — foresees a continuing role and a viable market for ELVs in commercial space operation.

In November of last year, President Reagan selected the Department of Transportation to serve as the lead agency in fostering an expendable launch vehicle industry. Last February, he signed an Executive Order specifying the Department's responsibilities. According to that document — and the provisions of the recently enacted Commercial Space Launch Act — DOT is responsible for creating a climate conducive to the development of a viable private sector launch capability as a complement to the government's shuttle (or, "manned space flight") program. To carry out this mandate, Secretary Dole has established the Office of Commercial Space Transportation.

When, in 1982, a small Houston firm known as Space Services Incorporated (SSI) proposed the first private commercial launch from U.S. soil, the federal government was squarely presented with the issue of how it would respond to the development of this new industry. Since then, companies like General Dynamics and Martin-Marietta, with extensive experience in military and civil space launches, have expressed interest in the commercial arena.

Clearly, the United States government has a strong interest and crucial role in encouraging private sector space transportation from the perspective of both economic development and international commitment — particularly under this Administration. However, it also has certain unavoidable responsibilities in this sensitive area. These duties derive in part from its obligations under the Outer Space Treaty of 1967 requiring each government to provide "ongoing supervision" of space activities conducted by its nationals, and under a 1972 convention which holds a "launching state" absolutely liable for damages to persons or property on earth or to aircraft in flight caused by a space object. We also have essential foreign policy, national security, safety and environmental interests at stake. However, the Administration's policy is that the federal government will license, supervise, and/or regulate U.S. commercial ELV operations only to the extent required to meet its national and international obligations.

One of our primary responsibilities is to help industry cut through the thicket of clearances, licenses and regulations that keep industrial space vehicles tethered to their pads. As many as 17 departments and agencies have rules and requirements about rockets, and satisfying them all has taken months. The Texas company's experiences exemplify the problem. They learned first that they had to obtain an export license from the State Department. Then they had to apply for a gun dealer's license. Why? Because they used artillery rockets to calibrate their radar. If that were not enough, they needed approvals from the Navy, the FAA, FCC, NORAD and the Coast Guard. We will not deregulate the industry totally, but we will greatly reduce the red tape and simplify the clearance procedures.

The Office of Commercial Space Transportation is approaching its regulatory responsibilities in four ways: (1) through the issuing of launch licenses; (2) the licensing of commercial ranges; (3) the use of National Range facilities and services; and (4) clarifying insurance provisions and other federal requirements.

Let me focus on the insurance issue, because it promises to be of special interest to the legal profession. Although there has been a great deal of discussion regarding the high cost and limited availability of space insurance, the aspect of insurance with which the federal government is primarily concerned should not be a particularly significant barrier to commercial launch enterprises. I refer to third-party liability insurance.

By treaty, the U.S. government is absolutely liable in tort for injury caused by space objects to foreign persons and property. Of course, as a matter of equity, protection must also be provided for our own citizenry. We have been working closely with the Civil Division at the Department of Justice on this issue, and we expect to issue a regulatory policy statement inviting comment on approaches for establishing insurance requirements in the near future.

One basic issue is whether the government should undertake its own analysis of potential risk from individual space launches as a predicate for the establishment of minimum insurance requirements, or follow the NASA approach and require that payload operators obtain the maximum insurance protection available at "commercially reasonable" costs. In the case of launches from the Shuttle, coverage has been required at five hundred million dollars per payload.

Of course, this industry, like other important U.S. industries, faces the challenge of aggressive foreign competition. Our goal is simply to ensure that foreign competition is fair and free of trade-distorting subsidies. For example, the Office of the U.S. Trade Representative is currently investigating a complaint filed by Transpace Carriers, Inc., under section 301 of the Trade Act of 1974. The complaint alleges predatory pricing in the sale of launch services by the French company Arianespace, S.A. The Department of Transportation is represented on the team investigating those charges and will be included in the consultations held in Paris later this month to try to resolve the problem.

In addressing space, we are where we were in aviation 50 or 60 years ago, and the potential is as vast as it is exciting. For the industry, it is a time of immense opportunity; for government, the time to lend a helping hand, not a restraining one. As in the growth and development of aviation, the commercialization of space will demand the legal profession's wisest counsel and best professional skills.

Thus, we can all look forward to a plethora of opportunities to fully utilize our creative impulses in both fields. Secretary Dole and I will rely heavily on your continuing guidance and counsel, and I hope you will freely offer both.

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