U.S. Department of Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
WHITE HOUSE CONFERENCE FOR A DRUG FREE AMERICA
MARCH 2, 1988
WASHINGTON, D.C.

You know what a devastating effect alcohol abuse has had in automobile accidents. And drug abuse by people at the controls of aircraft, passenger trains, and motor vehicles or by people responsible for the safety of others using our nation's transportation system is a serious and growing problem.

Last August, former Secretary Elizabeth Dole announced that the Department of Transportation would begin random drug testing of about 30,000 of the Department's employees whose jobs affect public safety and security, such as: air traffic controllers, aviation and railroad safety inspectors, and other employees with safety-sensitive positions. To date, we have tested over 1,000 people, and seven have tested positive. That's a very small percentage, but it only takes one air traffic controller under the influence of drugs to kill hundreds of people. Our program is fair, reasonable and compassionate. Anyone who tests positive or who asks for assistance voluntarily will be given the opportunity to receive counseling and rehabilitation, but they will be reassigned -- until their rehabilitation is complete -- to a position in which they do not endanger others or are not a security threat. I believe random testing is the most effective way to ensure that the American people have what they deserve: a drug-free transportation system. Therefore, the Department of Transportation is preparing regulations that would require such testing for those in the transportation industry who are in positions that hold life or death power over others.

Most of you are probably aware of the absurd ruling recently by the Ninth Circuit U.S. Court of Appeals that struck down a Federal Railroad Administration rule requiring train crews to be tested for drugs or alcohol after a serious accident. The strongly-worded dissent by Judge Arthur Alarcon put it best. He wrote: "Locomotives in the hands of drug- or alcohol-impaired employees are the substantial equivalents of time bombs endangering the lives of thousands." I consider this ruling dangerous and foolhardy, and we will appeal it to the Supreme

Court. Just last week, Ricky Gates, the Conrail engineer and admitted drug user responsible for the Conrail-Amtrak crash a year ago, which killed 16 people and hospitalized 178 more, testified before a Senate committee that random testing is the only answer to an industry-wide problem. Edward Cromwell, the brakeman on that killer Conrail train, testified that 40-50 percent of rail workers used drugs while on duty.

We also have reason for concern regarding drug use by commercial truck drivers. Available data shows that truck drivers use less alcohol, but more stimulants than the general public. Last June, the Insurance Institute for Highway Safety obtained blood and/or urine samples from 317 of 359 randomly selected tractor-trailer drivers at a weigh station on I-40 in Tennessee. Altogether, 29 percent of the drivers tested positive for alcohol, marijuana, cocaine, and/or prescription or nonprescription stimulants.

Recently, the National Highway Traffic Safety Administration conducted an evaluation of a drug recognition procedure developed and used by the Los Angeles Police Department. The techniques used enabled experienced police officers to recognize symptoms of many types of drug use by drivers. Since we've seen that this program works -- that it greatly enhances the enforcement of "driving under the influence of drugs" laws -- NHTSA has begun training courses at ten sites across the country that teach this procedure.

This Administration was the first to make the "war against drug abuse" a national priority. At the Department of Transportation, we are moving aggressively to attack the "demand" side of the program, and are also continuing to attack the supply chain, through Coast Guard drug interdiction. Last year the Coast Guard was involved in the seizure of 25,000 ponds of cocaine, with a street value of more than $1.4 billion. Unfortunately, Congress cut the Coast Guard budget for this year. President Reagan and I are asking the Congress to restore these funds the Coast Guard needs and are asking for more money next year. We know what you know: drugs are a fundamental threat to the American people, and we must use every resource available to fight back.

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SECRETARY OF TRANSPORTATION JIM BURNLEY
"STATE OF THE REGION" CONFERENCE
MINNEAPOLIS-ST. PAUL MINNESOTA
MARCH 2, 1988

Thank you very much. This is the second time in less than two weeks that I've been in the Minneapolis-St. Paul area...both times at the urging of Senator Dave Durenburger. I knew these longjohns would come in handy. But cold weather builds character; and I have seen the productive results of your environment and culture in the two very able Minnesotons on my senior staff: John Riley, the Federal Railroad Administrator, and my Press Secretary, Wendy DeMocker.

Before I discuss some of the specific challenges facing your transportation system here, I'd like to talk about an important principle that has been gradually eroded over the last few decades, diminishing the authority of state and local governments.

Last October the President signed an Executive Order on Federalism. In it he instructed the Executive Branch and its agencies to strictly adhere to the fundamental tenets of federalism in their implementation and formulation of policies in order "to restore the division of governmental responsibilities between the national government and the States that was intended by the Framers of the Constitution."

This Executive Order has real world consequences. Its directives legally bind the actions of federal executive agencies. For instance, any new policy or regulation proposed by an Executive Department must be accompanied by an assessment that determines the extent to which it imposes additional burdens on states or interferes with state prerogatives.

Federalism is a highly practical arrangement based on the common sense idea that solutions are best developed at the level of government closest to the problem. State and local officials are in a far better position, on a wide variety of issues -- particularly with respect to transportation -- to know and respond to the needs of their citizens than we are in Washington.

So today when I discuss the various transportation issues facing your region, I do so keeping in mind the principle of federalism, which gives you the predominant role in the future course of Minnesota's transportation policy.

Nationally, the number of workers commuting from suburb to suburb is already double the number commuting to central business districts. Meeting new mobility patterns and delivering cost-efficient, reliable service to riders calls for strong and innovative leadership at the state and local levels.

One tool finding increasing use is the contracting out of transit services to private firms. This increases both the flexibility of local transit managers and improves the delivery of vital services. Instead of having to balance the interests of constituents against those of public employees, contracting with private firms allows a transit system to shop for the best service -- specifically tailored to the job at hand -- at the lowest cost. For example, Houston's Transit Authority is contracting more than one-third of its commuter bus services with private carriers, saving approximately $2 million annually; and the Chicago Transit Authority is increasing the number of trips available to mobility-limited riders by 100 percent by contracting out to private firms. Over the past three years, hundreds of communities in states all across the country have achieved substantial savings and improved service as a result of privatization.

You are moving in the same direction. Your Regional Transit Board, with a $350,000 grant from the Department of Transportation, will implement a competitive bidding process that will allow the existing public and private operators to compete for different types of services in three test cases. Metro Mobility, the transportation service for the elderly and handicapped, has already been contracted out to twenty private van companies. To date, I understand this venture has been a big success. [insert today's grants]

In 1983, the Metropolitan Council and the Metropolitan Planning Organization for the Minneapolis-St. Paul area began a study funded by DOT's Urban Mass Transportation Administration on ways to address the the growing traffic problems in the region. A range of alternatives, including better bus service or a light rail system, was studied for two areas: the Southwest Corridor and the University Avenue Corridor.

As you know, light rail has been debated here for seventeen years. Last year the Minnesota Legislature authorized the proposed $2 million property tax increase for Hennepin County to pay for a portion of the costs of light rail. Although the projected cost of this light rail system is high -- nearly $800 million -- the alternatives, such as adding extra lanes of highway, could be even costlier. I am told the improvements currently underway on Highway 12 are costing $40 million per mile.

I was heartened to see that this proposed light rail project is being pursued on the basis of a partnership between the public and private sectors. It would rely to a substantial extent on equity contributions from the private sector. Current estimates show that mechanisms such as real estate development could lead to up-front contributions covering 15-25 percent of light rail construction costs.

If you are going to build such a system, this kind of innovative public-private partnership makes good practical and political sense. You have learned from past mistakes by other cities -- when rail systems have been built with excessive reliance on federal dollars and have ignored beneficial land use and development opportunities. In such cases, not only do communities miss out on the reduced

public cost in construction, but the entire system often suffers from a limited ridership, which leads to large operating deficits.

In these days of big federal budget deficits, the amount of federal funds earmarked for mass transit will continue to shrink. At the same time, the demand for mass transit continues -- and the Twin Cities region is no exception. The decision on whether this area will benefit from a light rail system should be yours, not that of those of us in Washington.

Until recently, the states also had the leading role in administering the federal highway program. Indeed, for most of the highway program's history, the federal-state relationship was based on state ownership of the roadways; state responsibility for their construction and maintenance; and most importantly, state initiation of highway projects. State officials, with their greater familiarity with local needs and conditions, brought accountability and responsiveness to the citizens who pay for and use these vital assets. The federal government provided advice and financial assistance, and Congress let states decide their own highway priorities. This self-discipline in Washington began to break down several years ago, and has been replaced by a flurry of Congressional bills filled with "demonstration projects."

Until last year, we'd only seen thirty of these demonstration projects in the entire history of the highway program. But in the 1987 highway bill, Congress mandated that over one and three quarter billion dollars be spend on a total of one hundred fifty two "demonstration" projects.

Of course, not all demonstration projects are wasteful. There are those that can be economic growth stimulators. However, money for these projects does not grow on trees -- it comes out of funds needed for such projects as rehabilitating the country's highways and bridges, many of which are in a serious state of disrepair -- such as your Lake/Marshall Street Bridge. With the proliferation of demonstration projects, political muscle has ever more to do with what projects are funded, and the relative merits of competing projects ever less.

Increased state authority and flexibility would mean greater fairness among states. Each state could use its funds to build the projects that have the most merit and the highest priority, projects like the current reconstruction of your Interstate 94. Costly and extraneous federal requirements now imposed on the use of funds could be virtually eliminated, ensuring a greater transportation return on every dollar spent. It would also help states improve their road systems in ways that boost state economic growth and better meet current travel needs.

As completion of the interstate system draws closer, I believe the country would benefit from a vigorous debate and discussion on the future role of the federal government in the highway program. Clearly, the federal government will continue to have a role in assuring that the Interstate system is properly maintained. However, when the Interstate system is completed, most of the future highway needs of the United States will be local in nature and will not require federal involvement. I want to work with you, state officials and Congress to develop possible approaches that would permanently return to the states most or all responsibility for their roads. And I want to commend Senator Durenburger for his continuing leadership on this important issue.

Now let's turn to aviation. The Airline Deregulation Act of 1978 opened the airline market to Americans of modest means. These new flyers, added to those

already accustomed to flying for business or personal reasons, have meant explosive growth in commercial aviation. Since deregulation, the number of flights serving Minneapolis-St. Paul has increased by 96 percent and seat capacity is up 85 percent. This is good news for the flying public and good economic news for the entire Twin Cities area.

But as air traffic continues to grow at the Minneapolis-St. Paul International Airport, complaints about excessive airport noise and congestion in the skies grow with it. I understand the Metropolitan Council will complete a study by year's end regarding the feasibility of building a new airport to offset future overcrowding that is bound to occur in the years to come.

Complaints about airport noise have been with us since the first airport opened and certainly must be taken into account when proposals for airport building and expansion are considered. The current dilemma over the extension of runway 4-22 at International is one such example. The advantages of lengthening the runway are obvious. For one, air traffic would be more evenly distributed, since currently the runway is only used in off-peak periods. But one of the many hurdles this project will have to clear is approval by the FAA, and the opinions of the residents of the areas of Bloomington and Richfield will be carefully reviewed.

But let's face it, no other facility has the kind of overwhelming economic impact on a region like a major airport. Airports give you an edge in attracting new businesses and provide incentives to expand for the companies already located there. It's a fact that when more people fly into a city -- whether it's Minneapolis-St. Paul or Memphis -- more money comes into the city by way of consumer spending and increased commercial investment. And there's no ignoring the enormous employment opportunities that airports provide their surrounding communities. The Metropolitan Airports Commission reports that International has created almost 20,000 jobs and brought in a total of $1.23 billion in revenues. That's phenomenal and, of course, a new airport would increase those figures. Considering that air traffic nationwide will double by the year 2000, and since a new airport would take as long as 15 years to build, you are wise to consider this option in a timely, but carefully thought-out fashion.

At the Department of Transportation we've taken a series of measures to cope with the growth in demand for aviation services. Our long-range National Airspace Plan encompasses the expansion of the nation's airspace and airport facilities to accommodate the steady increase in air traffic. The ten-year, $12.2 billion project is revolutionizing our aviation system. We are in our sixth year of the NAS plan, which is composed of more than 90 projects that will modernize the 22,000 facilities that make up the U.S. air traffic control system. Perhaps the most exciting aspect of the NAS plan is the installation of the Host Computer System at the twenty Air Route Traffic Control Centers across the country. These systems are more efficient because the computers process information ten times faster and have four to five times more storage capacity than the equipment they are replacing. The Host Computer for Minneapolis-St. Paul, which is located in Farmington, will become operational next month.

Most Americans who have flown during the past year have also experienced flight delays, had their baggage lost, or may have been "bumped" due to an airline over-booking. Many people are quick to place blame for poor airline service on economic deregulation. That's just not true, and it's not fair to the Americans of modest means who now can afford to fly. It is true that the airline market has become far more competitive than its sluggish pre-1978 years. This has driven the cost of airline tickets down -- fares per passenger mile were cut by nearly 20 percent

in real terms since deregulation. In total, airline deregulation has saved air travelers in excess of $11 billion per year.

But we at the Department of Transportation realize that economic benefits mean little if there is a marked drop in the quality of service. Last September, we issued a new rule designed to improve airline service by making available information that helps passengers choose the airline and flight most likely to arrive on time, with their luggage on board. This means that for most flights, passengers are now able to call travel agents and airline ticket agents to find out the on-time performance record for the previous month, as well as information on baggage handling.

We are also examining the current federal role in aviation. When we deregulated the airlines, we did not deregulate safety. Our system is still the safest in the world, and safety will continue to be our top priority. For over thirty years, and even in the two decades before the deregulation of the airlines, there has been a drumbeat of complaints about how the Federal Aviation Administration does its job. Simply stated, the FAA cannot satisfactorily keep pace with the rate of change in aviation. Take, for example, the air traffic control system, which has a critical, around-the-clock function. Its operations are seriously hindered by federal budget, procurement and personnel requirements, which make it much more difficult for air traffic control to keep up with the rapidly changing aviation environment. So a few days ago, I announced the Reagan Administration's support for fundamental change in the FAA. In the days to come, I intend to work with Congress and the aviation community to build a consensus on how we can effectively address this decades-old problem.

You, as members of the Metropolitan Council, have your work cut out for you. You are responsible for setting broad policy for the airports, highways and transit in all seven counties for more than two million people. In Washington, Minnesota has the well-deserved reputation of being a state whose local governments are staffed by dedicated professionals who understand that by working together, they can accomplish more than a slew of bureaucrats and technicians in Washington. I am confident that you will meet the future transportation challenges in this area with resourcefulness and determination. Differing problems will call for different approaches, but I know that with imagination and integrity you will be able to solve them.

Thank you.

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STATEMENT OF THE HONORABLE JIM BURNLEY

SECRETARY OF TRANSPORTATION

BEFORE THE

COMMITTEE ON MERCHANT MARINE AND FISHERIES

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 3, 1988

ROOM 1334 LONGWORTH HOUSE OFFICE BUILDING

10:00 A.M.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, IT IS A PLEASURE TO APPEAR BEFORE YOU TODAY TO DISCUSS THE OPPORTUNITIES AND CHALLENGES AHEAD OF US FOR THE MARITIME ADMINISTRATION AND THE COAST GUARD. I AM VERY PROUD TO BE ABLE TO WORK WITH AND REPRESENT THESE FINE AGENCIES, AND I APPRECIATE THE INTEREST AND ATTENTION THAT YOU HAVE GIVEN THEM.

I WOULD LIKE TO BEGIN BY EMPHASIZING THE DEPARTMENT'S COMMITMENT TO THE PROGRAMS AND OBJECTIVES OF THE MARITIME ADMINISTRATION. I BELIEVE STRONGLY IN THE LEGITIMATE NATIONAL INTEREST IN HAVING A VIABLE U.S.-FLAG FLEET CAPABLE OF SERVING AS A NAVAL AUXILIARY AND AS AN IMPORTANT ELEMENT IN MAINTAINING OUR NATION'S ECONOMIC SECURITY AND STRENGTH. THE RECENT REPORT RELEASED BY THE PRESIDENT'S COMMISSION ON MERCHANT MARINE AND DEFENSE, ON WHICH

JOHN GAUGHAN, THE MARITIME ADMINISTRATOR SERVES, UNDERSCORES THIS NEED. THIS ADMINISTRATION HAS TAKEN STEPS, WHICH I INTEND TO CONTINUE, TO REMOVE UNNECESSARY AND INEFFICIENT GOVERNMENT CONSTRAINTS ON THE OPERATING FLEXIBILITY OF U.S. MARITIME OPERATORS AND TO FIGHT ATTEMPTS BY FOREIGN NATIONS TO DISCRIMINATE AGAINST U.S. MARITIME INTERESTS.

ON THE INTERNATIONAL FRONT, I AM CAUTIOUSLY OPTIMISTIC THAT WE ARE MAKING PROGRESS TO STRENGTHEN THE RIGHT OF AMERICAN CARRIERS TO CONDUCT THEIR BUSINESS FREELY IN FOREIGN COUNTRIES. WE BELIEVE THAT THE HIGH CUBE CONTAINER ISSUE IS FINALLY APPROACHING A WORKABLE RESOLUTION IN JAPAN. WE ARE CONTINUING TO PRESS A NUMBER OF OTHER FAR EAST TRADING PARTNERS TO REMOVE OPERATING CONSTRAINTS ON U.S. CARRIERS. WHEN I VISITED THE FAR EAST WITH JOHN GAUGHAN IN THE FALL OF 1986, WE HAD A FULL AGENDA OF PROBLEMS TO DISCUSS WITH KOREA, JAPAN, AND THE PEOPLES REPUBLIC OF CHINA. OTHER MEMBERS OF OUR DELEGATION ALSO VISITED TAIWAN. THE DEPARTMENT HAS WORKED DILIGENTLY TO FOLLOW UP ON THOSE DISCUSSIONS AND SUBSEQUENT NEGOTIATIONS. THE STEPS TAIWAN AND KOREA TOOK IN 1987 WERE CONSTRUCTIVE, BUT THEY WERE NOT TOTALLY SATISFACTORY. WITH THE HELP OF THE FEDERAL MARITIME COMMISSION, I THINK OUR CARRIERS ARE FINALLY GOING TO BE ABLE TO OPERATE THEIR EQUIPMENT AND DEAL WITH SHIPPERS ON A FAIR AND REASONABLE BASIS. WE ARE WATCHING CLOSELY TO MAKE CERTAIN THAT KOREA FULFILLS ITS COMMITMENT TO US TO ELIMINATE DISCRIMINATION AGAINST U.S.-FLAG CARRIERS IN PORTS AND LAND-SIDE OPERATIONS. WE ARE ATTEMPTING TO SCHEDULE ANOTHER ROUND

OF TALKS WITH THE PEOPLES REPUBLIC OF CHINA, AND WE CERTAINLY HOPE THAT THE NEW INVESTMENT POLICY JUST ANNOUNCED BY THE PREMIER WILL HAVE A POSITIVE EFFECT ON THE MARITIME SECTOR.

THE DEPARTMENT IS ALSO COMMITTED TO FOSTERING THE ABILITY OF THE U.S.-FLAG FLEET TO OPERATE ON AN EQUAL COMPETITIVE FOOTING WITH FOREIGN-FLAG CARRIERS WHILE RECOGNIZING THAT THE COSTS OF ANY RESTRUCTURED SUPPORT PROGRAM MUST BE FISCALLY RESPONSIBLE. I HAVE DESIGNATED OPERATING-DIFFERENTIAL SUBSIDY (ODS) REFORM AS ONE OF THE DEPARTMENT'S TOP LEGISLATIVE PRIORITIES THIS YEAR. TO THIS END, THE DEPARTMENT SENT A BILL TO REFORM THE ODS PROGRAM TO THE CONGRESS IN OCTOBER. WE BELIEVE THIS BILL REFLECTS A PROPER MIX OF REFORMS TO GIVE CURRENTLY SUBSIDIZED OPERATORS INCREASED OPERATING FLEXIBILITY TO MEET MARKET CONDITIONS, WHILE ALLOWING SUBSIDIES FOR CURRENTLY UNSUBSIDIZED OPERATORS AT A COST WITHIN ACCEPTABLE BUDGETARY BOUNDS. THE BILL WOULD PROVIDE A ONE-YEAR WINDOW FOR LINER OPERATORS TO ENTER THE NEW PROGRAM, GREATLY EXPAND OPERATING FLEXIBILITY, AUTHORIZE WORLDWIDE ACQUISITION OF VESSELS, IMPROVE CASH FLOW IN THE PAYMENT OF ODS, AND MAKE A NUMBER OF OTHER IMPROVEMENTS IN EXISTING LAW TO HELP REVITALIZE THE U.S.-FLAG LINER FLEET. WE BELIEVE THESE REGULATORY REFORMS MUST BE COUPLED WITH COST EFFICIENCY, AND WE ARE READY TO WORK WITH ALL SEGMENTS OF THE INDUSTRY AND THE CONGRESS TO ACHIEVE BOTH OF THESE GOALS. I HOPE THE ADMINISTRATION'S BILL WILL SERVE AS THE CENTERPIECE FOR THESE DISCUSSIONS.

(FTA)

THE RECENTLY CONCLUDED U.S.-CANADA FREE TRADE AREA AGREEMENT, NOW PENDING CONGRESSIONAL RATIFICATION, LIBERALIZES TRADE BETWEEN THE TWO COUNTRIES IN GOODS (TARIFFS WILL BE ELIMINATED OVER A TEN YEAR PERIOD) AND ESTABLISHES AN OPEN-MARKET DISCIPLINE FOR MANY SERVICES. THOUGH TRANSPORTATION SERVICES ARE NOT INCLUDED IN THE FINAL TEXT, THAT IS NOT TO SAY THAT THE U.S.-CANADA FTA WILL NOT HAVE AN EFFECT ON TRANSPORTATION -- IT WILL HAVE A POSITIVE EFFECT. THROUGH THE ELIMINATION OF TARIFFS AND OTHER BARRIERS TO TRADE BETWEEN OUR TWO COUNTRIES, THE FTA CAN BE AN ENGINE OF GROWTH FOR THE U.S. ECONOMY -- GROWTH THAT WILL CREATE NEW OPPORTUNITIES FOR OUR TRANSPORTATION COMPANIES IN BOTH CROSS-BORDER AND DOMESTIC SERVICE.

THE CONTROL AND MANAGEMENT OF THE READY RESERVE FORCE (RRF) IS AN ISSUE ABOUT WHICH WE HAVE BEEN SERIOUSLY CONCERNED. THE RRF WAS CREATED IN 1976 BY A MEMORANDUM OF AGREEMENT BETWEEN THE NAVY AND THE MARITIME ADMINISTRATION IN RECOGNITION OF A " . . . MUTUAL INTEREST AND RESPONSIBILITY IN THE JOINT ESTABLISHMENT, MAINTENANCE AND CONTROL OF A READY RESERVE FORCE, WHICH SHALL BE AN ELEMENT OF THE NATIONAL DEFENSE RESERVE FLEET (NDRF) THAT IS MAINTAINED BY THE MARITIME ADMINISTRATION." THE PURPOSE OF THE RRF IS TO PROVIDE SEALIFT CAPACITY TO SUPPORT MILITARY CONTINGENCIES SHORT OF OR PRIOR TO A NATIONAL EMERGENCY WHEN REQUISITIONING IS NOT AN OPTION. WE ARE PLEASED WITH THE DECISION IN THE 1989 BUDGET TO CONSOLIDATE FUNDING AND MANAGEMENT WITH THE

MARITIME ADMINISTRATION. THE MARITIME ADMINISTRATION IS THE MOST APPROPRIATE AGENCY TO MANAGE CIVILIAN MERCHANT VESSELS FOR USE IN A NATIONAL EMERGENCY. MARAD CAN, AND CURRENTLY DOES, MAINTAIN THE VESSELS IN A COST-EFFECTIVE WAY, AND CAN BEST ASSURE THAT PRIORITIES ARE MET INVOLVING BOTH MILITARY READINESS AND GENERAL ECONOMIC SUPPORT OF THE EXISTING PRIVATELY-OWNED MERCHANT FLEET. THE NAVY WILL BE ASSURED OF CONTINUED ACCESS TO SHIPS FOR READINESS, TESTING EXERCISES, CARRIAGE OF CARGO AS A SECONDARY MISSION IN PEACETIME, AND GUARANTEED AVAILABILITY TO SUPPORT MOBILIZATION IN MILITARY CONTINGENCIES SHORT OF DECLARATION OF A NATIONAL EMERGENCY. WE BELIEVE THIS DECISION ENDING THE DISPUTE BETWEEN THE DEPARTMENT AND THE NAVY IS ONE WHICH WILL SERVE THE NATION'S BEST INTERESTS.

THE 1989 BUDGET INCLUDES TWO OTHER PROPOSALS THAT I WOULD LIKE TO HIGHLIGHT. FIRST, FOR STATE MARITIME SCHOOLS, THE ADMINISTRATION IS PROPOSING THAT THE STATE SCHOOLS SHARE TRAINING SHIPS AND THAT THEY REQUIRE ALL GRADUATES TO ACCEPT A NAVAL RESERVE COMMISSION. WE STRONGLY BELIEVE THE SCHOOL SHIP SHARING CAN BE IMPLEMENTED SO AS TO MEET THE SCHOOLS' NEEDS, WHILE REDUCING THE COST OF THIS PROGRAM TO THE FEDERAL GOVERNMENT. THE NAVAL RESERVE REQUIREMENT WILL ENSURE THAT STATE SCHOOL GRADUATES, WHO HAVE BENEFITTED FROM FEDERAL ASSISTANCE, ARE AVAILABLE DURING A TIME OF NATIONAL EMERGENCY.

SECOND, THE 1989 BUDGET ONCE AGAIN PROPOSES TERMINATION OF THE TITLE XI LOAN GUARANTEE PROGRAM. THE ADMINISTRATION CONTINUES TO

BELIEVE THAT THE MARITIME INDUSTRY SHOULD RELY ON THE PRIVATE CREDIT MARKET, WITHOUT FEDERAL INTERVENTION, AS THE SOURCE OF CAPITAL. YOU ARE, AS AM I, PAINFULLY AWARE OF THE LARGE DEFAULTS IN THIS PROGRAM DURING RECENT YEARS. THIS IS SOMETHING THAT WE JUST CANNOT ALLOW TO HAPPEN AGAIN IN THE FUTURE. I WANT TO COMMEND THIS COMMITTEE'S ATTEMPT LAST YEAR TO ADDRESS THE TITLE XI PROBLEM BY REPORTING A 1988 AUTHORIZATION WITH A THREE-YEAR MORATORIUM ON NEW COMMITMENTS ON INLAND AND OFFSHORE EQUIPMENT. JOHN GAUGHAN AND I LOOK FORWARD TO WORKING WITH YOU AGAIN THIS YEAR ON THE TITLE XI PROBLEM.

ANOTHER AREA OF CONCERN TO YOUR COMMITTEE AND TO THE DEPARTMENT IS ENFORCEMENT OF THE CARGO PREFERENCE LAWS. THE DEPARTMENT REMAINS COMMITTED TO ENSURING THAT THE LEGAL PERCENTAGE MANDATE OF GOVERNMENT-GENERATED CARGOES WILL BE TRANSPORTED BY U.S.-FLAG COMMERCIAL VESSELS. WE HAVE PROPOSED SOME REFORMS, RESULTING FROM AN INTENSIVE INTERAGENCY EFFORT TO EXAMINE LEGISLATIVE AND ADMINISTRATIVE CHANGES TO PROMOTE GREATER EFFICIENCY IN THE PROGRAM. THE ODS BILL SENT TO THE CONGRESS IN OCTOBER CONTAINS A PROVISION WHICH, BY DELETING A REFERENCE TO GEOGRAPHICAL AREAS ABROAD, WOULD HAVE THE EFFECT OF INCREASING TRANSPORTATION EFFICIENCY WITHOUT REDUCING THE OVERALL PARTICIPATION BY U.S.-FLAG COMMERCIAL VESSELS IN THE CARRIAGE OF PREFERENCE CARGOES. THIS CHANGE WAS PROPOSED AS PART OF ONGOING EFFORTS TO ASSURE THAT GOVERNMENT AGENCIES MAY TAKE ADVANTAGE OF REASONABLE OPPORTUNITIES TO ECONOMIZE ON THE OCEAN FREIGHT COST OF GOVERNMENT-GENERATED

CARGOES, WHILE AT THE SAME TIME ASSURING THAT THE RATIONALE FOR THE CARGO PREFERENCE LAW IS NOT VIOLATED. ALSO, THE BILL CONTAINS A NEW PROVISION THAT WOULD PERMIT CERTAIN MODERN, FOREIGN-BUILT U.S.-FLAG VESSELS TO BE IMMEDIATELY ELIGIBLE TO TRANSPORT PREFERENCE CARGOES, RATHER THAN BEING FORCED TO WAIT THREE YEARS FOR ELIGIBILITY, AS IS CURRENTLY REQUIRED. FOREIGN-FLAG FEEDER VESSELS WOULD ALSO BE PERMITTED TO BE USED BY U.S.-FLAG OPERATORS FOR CARRIAGE OF PREFERENCE CARGO.

THE OFFICE OF LEGAL COUNSEL (OLC) OF THE DEPARTMENT OF JUSTICE RECENTLY ISSUED TWO LEGAL OPINIONS CONCERNING DISPUTES INVOLVING THE CARGO PREFERENCE LAWS. DOT AND OMB DISAGREED OVER THE APPLICATION OF THE LAWS TO WATERBORNE IMPORTS OF CEMENT AND CLINKER USED IN THE FEDERAL-AID HIGHWAY PROGRAM. SIMILARLY, DOT AND THE DEPARTMENT OF DEFENSE (DOD) DISPUTED CARGO PREFERENCE'S APPLICATION TO DOD COMPONENT SHIPMENTS. AFTER MUCH CAREFUL SCRUTINY OF THE CARGO PREFERENCE ACT AND ITS INTENTS AND PURPOSES, THE DEPARTMENT OF TRANSPORTATION SUPPORTED THE APPLICATION OF THE CARGO PREFERENCE LAWS IN BOTH CASES. IN ITS DECISIONS RELEASED THIS FEBRUARY, OLC FOUND THAT THE CARGO PREFERENCE ACT APPLIES TO ALL SUPPLIES FOR WHICH THE MILITARY HAS CONTRACTED, INCLUDING SUPPLIES TO WHICH IT DOES NOT HAVE TITLE AT THE TIME OF SHIPMENT, BUT NOT TO IMPORTED CEMENT AND CLINKER SUBSEQUENTLY USED ON FEDERALLY AIDED HIGHWAY CONSTRUCTION PROJECTS. WE ARE PLEASED WITH THE OUTCOME ON THE COMPONENTS ISSUE BUT WE ARE DISAPPOINTED THAT THE DECISION ON CEMENT AND CLINKER SHIPMENTS WAS NOT ALSO

FAVORABLE. HOWEVER, WE RECOGNIZE THAT THE OFFICE OF LEGAL COUNSEL SERVES AS THE FINAL ADVISOR TO ALL AGENCIES OF THE EXECUTIVE BRANCH ON LEGAL ISSUES CONCERNING STATUTORY INTERPRETATION AND CONSTITUTIONAL QUESTIONS. THE DEPARTMENT OF JUSTICE IS THE AUTHORITATIVE DECISION-MAKER ON THESE ISSUES, AND THE DEPARTMENT WILL COMPLY WITH ITS COUNSEL.

WE ARE PLEASED THAT THE DEPARTMENT OF DEFENSE HAS RECENTLY REVERSED ITS DECISION TO DENY VETERANS STATUS TO THOUSANDS OF AMERICANS WHO SERVED AS MERCHANT SEAMEN IN WORLD WAR II. FINALLY, THESE BRAVE MEN WILL RECEIVE THE RECOGNITION THEY DESERVE. THE RULING WILL ENABLE SURVIVING MERCHANT SEAMEN TO RECEIVE BENEFITS AS OTHER WORLD WAR II VETERANS, WHICH ARE CURRENTLY AVAILABLE THROUGH THE VETERAN'S ADMINISTRATION, BASED ON LENGTH OF SERVICE AND OTHER NEED REQUIREMENTS.

NOW, I WILL TURN TO THE COAST GUARD.

THE COAST GUARD

THE COAST GUARD HAS ALWAYS BEEN MARKED BY ITS VERSATILITY AND BY ITS WILLINGNESS TO SERVE. DOLLAR FOR DOLLAR, THE COAST GUARD RETURNS AS MUCH OR MORE TO THE TAXPAYER THAN ANY OTHER AGENCY. HOWEVER, A SERIOUS IMBALANCE NOW EXISTS BETWEEN THE SCOPE OF COAST GUARD RESPONSIBILITIES AND THE FINANCIAL RESOURCES AVAILABLE TO MEET THOSE RESPONSIBILITIES. IN PAST YEARS, THE COAST GUARD

ABSORBED THE FUNDING SHORTFALLS. LAST YEAR, WE REALIGNED THE COAST GUARD'S FIELD SUPPORT AND MANAGEMENT FUNCTIONS. THIS YEAR, WE HAVE NO CHOICE BUT TO CLOSE UNITS AND REDUCE SERVICE.

AS THE SECRETARY OF TRANSPORTATION, I AM COMMITTED TO REVERSING THIS TREND. TODAY, AS WE DISCUSS THE CHALLENGES THAT LIE AHEAD FOR THE COAST GUARD, I WOULD LIKE TO STRESS MY THREE-POINT PLAN FOR REMEDYING THE FUNDING IMBALANCE. FIRST, THE COAST GUARD MUST BE RETURNED TO A REALISTIC LEVEL OF FUNDING THAT CAN SUPPORT ITS PRIORITY MISSIONS. SECOND, THE COAST GUARD SHOULD BE RELIEVED OF THOSE RESPONSIBILITIES THAT CAN BE FULFILLED WITH EQUAL OR GREATER COMPETENCE BY OTHER AGENCIES. THIRD, CONGRESS SHOULD CONSIDER THE USER FEE CONCEPT AS A MEANS OF FUNDING CERTAIN SERVICES. ALONG WITH ENACTMENT OF OIL POLLUTION LIABILITY AND COMPENSATION LEGISLATION, COAST GUARD USER FEES CAN HELP TO MINIMIZE THE COST OF THE COAST GUARD TO THE FEDERAL GOVERNMENT.

THE COAST GUARD PERFORMS A VARIETY OF SERVICES VITAL TO NATIONAL SECURITY, LAW ENFORCEMENT, COMMERCE, THE MARINE ENVIRONMENT AND THE HEALTH AND SAFETY OF THE AMERICAN PEOPLE. AS ONE OF OUR FIVE ARMED FORCES, IT HAS MAJOR RESPONSIBILITIES FOR THE SECURITY OF THIS NATION. ITS READINESS TO PERFORM WARTIME MISSIONS IN THE MARITIME DEFENSE ZONE IS CRUCIAL TO OUR ABILITY TO DEPLOY AND SUSTAIN COMBAT FORCES FOR ANY MAJOR CONFLICT. I FULLY SUPPORT ADMIRAL YOST'S EMPHASIS ON IMPROVING MILITARY READINESS AND WANT TO WORK WITH YOU TO ENSURE ADEQUATE FUNDING FOR THE COAST GUARD'S AT-SEA MISSIONS.

NEW RESPONSIBILITIES HAVE CHANGED THE COAST GUARD DRAMATICALLY IN RECENT YEARS. DRUG INTERDICTION, WHERE THERE HAS BEEN THE MOST NOTABLE INCREASE IN RESOURCE COMMITMENT, NOW ACCOUNTS FOR TWENTY-FOUR PERCENT OF THE COAST GUARD'S OPERATING BUDGET.

IN THE FALL OF 1986 WE SAW, FOR THE FIRST TIME, A UNIFIED GOVERNMENT STAND IN THE WAR ON DRUGS. CONGRESS AND THE PRESIDENT CAME TOGETHER CALLING FOR A DRUG-FREE AMERICA. THIS COMMITTEE PLAYED AN IMPORTANT ROLE IN THE EFFORT. THE ANTI-DRUG ABUSE ACT OF 1986 AUTHORIZED INCREASED FUNDING FOR AIRCRAFT, PATROL BOATS, PERSONNEL, TRAINING AND EQUIPMENT.

THE OMNIBUS DRUG SUPPLEMENTAL APPROPRIATION OF 1987 PROVIDED ADDITIONAL FUNDS. THE COAST GUARD IS USING THIRTY-NINE MILLION DOLLARS OF THIS MONEY TO BUY TWO C-130 AIRCRAFT AND EXPECTS THEIR DELIVERY THIS SUMMER. THE DRUG SUPPLEMENTAL ALSO PROVIDED THIRTY-FIVE MILLION DOLLARS FOR FIVE NEW PATROL BOATS, ELEVEN MILLION DOLLARS FOR COMMUNICATIONS EQUIPMENT, AND FIVE MILLION DOLLARS FOR THE DOCKING FACILITY. THE COAST GUARD HAS BEEN WORKING CLOSELY WITH THE CUSTOMS SERVICE TO BUILD A C3I CENTER (COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE CENTER) IN THE MIAMI AREA, WHICH WILL BE USED TO COORDINATE THE INTERDICTION OF AIRCRAFT SUSPECTED OF SMUGGLING DRUGS INTO THE UNITED STATES.

THE COAST GUARD'S PHYSICAL RESOURCES HAVE IMPROVED CONSIDERABLY. NEW HELICOPTERS, PLANES, PATROL BOATS AND CUTTERS HAVE BEEN PUT

INTO SERVICE. NOW WE NEED YOUR HELP TO ENSURE WE HAVE THE PERSONNEL AND OPERATING FUNDS NECESSARY TO USE THESE NEW ASSETS.

THE ANTI-DRUG ABUSE ACT ALSO MADE IMPORTANT CHANGES IN THE LAW THAT MADE IT EASIER TO PROSECUTE SUSPECTED DRUG SMUGGLERS AND THAT REMOVED SOME MANSFIELD ACT RESTRICTIONS TO ENABLE THE COAST GUARD, WITH THE AGREEMENT OF THE FOREIGN COUNTRY, TO CONDUCT MARITIME LAW ENFORCEMENT OPERATIONS IN THE TERRITORIAL SEA OF THAT COUNTRY. IN DECEMBER OF 1987, I SENT TO CONGRESS TWO PROPOSED AMENDMENTS TO THE ACT. THE FIRST WILL MAKE CLEAR THAT THE CRIME OF POSSESSING A CONTROLLED SUBSTANCE INCLUDES POSSESSION ON ANY VESSEL OR AIRCRAFT SUBJECT TO U.S. LAW. THE SECOND WILL REMOVE A POTENTIAL LEGAL PROBLEM FOR COAST GUARD DRUG INTERDICTION TEAMS ABOARD NAVY VESSELS BY PROTECTING THE MEMBERS OF THE TEAMS AND THEIR NAVY COMMANDERS FROM PERSONAL LIABILITY WHEN FIRING UPON VESSELS REFUSING TO STOP WHEN DIRECTED, JUST AS COAST GUARD COMMANDERS AND THOSE ACTING UNDER THEIR ORDERS ARE CURRENTLY PROTECTED.

AS PART OF OUR UNIFIED APPROACH TO DRUG CONTROL, THE NATIONAL DRUG POLICY BOARD, OF WHICH I AM A MEMBER, IS UNDERTAKING A MAJOR EFFORT TO REDUCE BOTH THE SUPPLY OF, AND THE DEMAND FOR, ILLICIT DRUGS. WE EXPECT TO PRESENT TO THE PRESIDENT IN THE NEAR FUTURE A SERIES OF COORDINATED IMPLEMENTATION PLANS DIRECTED AT ALL ASPECTS OF THE DRUG PROBLEM.

WHILE BEEFING UP OUR DRUG INTERDICTION CAPABILITY IS VERY IMPORTANT, WE MUST ALSO CONTINUE TO EMPHASIZE THE MORE TRADITIONAL

RESPONSIBILITIES OF THE COAST GUARD. SEARCH AND RESCUE, AIDS TO NAVIGATION, MERCHANT MARINE AND RECREATIONAL BOATING SAFETY AND ENVIRONMENTAL PROTECTION ALL MAKE AN ENORMOUS CONTRIBUTION TO THIS NATION'S ECONOMY AND SECURITY.

WE ARE ALL SADDENED WHENEVER LIVES ARE LOST AT SEA, DESPITE THE BEST EFFORTS OF THE COAST GUARD. TO HELP CUT DOWN ON THESE LOSSES, I RECENTLY TRANSMITTED TO CONGRESS A BILL THAT WOULD REQUIRE EMERGENCY POSITION INDICATING RADIO BEACONS (EPIRBS) ON THOSE UNINSPECTED COMMERCIAL VESSELS NOT NOW COVERED BY OUR REGULATIONS. ALSO, THIS BILL WOULD PERMIT THE DEPARTMENT TO REQUIRE THE NEW, MORE EFFECTIVE BEACONS, WHICH ARE EXPECTED TO BE AVAILABLE THIS YEAR. THE COAST GUARD HAS BEEN ACTIVELY INVOLVED IN THE DEVELOPMENT OF THIS SATELLITE-BASED TECHNOLOGY.

A FEW WEEKS AGO, THE MEMBERS OF THIS COMMITTEE WERE BRIEFED ABOUT FISCAL YEAR 1988 COAST GUARD REDUCTIONS, WHICH INCLUDED THE CLOSING OR REDUCTION OF SEVERAL COAST GUARD STATIONS OF MARGINAL PRODUCTIVITY. I MIGHT POINT OUT, IN NO CASE WILL COAST GUARD'S CURRENT STANDARD OF RESPONDING TO A SEARCH AND RESCUE CALL WITHIN TWO HOURS BE RELAXED BECAUSE OF THESE CHANGES. OUR BUDGET PHILOSOPHY FOR FY 1988 HAS BEEN TO CUT ADMINISTRATIVE AND OVERHEAD COSTS FIRST, TO CUT OPERATIONAL MUSCLE LAST AND TO MAINTAIN PRIORITY MISSIONS: MILITARY READINESS, LAW ENFORCEMENT AND SAFETY AT SEA. I AM PARTICULARLY COMMITTED TO FIGHTING FOR THE BUDGET RESOURCES THE COAST GUARD NEEDS FOR THESE PRIORITY MISSIONS.

AS YOU KNOW, THE COAST GUARD'S FISCAL YEAR 1988 APPROPRIATION FOR OPERATING EXPENSES IS OVER $100 MILLION BELOW WHAT IT NOW NEEDS. WHILE SUBSTANTIALLY RESTORING THE ACROSS THE BOARD CUT IN THE CONTINUING RESOLUTION WILL STILL RESULT IN SOME PERSONNEL CUTBACKS AND MARGINAL FACILITY CLOSINGS, THE FULL CUT WILL RESULT IN UNACCEPTABLE REDUCTIONS IN DRUG INTERDICTION EFFORTS AND CURTAILMENT OF ROUTINE AIR AND SURFACE SEARCH AND RESCUE PATROLS.

THE COAST GUARD DESPERATELY NEEDS ADDITIONAL FUNDING THIS YEAR. I HAVE GAINED ADMINISTRATION APPROVAL TO SEEK A DEFICIT NEUTRAL REPROGRAMMING WHICH WILL BE BEFORE THE APPROPRIATIONS COMMITTEE SHORTLY. I LOOK TO YOU, AS THE FRIENDS OF THE COAST GUARD, FOR HELP IN GETTING IT APPROVED. THE COAST GUARD'S BUDGET MUST BE KEPT AT A REALISTIC LEVEL IF IT IS TO MAINTAIN ITS DEFENSE READINESS, PROTECT OUR MARINE ENVIRONMENT, SERVICE AIDS TO NAVIGATION, INTERDICT ILLEGAL DRUGS AND, MOST IMPORTANT, SAVE LIVES.

THE FISCAL YEAR 1988 CUTBACKS ARE CONCENTRATED IN THE OPERATING EXPENSES ACCOUNT. IN THE ACQUISITION, CONSTRUCTION AND IMPROVEMENT ACCOUNT, THERE WILL BE NO MAJOR PROGRAM CUTS OR DISRUPTIONS TO OUR ONGOING CONTRACTS: THE FLEET RENOVATION AND MODERNIZATION (FRAM) OF THE 378-FOOT HIGH ENDURANCE CUTTERS; PROCUREMENT OF THE 270-FOOT MEDIUM ENDURANCE CUTTERS; RENOVATION OF THE 210-FOOT MEDIUM ENDURANCE CUTTERS; AND PROCUREMENT OF THE 32 NEW REPLACEMENT MEDIUM RANGE RECOVERY HELICOPTERS.

THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1989 HAS JUST BEEN SUBMITTED TO CONGRESS. IT INCLUDES THE FOLLOWING INCREASES OVER 1988 LEVELS FOR THE COAST GUARD: A 41 PERCENT INCREASE IN ACQUISITION, CONSTRUCTION AND IMPROVEMENTS; AN 11 PERCENT INCREASE FOR OPERATING EXPENSES; AND A 9 PER CENT INCREASE FOR RESERVE TRAINING. I WILL BE SUBMITTING A COAST GUARD AUTHORIZATION BILL FOR FISCAL YEAR 1989 SHORTLY. THIS BILL WILL INCLUDE THESE INCREASES, THE SUBSTANTIVE LEGISLATION WE SUPPORTED IN THE FY 1988 AUTHORIZATION BILLS, AS WELL AS LEGISLATION TO PERMIT THE COAST GUARD TO LEASE ICEBREAKERS AND TO REAUTHORIZE THE BOAT SAFETY ACCOUNT.

SHORTLY AFTER SENDING THIS BILL TO CONGRESS, I WILL BE TRANSMITTING LEGISLATION THAT WOULD SHIFT THE BRIDGE ADMINISTRATION FUNCTION FROM THE COAST GUARD TO THE CORPS OF ENGINEERS. WE HAVE TARGETED THIS RESPONSIBILITY AS ONE THAT CAN BE PERFORMED MORE EFFECTIVELY AND EFFICIENTLY BY ANOTHER FEDERAL AGENCY. THE PUBLIC WILL BENEFIT FROM ELIMINATION OF OVERLAPPING RESPONSIBILITIES. ALL AUTHORITY OVER BRIDGES AND CAUSEWAYS EXCEPT THE AUTHORITY TO PRESCRIBE LIGHTS AND OTHER SIGNALS FOR THE BENEFIT OF NAVIGATION WOULD BE TRANSFERRED.

THERE HAS BEEN A GREAT DEAL OF ATTENTION FOCUSED ON THE CUTS IN THE COAST GUARD'S FY 1988 BUDGET, BUT THE FUNDING SHORTFALL IS NOT JUST A ONE-YEAR PROBLEM. AS WE LOOK AT WAYS TO ALLEVIATE THE

COAST GUARD'S PROBLEMS IN LATER YEARS, WE SHOULD CONSIDER COAST GUARD USER FEES. I WOULD LIKE TO WORK WITH THIS COMMITTEE TO SEE THAT SOME FORM OF COAST GUARD USER FEE LEGISLATION IS ENACTED.

THE YEAR 1987 CLOSED WITH A MAJOR LEGISLATIVE ACCOMPLISHMENT FOR THE CONGRESS AND THE COAST GUARD WHEN THE PRESIDENT SIGNED INTO LAW LEGISLATION IMPLEMENTING ANNEX V TO MARPOL (THE PROTOCOL OF 1978 RELATING TO THE INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION FROM SHIPS, 1973). RATIFICATION OF THIS IMPORTANT ENVIRONMENTAL TREATY EARLIER IN NOVEMBER HAD PLACED THE UNITED STATES IN A UNIQUE POSITION WITH RESPECT TO ITS ENTRY INTO FORCE. THANKS TO THE EFFORTS OF THE COAST GUARD, THE UNITED STATES WAS ABLE TO DEPOSIT ITS INSTRUMENT OF RATIFICATION WITH THE INTERNATIONAL MARITIME ORGANIZATION (IMO) IN LONDON BEFORE THE END OF THE YEAR. AS A RESULT, WE WERE THE COUNTRY TO START THE TWELVE-MONTH CLOCK RUNNING TO BRING ANNEX V INTO FORCE INTERNATIONALLY THIS YEAR. WITHOUT THE FINE LEADERSHIP OF THIS COMMITTEE, THIS GOAL WOULD NOT HAVE BEEN REALIZED. HAVING SUCCESSFULLY PARTICIPATED IN THE NEGOTIATION OF THE TREATY AND PASSAGE OF THE LEGISLATION, THE COAST GUARD MUST NOW ENFORCE THE PROVISIONS OF ANNEX V.

THE PROTECTION OF OUR MARINE ENVIRONMENT THROUGH THE ENFORCEMENT OF FISHING AND POLLUTION LAWS AND TREATIES IS ONE OF THE COAST GUARD'S TOP PRIORITIES. APPROXIMATELY SIX PERCENT OF THE COAST GUARD'S TOTAL BUDGET IS DEDICATED TO THIS RESPONSIBILITY. I HAVE

CONSULTED WITH THE COAST GUARD LEADERSHIP ABOUT MARPOL-RELATED RESPONSIBILITIES AND HAVE BEEN ASSURED THAT THE COAST GUARD WILL FIND THE RESOURCES TO ENFORCE THE PROVISIONS OF THE ANNEX.

BEFORE CLOSING, I WOULD LIKE TO NOTE THAT I SHARE YOUR COMMITMENT TO PASSAGE OF OIL SPILL LIABILITY AND COMPENSATION LEGISLATION. AS THE ASHLAND OIL SPILL NEAR PITTSBURGH HIGHLIGHTS, THE DAMAGES RESULTING FROM OIL POLLUTION ARE AN EVER-PRESENT THREAT. THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE RECENTLY HELD A HEARING ON THIS SPILL. RENEWED INTEREST ON THE PART OF THE OIL AND BARGE INDUSTRIES, AS WELL AS STATE FLEXIBILITY OVER LIMITED PREEMPTION OF STATE OIL SPILL LIABILITY LAWS, SHOULD IMPROVE THE PROSPECTS FOR FAVORABLE ACTION BY THE CONGRESS. I KNOW THAT THE ISSUE OF PREEMPTION HAS DIVIDED THE HOUSE AND THE SENATE IN THE PAST. I LOOK FORWARD TO WORKING WITH YOU AND THE SENATE TO FORGE A COMPROMISE THAT PRESERVES THE STATES' FUNDS YET PERMITS RATIFICATION OF THE TWO INTERNATIONAL OIL SPILL CONVENTIONS.

IN CONCLUSION, I WOULD LIKE TO REITERATE MY SUPPORT FOR THE PROGRAMS AND OBJECTIVES OF THE UNITED STATES COAST GUARD AND THE MARITIME ADMINISTRATION. THESE AGENCIES DO A SUPERB JOB OF ENSURING OUR NATION'S WATERWAYS AND SHORES ARE SAFE AND OF PROMOTING A STRONG U.S.-FLAG MERCHANT MARINE. I WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS YOU OR MEMBERS OF THE COMMITTEE MAY HAVE.

U.S. Department of Transportation

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STATEMENT OF SECRETARY OF TRANSPORTATION JIM BURNLEY
FOR PROPOSED FAA DRUG TESTING RULEMAKING
MARCH 3, 1988
WASHINGTON, D. C.

It is difficult to imagine many areas where a soundness of intellect and nerve are more necessary than in the field of aviation. When we board an airplane we are placing our lives in the hands of others. Every day millions of Americans put their trust and confidence in the aviation system and its workers. The abuse of drugs by airline employees is a life-threatening violation of that trust. With this in mind, I am announcing today the Department of Transportation's Notice of Proposed Rulemaking that calls for drug testing for all employees in the aviation industry who have sensitive safety or security-related jobs. The same rulemaking also calls for opportunities for rehabilitation for those who test positive for drug abuse or who voluntarily request it.

This rulemaking would require pre-employment, periodic, random, reasonable cause, and post-accident testing for employees in defined sensitive safety and security related positions at all of the nation's air carriers and at other commercial aviation operations. If this proposal is adopted, it would be the first of several rulemakings to establish comprehensive drug testing programs in all major modes of transportation.

Among those subject to testing under the proposed rule are commercial pilots, flight attendants, flight engineers, mechanics, and aviation security screeners. We are specifically seeking comments on the categories of employees who should be covered, because we do not want to include people who really don't have life-or-death responsibilities. However, we do want testing of all those who -- if impaired -- can put the lives of other people at severe risk.

- more -

The testing will be conducted with respect for the privacy and dignity of each individual. To ensure fair treatment, employers will test for the use of marijuana, cocaine, opiates, amphetamines, and PCP under strict federal guidelines. If the rulemaking goes into effect as we are proposing it, employers will have 120 days to develop and submit a proposed anti-drug plan for approval by the FAA Administrator. We are requesting comments on ways to give employers the flexibility they need when designing company-specific programs.

This proposal is only one of many steps the Department of Transportation has taken toward ensuring a drug-free transportation system. In 1986 we implemented a rule that required testing of railroad employees for both alcohol and illegal drugs during pre-employment physicals, after major train accidents, and upon reasonable suspicion. We are now in the process of appealing to the Supreme Court the absurd Ninth Circuit ruling which struck down this rule and which is inconsistent with every other Court of Appeals ruling on drug testing. As the dissenting judge wrote in his strongly-worded opinion: "Locomotives in the hands of drug-or alcohol-impaired employees are the substantial equivalents of time bombs endangering the lives of thousands." Last September we began random drug testing of the Department's civilian employees in sensitive safety and security-related positions. To date, more than 1200 DOT employees have been tested.

I realize this proposal involves difficult issues. The comments filed in response to it will be very helpful as we draft the final rule. Although we recognize in the rulemaking that there are different ways to approach the process of rehabilitation, I firmly believe that drug testing -- especially random testing -- is absolutely critical in our efforts to create a drug-free aviation system for the American people. After all, no matter how stringent our safety regulations and no matter how sophisticated our technology, all it takes is one person on drugs in one of these sensitive airline jobs to endanger the lives of hundreds of innocent people. We know random testing works. The Coast Guard began random testing of its military personnel in January of 1983. Since then, the percentage of those testing positive has dropped from 10.3 percent in 1983 to 2.9 percent in 1987. We are also drafting random testing rules for other modes of transportation, and they will be issued in the months to come.

Thank you.

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U.S. Department of Transportation

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
UMTA CONFERENCE ON PUBLIC TRANSIT AND THE PRIVATE SECTOR
NEW ORLEANS, LOUISIANA
MARCH 7, 1988

I am pleased to participate in this important symposium on the private sector and public transit. It is especially gratifying to have many state legislators with us as we share information on new developments in private sector participation and discuss alternatives for increasing competition in transit. One thing we should all have learned by now is that competition creates a better, more efficient and less costly final product. The best way to promote competition in transportation is to reduce government controls and increase the role of the private sector. Privatization, one of the central principles on which the Reagan revolution was built, is consistent with the idea of limited government which has shaped our country's economic development throughout its 212-year history.

Unfortunately, many Americans have forgotten that the Constitution set strict limits on government involvement in American life. Our forefathers were blessed with the wisdom to recognize that when government strays beyond the specifically limited responsibilities spelled out in the Constitution, it accumulates powers that can threaten liberty.

Despite the best efforts of this Administration, there are still too many instances where government has stepped in and supplanted private involvement in American commerce and industry, in many cases in providing even the most trivial of services.

Throughout our history, America has nurtured in the private sector entrepreneurial endeavors such as the creation of the automobile and steel industries, and the community spirit displayed by visionary individuals who founded some of our great private universities and teaching hospitals. Even the voyages of discovery were often private, not government, ventures.

The Reagan Administration, the Department of Transportation, and UMTA are trying to revitalize those fundamental principles which successfully guided the United States to world economic leadership. Our role at the Department of Transportation is to improve transit services and their financing by creating a competitive environment within the industry, and by strongly encouraging private sector participation in the financing of transit's capital investments. The principles and practice of privatization and federalism are extremely important to the future of mass transit.

Some in Washington are quick to forget that the major decisions regarding the maintenance and development of transit systems should be made at the level closest to the people who will use them. Thus, this really is a team effort between the private sector and all levels of government.

Privatization is based on the notion that competition makes for a better final product. A lack of competition has certain inevitable effects -- the quality of service is gradually eroded, creative thinking is stultified, and the cost of the service is kept artificially high. Without competition, transferring services from the public sector to private enterprise would simply be trading a public monopoly for a private one. That defeats the purpose of privatization. Privatization is not an end in itself; its goal is to improve services and reduce costs for users of the service. Privatization and competition must go hand-in-hand to be of benefit to consumers.

In order to improve both transit services and their financing, decisions must be based on market conditions. Competition to provide transit services between private and public providers forces officials to reexamine the costs and benefits of each. Many communities have already begun cost comparisons and have found that competition has significantly reduced transit costs.

A recent national survey of transit service contracting by public agencies found cost savings of 10 to 50 percent when service was contracted out or put up for competitive bidding. Public agencies themselves estimate an average savings of 29 percent. In times of tight budgets, such savings are especially attractive alternatives for local communities.

But competition doesn't just mean a savings to taxpayers, it also offers communities the opportunity to experiment with new forms of service to meet the changing needs of their users. As you know, many parts of the country still have transit systems that resemble a "hub and spoke" pattern of bus or subway service, with the center city as the hub. Demographic changes over the past two decades often make such a system woefully inadequate, since many suburban business centers now rival downtown areas. Many people still commute into and out of the cities, but the real growth in travel in recent years has been from suburb to suburb. Existing transit systems are simply not designed to meet these new transportation needs. This presents a real challenge to state and local officials to adapt their transit systems to the changing patterns of their users.

Private financing also offers opportunities to inject the discipline of the marketplace into transit decisions. Private investment from developers who have much to gain from improved transportation options can be attracted to transit construction projects, and possibly operations, in many instances. A smart developer is willing to bear some of the cost in order to get a transit line to his project. In the long run, it helps him attract customers, benefits his employees, increases property values, and provides incentives for expansion.

Throughout the country, there are numerous examples of increased competition and private financing for transit. Of 367 transit agencies reporting to UMTA, 68 percent have engaged in contracting out and 84 percent have developed formal processes for considering private sector opportunities. For example, Los Angeles has contracted out 20 routes for both local and commuter express transit services by competitive bidding, saving more than $3 million over the cost of the service on the same routes by the public transit agency.

In an era of limited resources at all levels of government, this kind of savings is significant. We will all have to learn to do more with less, and by making the public and private sectors allies rather than adversaries in operating, maintaining and financing transit systems, we have the opportunity to institute market discipline into public operations, for the benefit of both users and taxpayers. This is the heart of DOT's urban transit policy.

The budget we recently sent to Capitol Hill underscores the fact that if we are to fulfill the promise made last fall to the American people to reduce the federal deficit, difficult choices have to be made. So we've had to set priorities for our nation's transportation system, focusing on truly national needs. Recently, discretionary transit grants have been spent disproportionately on a handful of cities. I believe that transit is a real and vital need, but I also believe that mass transit is a need where local and private resources must be used to a much greater degree. When budgets must be cut, the construction of costly new rail systems must take a back seat to programs that save lives, such as drug interdiction and air safety. Let me be specific.

The Coast Guard saves over 6,500 lives every year and prevents more than $900 million annually in property losses through its search and rescue efforts. Its historic mission of national defense of our coastline has been reemphasized, particularly its fight against drug smugglers. The number of pounds of cocaine seized by the Coast Guard more than doubled from 1985 to 1987. Last year, one million pounds of marijuana and almost 14,000 pounds of cocaine were seized, with a street value of $2.5 billion. Just last week, the Coast Guard seized 22 tons of marijuana destined for San Francisco, with a wholesale value of $56 million. This represented the second largest seizure of marijuana in West Coast history.

The men and women of the Coast Guard regularly risk their lives in efforts to save the lives of others, directly through search and rescue missions and indirectly through drug interdiction. Surely there are few nobler contributions one can make to his country, and I cannot commend or encourage this heroic commitment enough.

Despite all of this, Congress cut the President's budget request for the Coast Guard's operating account by $72 million in the '88 Continuing Resolution, and that account was already about $30 million short due to changes that occurred before Congress passed the Continuing Resolution. I sought and received the President's support for a $60 million reprogramming request to Congress to partially restore those funds. Furthermore, the Administration's budget request for 1989 requested

significant increases for the Coast Guard and the FAA, in recognition of the life-or-death nature of their responsibilities. So the pressure is on to find savings in other federal transportation programs, such as aid to mass transit, which reinforces the importance of using privatization as a tool.

I want to return to the theme of expanding private sector participation in transportation by giving a brief overview of other areas where encouraging developments have taken place. The sale of the government-owned freight railroad Conrail is the largest privatization success story to date. After years of taxpayer subsidies, Conrail is now itself a taxpayer, and its sale last year by Secretary Dole netted almost $2 billion for the federal coffers.

Our new national space policy is another example of the Department's critical role in reshaping relationships between the public and private sectors. For years, the federal government monopolized space transportation, much to the detriment of our space program. As a result, the United States has let other nations, including the Soviet Union, establish a foothold in commercial space transportation. In fact, the Soviets have been offering American companies huge discounts to fly their payloads on Soviet launch vehicles. The Chinese and Japanese are also emerging competitors, and the French government-led consortium, Ariane, has been in business for several years.

In 1984, the President directed DOT to assist private firms in cutting through federal red tape that made private launches virtually impossible. Then, in 1986, he removed routine commercial and foreign satellites from the space shuttle. Just this month, the President unveiled a new space policy that requires NASA and other federal agencies to do everything possible to support privatization of space activities.

Having made recent corporate investments totaling more than $400 million, American companies now have commercial contracts to launch thirteen satellites, beginning in 1989, and have launch reservations for at least fifteen more. Each foreign satellite launched on an American rocket represents $40 to $100 million added to our GNP. Companies are already gearing up their production lines and hiring more employees. In fact, on the day the President's new space policy was announced, our Office of Commercial Space Transportation announced its first license for two private launches.

By making it possible for American aerospace firms to offer launches on a commercial basis, we expect to see the same benefits we have seen in other transportation sectors: market competition, technological innovation, more responsive services, lower costs for suppliers and lower prices for users -- all this while maintaining a high level of reliability.

The example I have just mentioned represents "pure privatization," where the government completely steps aside. While in most cases this is the best way to go, in the real world sometimes it is not politically possible. Let me give you an example.

Last summer, we transferred Washington National and Dulles airports from federal control to that of a regional authority. Would we have liked to have considered privatizing the airports? You bet. Did we have the votes on Capitol Hill to completely privatize the airports? No. In fact, there were eight previous attempts dating all the way back to 1949 to end federal control over the airports. Considering the odds against us, leasing the airports to a regional authority was the only viable alternative to continued federal government control. The result is that control over

the airports was turned over to an entity much closer to the people affected by them than those of us sitting behind desks in federal buildings.

I want to take a moment to call to your attention another problem. While we are pushing privatization, others are pressing to reregulate the economic side of transportation. There have been numerous demands lately for a return to economic regulation of the airlines. This has largely been in response to consumer dissatisfaction with flight delays, lost baggage and crowded airports. Those problems are real, but reregulation won't solve them. Air traffic, like highway traffic, has rush hours which can be adversely affected by bad weather. In fact, 65-70 percent of all delays are due to bad weather conditions. Airline scheduling practices also contribute to the problem. We discovered a year ago that airlines at our nation's busiest airports had scheduled more flights during "rush hours" than the airports were designed to handle.

We've taken a series of measures to cope with the growth in demand for aviation services. Our long-range plan encompasses the expansion of the nation's airspace and airport facilities to accommodate the steady growth of air traffic. We are also exploring a fundamental restructuring of the federal role in assuring aviation safety. And we've taken a number of steps that are beginning to show results in the short term.

As a result, delays and consumer complaints began to drop late last summer. This is encouraging, but I'm not satisfied yet. We will continue to take all reasonable actions to encourage improvements in airline service. Reregulation, however, would mean precisely the opposite. If you think airlines are lousy at scheduling, just wait until you see the chaos that the federal government will throw into the equation. Returning to the days of more government control, higher fares, higher taxpayer costs and less efficiency is like a marathon runner who stops right before crossing the finish line and then starts to run backwards.

We are facing a similar attempt to roll back the economic deregulation of U.S. railroads achieved through passage of the Staggers Act in 1980. Despite the miraculous transformation of our railroads from a nearly dead industry to tough, energetic competitors with trucking and with each other, a handful of huge coal companies and electric utilities have poured millions of dollars into a sustained effort to gut the Staggers Act.

It is critical that we continue to remind Congress that the great wave of economic deregulation swept transportation in the late '70s and early '80s with the support of a bipartisan coalition. People of widely varying political values concluded that no economic regulatory system, however thoughtfully devised, can ever keep pace with the operational and technological changes that a dynamic, competitive industry will develop. Any system that elevates the decision of a handful of officials in Washington over the daily choices of thousands of shippers and millions of consumers will simply slow progress, impairing service while raising prices to benefit relatively few people in the regulated industry.

As with economic deregulation, we've made some strides in privatization at the federal level, but our work has just begun. Unfortunately, not everybody in Washington shares my enthusiasm for privatization. In fact, since 1981, Congress has passed over seventy-five prohibitions against the Administration even studying privatization of certain services.

In the coming years this country will face major challenges in all modes of transportation. We at the Department of Transportation are committed to fostering an environment where competition can flourish. Restoring market incentives to transportation can only improve service for those whom the systems were designed to serve. This conference underscores our commitment to work with you to shape transit systems that are responsive to the changing needs of the American people.

Thank you very much.

# # # #

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
PUBLIC SERVICE ANNOUNCEMENT ON DRUNK DRIVING
WITH ARETHA FRANKLIN
MARCH 10, 1988

It is said that Americans have a short attention span, that today's headlines are tomorrow's forgotten news. Well, when it concerns drunk driving, we cannot afford to allow the American people to become complacent. Complacency often arises out of a false sense of security. This mindset can quickly translate into deaths on our roads. I'm sure all of us here know someone whose life has been marred in some way by a serious traffic accident involving alcohol or drugs. Thousands of families in every town in every state in the nation have been devastated by this senseless loss of someone they love.

Despite an extensive public education campaign and stricter drunk driving laws, there are many in this country who still think that they can drink or use drugs and drive safely. Between 1970 and 1986, the number of arrests for driving under the influence of alcohol or drugs jumped by 223 percent. 1983 was the worst year for drunk driving arrests: 1.9 million, or one in every 80 drivers was arrested for drunk driving. In 1986, that figure fell slightly to 1.8 million arrests.

According to the Bureau of Justice Statistics, one-quarter of those jailed for drunk driving in 1983 had consumed at least 20 beers or 13 mixed drinks before they were pulled over. These people shouldn't have been walking, let alone behind the wheel of an automobile.

But there is some good news to report. For the 1982 -1986 period, the role of alcohol in fatal crashes declined substantially. During that time there was a 14 percent drop in the number of drunk drivers involved in fatal auto accidents; and

even more encouraging, there was a 26 percent drop in the teenage drunk driving category. While we should congratulate ourselves on these successes, we must not give the American public the false illusion that the war is won. The sad truth is that the progress we made in decreasing alcohol and drug-related fatalities has begun to level off in the last three years. So, we're not likely to see further progress, and we may even lose some of our hard-fought gains, unless we rededicate ourselves to this cause. We can get back on the track and make progress in reducing the drunk and drugged driving toll, but it will require our long-term dedication, patience, and perseverance.

We must continue to use every resource at our command to fight the tragedy of drunk and drugged driving. I cannot tell you how thrilled I am to know that celebrities like Aretha Franklin are speaking out on this important subject. And I want to thank all of the other recording artists here today for taking time out of their busy schedules to come to Washington to help kick off the "TH!NK...Don't Drive with Drugs or Drink!" video. I'm confident that if more of you become involved in this important public awareness campaign, our message will have a greater impact.

A lot of young people choose to drink and then drive because, as is usually the case when you're young, you think that "nothing's going to happen to me." When their music or television idols tell them that it's really dumb and deadly, they might listen a little more closely. Aretha Franklin has been one of my idols since...well, let's just say for a long time. Who better than the person who made chartbusters out of the songs, "Think", "Freeway of Love" and "Respect" to make a public service announcement on the perils of drunk driving? Ms. Franklin, I want to thank you for taking the time and effort to further educate the American public.

# # # #

U.S. Department of Transportation

News:

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
LIFESAVERS 6 CONFERENCE
MARCH 17, 1988

Thank you very much, Tom, for that kind introduction. The Motor Vehicle Manufacturers Association and all the other sponsors of this event are to be commended. This conference is an excellent example of the business community at its best in partnership with the public sector.

The Lifesaver's Conference has become a tradition of sorts in the national traffic safety arena. You gather together for the sixth year with four times the number of participants that you had in 1982. Shakespeare wrote that "Action is eloquence." You don't just talk about making our highways safer; you find ways to do it on a daily basis.

I am here today because it is my firm belief that there is no aspect of my job as Secretary of Transportation that is more important than the protection of lives and the prevention of injury. As Americans we have used our talent for technology, our self-discipline and a careful attention to safeguards to develop one of the safest road systems in the world. At the same time, though, we know we can do better, and that's the primary purpose of this conference.

I'd like to start out by giving you some good news. The Department's National Highway Traffic Safety Administration (NHTSA) has just reported the traffic fatality numbers for 1987. Last year there were 2.4 deaths per 100 million miles traveled, which means the 1987 U.S. traffic fatality rate was the lowest in history. That figure dropped from 2.5 in 1986 and was down an impressive 25 percent from the 1980 rate of 3.3.

As you know, the fatality rate is one of the most widely accepted measures of the trend in traffic safety. An increase or decrease in the rate can mean a difference of thousands of lives. For instance, if the 1980 rate occurred last year, there would

have been 17,000 more fatalities on our roads. That number is mind-boggling -- 17,000 people would fill half of Fenway Park.

Although the actual number of fatalities increased slightly in 1987, the total vehicle miles traveled were substantially higher than in 1986. So this means Americans are driving more, but at the same time they are becoming more safety-conscious. Clearly, the continued national push for safety belt use and the national resolve to stop drunk driving have made a tremendous difference in traffic safety. A lot of the credit for this must go to all of you. Your tireless efforts are paying off.

Between 1982 and 1986, the role of alcohol in fatal crashes declined substantially. During that time there was a 14 percent drop in the number of drunk drivers involved in fatal auto accidents; and even more encouraging, there was a 26 percent drop in teenage drunk driving fatalities. All fifty states have adopted laws raising the minimum drinking age to 21 years old. Although we should congratulate ourselves on these successes, we must be mindful that only steady progress will rid our roads of the drunk and drugged driving menace. So, we're not likely to see further progress, and we may even lose some of our hard-fought gains, unless we redouble our efforts.

It is said that Americans have a short attention span, that today's headlines are tomorrow's forgotten news. Well, when it concerns traffic safety, we cannot afford to allow the American people to become complacent. Complacency often arises out of a false sense of security. This mindset can quickly translate into deaths on our roads. I'm sure all of us here know someone whose life has been destroyed or irreparably damaged by a serious traffic accident. This deep sense of pain and needless loss has devastated families in every community in the nation. We cannot slacken our dedication to the cause of highway safety.

Conferences such as Lifesavers are indispensable in our nationwide effort to reduce the deadly social ills of drunk and drugged driving and to make wearing safety belts second nature to all Americans. But, despite an extensive public education campaign and more stringent drunk and drugged driving enforcement laws, there are many in this country who still think that one can drink and drive safely. A Justice Department study shows that between 1970 and 1986, the number of arrests for driving under the influence of alcohol or drugs jumped by 223 percent. The most drunk driving arrests occurred in 1983: there were an estimated 1.9 million, or one for every 80 drivers. In 1986, that figure fell slightly to 1.8 million arrests.

This week the Insurance Institute for Highway safety and Mothers Against Drunk Driving released a study that said about 1,600 lives were saved from fatal crashes in 1985 because of new anti-drunk driving laws. The groups also said another 2,600 drivers probably would not have been killed if all fifty states had strict laws for the swift and certain punishment of drunk drivers. Currently, in 23 states, a police officer can revoke a drunk driver's license on the spot if he fails a chemical test or refuses to take it. This is one of the enforcement methods that has proven very effective.

One shocking statistic that grabbed a lot of press attention a few weeks ago was the fact that one-quarter of those jailed for drunken driving in 1983 had consumed at least 20 beers or 13 mixed drinks before they were pulled over. These people shouldn't have been walking, let alone behind the wheel of an automobile.

Driving sober is good, but driving sober and wearing a safety belt is even better. Today, 32 states have enacted safety belt laws, and there are similar bills pending in nine other states. We at the Department of Transportation believe that the enforcement of safety belt laws, coupled with safety belt education programs, are vital if we are to maintain the momentum to make belt and child safety seat use universal in this country.

National usage of safety belts has increased from 11 percent in 1982 to 42 percent last December. NHTSA estimates that 8,000 lives have been saved since 1983 because more people are buckling up. Last year alone, NHTSA estimates that safety belts saved about 2,450 lives, with more than half of those due to safety belt laws.

Although this news is promising, we know from experience that just telling people to wear safety belts isn't enough. My involvement in this issue began just after I came to the Department, when I was involved in writing Rule 208, the passive restraint rule.

This rule is fully complementary to state safety belt laws. Already, more than a million cars equipped with passive restraints are on our roads. Twenty-five percent of all cars sold in the U.S. are now required to have passive restraint systems. Beginning this September, it will be 40 percent, with 100 percent coverage required beginning in September 1989.

Despite the strides we have made, I think air bags can be better marketed and the added protection they offer to motorists given greater emphasis. I'd like to encourage you to continue your efforts to expand educational activities that promote the lifesaving benefits of owning a car equipped with air bags. The general public is still very much in the dark about this, with many still under the impression that air bags are actually dangerous features. Many people continue to believe that air bags will inflate inadvertently and cause crashes.

With your help, we not only can clear up these misperceptions about air bags, but we can begin to educate the American people about the additional benefits of wearing safety belts in air bag-equipped cars. Once air bag-equipped cars become commonplace, we don't want people thinking that the safety belt has outlived its purpose.

Another issue of passenger protection concerns the side-impact protection in automobiles. We currently have a rulemaking in progress on this issue. So far we have discovered that some side-impact protection technologies that give improved protection in low speed crashes are not very effective in higher speed crashes, and vice versa. This is a fundamental problem that must be addressed if NHTSA is to issue a standard that will be beneficial in both high and low-speed accidents.

Now I know many of you are very interested in the effect the 65 mph speed limit has had on traffic accidents and fatalities. Congress' amendment of the speed limit law that allowed for the increase on rural interstates was the most widely reported highway safety story in 1987. Within a matter of days, a number of states raised their speed limits on these roads. Currently 40 states have the 65 mph speed limit posted. Between January and September of 1987, fatalities were up on rural interstates in states that raised the speed limit and up in states that maintained 55 mph. As early as January -- three months before states were allowed to raise their

speed limits -- fatalities were on the rise in many states. We believe that it's still too early and the data too rough to draw any concrete conclusions. We 're still missing some very important pieces of information such as: actual travel speeds of motorists; total crash statistics from all roads and all states; alcohol involvement; and numbers of vehicles and miles traveled on rural interstates in 1987 versus 1986.

We will continue to monitor the rural interstate data very carefully and will do a complete analysis of all the critical factors that play a role in traffic fatalities. This is essential if we are to know the full effect of raising posted speed limits. In the meantime, however, we will do all we can to assist state and law enforcement officials in the development of better ways to enforce all posted speed limits.

President Reagan has recognized, perhaps more than any other president in recent memory, that state and local officials and ordinary citizens can do more to solve problems in their own areas than a slew of bureaucrats and technicians in Washington, D.C. Therefore, the President has made the principle of federalism a main theme of his second term. He rightly believes that over the years this principle has been abused and eroded by an increasingly centralized Washington bureaucracy. Federalism is not an abstract idea. Rather, it is a highly practical arrangement based on the common sense idea that solutions are best developed at the level of government closest to the problem.

You know the highway safety needs of your individual cities and towns; you certainly don't need someone in the federal government telling you what your traffic safety priorities should be. All of your selfless, hard work is testimony that federalism can work wonders.

None of this means that we want a dramatic, sweeping rollback in federal involvement in safety programs. We just want to make sure that state and local initiatives are in no way hampered or eclipsed by those of us in Washington.

This conference, after all, is an example of the tremendous successes that emerge from public/private partnerships in the area of highway safety. Last week I helped kick off a related effort, the "Think...Don't Drive with Drugs or Drink" national campaign, which was sponsored by the Department, the National Association of Broadcasters, the Ad Council, Mothers Against Drunk Driving, Chrysler Motors, Lipton Tea and Goodyear Tire Company. Aretha Franklin, a music idol of mine, filmed a video for the cause and was joined by a number of other recording artists. We all know that a lot of young people today will listen to the warnings of their favorite rock star, but they will tune out everyone else. This new public education drive builds on the previous efforts of Michael Jackson and Stevie Wonder. Ms. Franklin is also leading this year's "Operation Prom/Graduation" campaign.

Techniques for Effective Alcohol Management (TEAM) has also been enormously successful in building local coalitions to plan traffic safety programs, and also got the National Basketball Association and major league baseball involved in the effort. TEAM has trained over 15,000 people across the country and in Canada in ways to encourage safe, responsible drinking. I tip my hat to these two groups and to all of you here who are supporting their efforts. You have made more of the public think about the possible deadly ramifications before they take a drink.

As Secretary of Transportation, I will continue to support the many efforts necessary, both in and out of government, for an effective highway safety program

-- for improving the safety of drivers, vehicles and roadways. I will be looking to all of you to continue your terrific work to keep the public spotlight on the important issues of drunk and drugged driving, safety belt use and speeding.

Thanks to you, more Americans are getting behind the wheel with a greater sense of self-control and responsibility. It was once said that, "The future is not a gift -- it is an achievement." Thousands of Americans have already needlessly lost their futures on our highways. By working together, we can continue to make gains. Every life saved or serious injury prevented makes our collective efforts worthwhile.

# # # #

STATEMENT OF JIM BURNLEY, SECRETARY OF TRANSPORTATION

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,

SUBCOMMITTEE ON AVIATION

ON

RESHAPING THE FEDERAL ROLE IN AVIATION

MARCH 23, 1988

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to be here today to discuss an issue about which we all care deeply: the role of the U.S. government in aviation safety. I will submit my full statement for the record. You and Senator Kassebaum deserve a great deal of credit for encouraging and providing a forum for this crucial debate. I also want to commend you for your willingness to consider the full range of alternatives. As you said when you introduced S. 1600 last August, "There are a variety of alternative proposals currently under scrutiny which attempt to address this issue. These run the gamut from simply removing the Airport and Airway Trust Fund from the budget process -- which I endorse -- to full privatization of the air traffic control system. In this series of hearings, I intend to explore these and other concepts for funding the FAA, and again, I call upon all parties to consider the available alternatives and make appropriate recommendations."

Concerns about the ability of the federal government to cope with a dynamic and growing air travel network have been with us for over three decades. Worries about strains on the air traffic control system, the threat of midair collisions, the number of controllers, and the need for new equipment did not arise for the first time after economic deregulation of the airlines began to be phased in ten years ago or after the air traffic controllers' strike in 1981.

From its inception the aviation industry has been characterized by rapid technological advances. On the other hand, the FAA has struggled since it was created to accommodate new demands on the air traffic control system and in the regulation of air safety. Although the simultaneous effects of NAS Plan implementation, the illegal controllers' strike in 1981 and the economic deregulation of the airlines may have placed unique strains on the FAA, I think we would all agree that flexibility and responsiveness to rapid change are uncharacteristic of large federal bureaucracies. The FAA is no exception.

As we look toward the 21st Century, I am convinced that fundamental changes in the FAA's organizational structure are essential if we are to keep pace with the growing demands on the system. I want to work with Congress in considering all reasonable proposals for basic reform.

In considering S. 1600 or any other proposal, we should first define precisely the problems that need to be addressed and, develop specific criteria against which we can measure potential solutions. In addressing these problems, however, we must guard

against any loss of accountability by the regulators of aviation safety.

I believe there are five criteria against which any reform proposal should be judged:

o First, it must address the problem of rigid personnel rules that prevent efficient deployment of key personnel.

o Second, it must remove the burden of abstruse procurement rules that prevent timely acquisition of new technology.

O Third, the proposal must liberate the air traffic control system from the uncertainties of the federal appropriations process and ensure adequate resources on a long-term basis.

O Fourth, there must be adequate oversight and maximum accountability to ensure public safety.

O Fifth, there should be consistency in both safety regulation and in the delivery of air traffic control services at every level of the organization in charge of each.

Let me emphasize a fundamental point. Last week, Administrator Allan McArtor testified before this Subcommittee and described the progress he is making on a number of efforts included in his Impact '88 program. I am particularly impressed with the fresh perspective and strong leadership he is providing on training issues, both inside the FAA and within the aviation industry.

My purpose today is different. It is to respond directly to the Committee's invitation to me to testify "on the relationship between the FAA and the Department of Transportation, as well as other long-term structural changes that would improve the FAA's

ability to promote and ensure aviation safety." I have been at the Department for one-fourth of its history, and I want to briefly describe both some of the strengths and weaknesses of the present structure. I do this knowing there is some risk that my testimony will be viewed as hostile to the FAA. Nothing could be further from the truth; but if I am going to respond in good faith to the Subcommittee's request, I have got to show you somewhat more of the iceberg than just the proverbial tip.

The FAA is perhaps a unique federal agency because it combines three distinct missions. First, it is charged with the establishment and enforcement of safety regulations for a private industry. In this role, the American people rightfully expect that the FAA will be the "tough cop".

Second, it is a service provider, making air traffic control services available to public and private aviation. This assignment is much like running a huge airline, requiring thousands of decisions each day about where and when planes will fly. We all want and expect maximum cooperation between the FAA personnel running the air traffic control system and the airlines and other users of the system.

Third, the FAA is directed by statute to "encourage, and foster the development of civil aeronautics and air commerce." Among such responsibilities, the FAA provides navigational aids for domestic aviation and generally promotes the interests of U.S. aviation.

Because we have become accustomed to the FAA in its present form, few find this tripartite mission strange or unusual. Yet, when compared to other modes of transportation and federal

regulatory agencies, it is very odd indeed. For example, the Maritime Administration promotes the commercial interests of the maritime industry, but the Coast Guard regulates and enforces maritime safety. The Federal Railroad Administration regulates rail safety, but it doesn't operate switching yards and it no longer runs railroads. Given the high level of public concern about both aviation safety and the FAA's chronic difficulties in keeping pace with a burgeoning, technically sophisticated industry, this is an appropriate time to ask whether one entity, the FAA, should continue to carry out three different, and often contradictory, public missions.

In its safety regulatory role, the FAA must constantly balance the interests and desires of its immediate constituents -- the aviation community -- with those of the general public. In addition, because the lion's share of the agency -- 85 percent of staffing and 67 percent of budget -- is dedicated to providing on-demand air traffic services to competing carriers, a hybrid FAA is often in the difficult position of balancing safety and traffic volume considerations. Finally, because the FAA is charged with promoting and protecting the industry's commercial interests, it is sometimes reluctant to take safety and enforcement actions that impose significant costs and burdens on that industry. How can we reasonably expect the FAA or any other entity to be a service industry, a promotional bureau, and at the same time act as an enforcement agency? The FAA is filled with competent, dedicated professionals who have excelled particularly in the delivery of air traffic control services, yet the very structure of the agency places them in an inherently untenable position.

I am not alone in this concern. When National Transportation Safety Board Chairman Jim Burnett testified before this Subcommittee last fall against creation of an independent FAA, he said, "On the other hand, from where I view it, the DOT has, on occasion, provided the pressure needed to get significant safety board recommendations implemented -- recommendations that, based on FAA resistance, would be languishing still without the Secretary's 'interference'."

Chairman Burnett pointed to NTSB's uphill battle to convince the FAA of the importance of upgrading cockpit voice recorder and flight data recorder standards. The FAA had resisted for years the board's advice in this area. He noted that only former Secretary Dole's intervention had prevented the FAA from opposing outright international cooperative efforts to upgrade the standards for these recorders. When the FAA eventually submitted a rule for OST review, it fell short of NTSB's recommendations; but in his testimony before you, Chairman Burnett gave my predecessor credit for having gotten the FAA to take any action at all. I should note that Congress included a directive in the continuing resolution last December requiring the FAA to issue another rule further expanding the categories of aircraft that must be equipped with recorders.

As Chairman Burnett's testimony illustrates, the inherent conflict in the FAA's missions is more than theoretical. Just as I have been impressed with the superb job the FAA does, with limited resources, handling air traffic, I have been equally dismayed at the institutional resistance to improving safety

regulations. Sometimes, a clear signal from the Administrator or the Secretary is all that is required to get things moving. On other occasions, it has been necessary to use the bureaucratic equivalent of a cattle prod to get the FAA to take needed safety actions.

Accusations that the Office of the Secretary has on occasion second guessed the FAA are entirely true. Take, for example, the question of the duration of airman medical certificates. In December 1983, the FAA submitted to the Secretary a draft final rule that would have extended the duration of certain airman medical certificates. The FAA did not classify the rule as significant, but OST insisted on reviewing the rule because of its potential adverse effect on safety. The FAA had found that decreasing the frequency of medical exams for pilots under the age of 55 would save $59.5 million in the cost of medical examinations. The FAA recognized that there would be additional accidents due to undiscovered medical conditions; over 10 years, it estimated the rule would lead to approximately 36 fatalities, 3 serious injuries, and 7 minor injuries, along with 19 destroyed and 5 substantially damaged aircrafts. However, because the FAA put a value of only $18.2 million on these lives, injuries, and damages, it argued that the rule should go forward. The Secretary refused to permit the rule to be issued.

Even years of Congressional pressure to beef up safety standards have not always produced the desired results. In testimony before the House Public Works Committee's Subcommittee on Aviation in 1984, for example, Representative Levitas observed,

"In the course of our hearings we learned that FAA began an investigation of a 1961, I repeat, 1961 -- that is 23 years ago -- accident in Denver, Colorado, that airline passengers who survived impact were killed by toxic gases as they attempted to evacuate the aircraft in a postcrash fire situation."

Following a lengthy description of what he described as the FAA's "start, stop, begin, pull back program" on cabin interior materials and flammability, he noted that it had been 18 years since the FAA first issued an NPRM called "Crashworthiness and Passenger Evacuation", yet the FAA still had as a flammability standard a 1947 regulation.

This failure to respond by the FAA occurred despite constant Congressional pressure and a series of hearings. As Representative Mineta said at this same hearing in his opening statement, ". . . [I]t is a measure of our frustration with the past performance of the FAA as a safety regulator that we are here today to consider a long list of bills which would direct the FAA to take various actions to further improve aviation safety. Particularly in the areas of crashworthiness and fire safety, there is a long history of hearings in this Committee extending back to 1976, urging regulatory actions by the FAA. . . ." Representative Mineta became so frustrated that he demanded that the FAA provide the Subcommittee with a monthly report on progress in issuing new cabin safety rules.

When Secretary Dole learned of the FAA's nearly two decades of footdragging on this issue, she immediately ordered that upgraded cabin rules be completed and issued without further delay. As a result of her sustained personal commitment and

continuing Congressional pressure, the FAA at long last began to issue rules setting tougher flammability standards for seat cushions and interior cabin materials; and requiring floor level emergency lighting, smoke detectors and automatic fire extinguishers in lavatories, more fire extinguishers in the cabin and tougher standards for crewmember protective breathing equipment.

Stronger oversight by the Office of the Secretary, including particularly the activities of the Safety Review Task Force, not only led to issuance of the rules I have mentioned it also dramatically shortened the time an FAA rulemaking consumes. Secretary Dole established throughout the Department deadlines for each significant rulemaking. Over the last five years the average time from the FAA's first notice to the final rule has been about 19 months, compared to an average of 32 months over the preceding five-year period of 1978 to 1983.

I think we can further improve rulemaking procedures. The FAA recently had an outside contractor analyze the rulemaking process. This chart, prepared by the contractor, vividly illustrates the problem. The boxes indicate which offices have to review a rulemaking at the advance notice of proposed rulemaking, the notice of proposed rulemaking, and final rule stages. There are six OMB boxes, 16 OST boxes and 355 FAA boxes. Obviously, we ought to be able to further streamline this system, and I have asked our internal task force on FAA Reform to take a hard look at it.

In its 1987 Report to the Congress on management of the Department, the General Accounting Office said that as a result of the work of the Safety Review Task Force and several other Secretarial initiatives, the "FAA is making a comprehensive, systematic effort to update safety regulations; realign inspector duties and responsibilities to more closely fit conditions in the airline industry; use automated program data to determine staffing requirements; revise its criteria and procedures for hiring and training inspectors; strengthen its ability to anticipate changes in the program environment; and assure that inspection offices receive accurate, timely, and consistent policy and program guidance."

The inspector staffing example cited by GAO is one Congress knows well. In the early 1980s, the FAA cut the inspector workforce by 25 percent because it thought increased management productivity and automation eliminated the need for so many inspectors. Even when this did not turn out to be the case and Congressional and public concern mounted, the FAA did nothing to reinforce its depleted inspector ranks. After Elizabeth Dole became Secretary and learned of that decision, she ordered that it be reversed and that the FAA undertake an inspector hiring and training program. She also ordered that the inspection process be completely overhauled, in no small part to get rid of the "buddy system" that had existed for years between the carriers and those assigned to police them. Her tough actions on safety evoked some hostility. For example, a senior executive from a major airline,

told me recently that he strongly supports an independent FAA, because the Office of the Secretary in recent years has pressed the FAA to be too "confrontational" toward the industry on safety issues.

Although we have made some progress, the FAA continues to require close, constant oversight. In April 1986, the Safety Review Task Force, in its preliminary draft report on FAA domestic aviation security, recommended that the FAA require that everyone, including airline and airport personnel, who entered a secured area be screened by the same process used to screen passengers. During discussions about the preliminary recommendations, FAA staffers and industry representatives strenuously opposed this recommendation as too burdensome and insisted that it be modified to recommend "tighter" but not universal screening of employees. Even though the Task Force agreed to make this change, the FAA delayed implementation of the recommendation on employee screening for a year. They also failed to implement fully a later decision requiring 100% detection of the FAA test objects.

After the PSA tragedy last December, I ordered that universal screening be implemented and reiterated my previous request that enforcement of aviation security regulations be stiffened. Yet I discovered a few weeks ago that, among other problems, the FAA staff was taking enforcement action only if the screeners failed to detect at least three out of five test objects, and was only issuing a fine for the third failure. Furthermore, violations at different airports where the same airline had partial or sole responsibility were not being added together. On March 8, I sent a memorandum to the Administrator asking that he give his personal

attention to this matter to ensure that all aviation security regulations are being vigorously enforced. He agreed.

The FAA's approach to aviation security is indicative of the inherent conflict in the FAA's mission I alluded to earlier. But it is also an illustration of the FAA's well-known "culture". To some extent, that culture is a product of the FAA's closeness to the specialized industry that it regulates, services and promotes.

Commenting on one manifestation of the FAA's institutional mindset in a recent public television documentary on the FAA's slowness in improving cabin safety rules, Representative Oberstar described the FAA as having "its vision on the long term, the perfect -- trying to achieve that goal of perfection. While waiting for that to arrive, they dismiss other short-term, more useful, and lower cost interim, very beneficial steps."

The Congressman's astute observation underscores a critical point: no one at the FAA is anti-safety. Just the opposite is true. But often it takes someone from outside the organization to insist that there may be ways to enhance safety that are being overlooked. As Chairman Burnett has pointed out, that person will be more effective if he or she has authority to make binding decisions in regulatory and safety matters. It is a classic case of the value of a system of checks and balances.

An example of this has been the FAA's reaction to the delay in development of Microwave Landing Systems (MLS) which is spelled out in detail in my testimony submitted for the record.

The need for checks and balances was also demonstrated by the problem that arose in medical certification of pilots. In November 1986, it was discovered that the Federal Air Surgeon overruled his expert medical staff in recertifying numerous pilots with serious medical problems. Despite unprecedented, repeated expressions of strong concern by airline and labor representatives, the FAA leadership's reaction was to protect and defend these decisions. The Secretary had to insist that corrective action be taken. As a result, the Air Surgeon was removed from his position, and all of the "special issuances" he approved for pilots were reviewed and evaluated by an outside team of physicians.

As I mentioned, some aviation interest groups have argued that one advantage of an independent FAA is that the DEPARTMENT could no longer meddle in the FAA's business or "micromanage" its affairs. However, anytime you have the regulated interests telling Congress that they need less oversight from those charged with regulating them on safety matters, healthy skepticism is in order. It was "micromanagement" that got us, among other things, updated and stricter cabin safety rules and more inspectors, as the 1987 GAO management study documents.

As a provider of air traffic control services, the FAA would be able to do a better job if it were freed of the funding, procurement and personnel constraints that go with being a federal agency. Promotional responsibilities could go with air traffic services or be assigned to another, appropriate agency -- such as the Department of Commerce. Yet, as the examples I have mentioned

lustrate, the FAA as a safety regulator requires all of the supervision, checks and balances of any other such agency.

Thus, I believe that the evidence is compelling that the safety regulatory side of the FAA should continue to report to the Department, or some other Cabinet-level agency. Otherwise, the necessary day-to-day oversight and accountability will be lost, with a comparable loss over time in aviation safety.

The men and women of the FAA are highly competent and dedicated people, but it is not reasonable to ask them to be both helpmate and watchdog to the aviation industry. After thirty years of public and Congressional frustration and concern, I believe it is time to recognize that the FAA as it was structured in 1958 is an experiment which has failed.

I welcome the opportunity to testify before the Subcommittee on these issues; I again want to commend you, Mr. Chairman, for conducting this series of hearings, and I look forward to working with you towards a solution. I will be happy to answer any questions.

U.S. Department of Transportation

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
KIWANIS-ROTARY CLUBS LUNCHEON
HIGH POINT, NORTH CAROLINA
MARCH 25, 1988

It is great to be back home in High Point and to see so many old friends. I have been looking forward to this visit for some time, and I'm pleased to have this opportunity to meet with the members of the local Kiwanis and Rotary Clubs. I was a member of the Greensboro Kiwanis for a number of years. My father was a member of the High Point Kiwanis for many years, and I was President of the Key Club at Central High School. My grandfather, Hubert J. Rockwell, was a member of the High Point Rotary Club for several decades. Thus, I am very familiar with the outstanding service you provide to the community.

I'd like to spend a little time today talking about some of the transportation issues we're facing this year. Each year, transportation pumps $800 billion into the American economy, and it has direct impact on every one of us. One of the most critical issues is the threat of economic reregulation of our nation's transportation industries. In light of this threat, I think it would be useful to review briefly how economic deregulation has reinvigorated industries that were long-dormant under government regulation.

We all know that there are few things that the federal government can do better than the private sector -- except perhaps produce paperwork. The evidence of the last several years confirms that ridding American industry of burdensome and wasteful economic regulations makes a substantial difference in our efficiency and ability to compete in world markets. Transportation is no exception.

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Back in the late 1970s and early 1980s, advocates of economic deregulation promised shippers and travelers wider choices, greater efficiency, more competitive rates and lower fares. Across-the-board, those promises have been largely fulfilled. Few Americans realize just how much credit such deregulation deserves for the decline of inflation since 1980, when it stood at a staggering 13.5 percent. Indeed, the dramatic drop in inflation during the 1980s was in part a result of the deregulation of two areas: oil prices and transportation.

The benefits of economic deregulation are probably most obvious in the U.S. aviation industry. The number of passengers on U.S. airlines has increased from 278 million in 1978, the last year of all-out economic regulation, to 450 million in 1987. Why? Because it's cheaper to fly. The deregulation of airlines in 1978 cut fares per passenger mile nearly 20 percent in real terms. The reason for this is clear. Deregulation frees suppliers -- in this instance the airlines -- to compete for passengers and cargo.

Economic deregulation has revitalized what was once a dying railroad industry in this country. Since 1980, railroads and shippers have entered over 45,000 contracts tailored to the specific needs of individual shippers. Today the railroad industry is yielding a 4 percent return on investment. Now that might not seem like a lot when compared to some other industries, but considering the fact that under the shackles of regulation, nearly one quarter of all the tracks in America were involved in bankruptcy proceedings in the late 1970s, I think this is a remarkable turnaround.

The sale of Conrail would never have been possible without deregulation. Created as a ward of the state in 1976 out of the ashes of seven bankrupt rail companies in the Northeast and Midwest, Conrail became a profitable, publicly traded, privately owned railroad a year ago. It no longer serves as a drain on the U.S. economy. It is now accountable to its consumers and responsible for its own success. I worked with former Secretary Elizabeth Dole to structure the sale in a way that netted $1.9 billion in proceeds for the government. Today, instead of being a burden on our economy, Conrail is itself a taxpayer.

The same kind of progress because of substantial economic deregulation is occurring in the trucking industry. The Motor Carrier Act of 1980 has resulted in lower rates for thousands of shippers; in fact, a recent study indicates truckload rates have dropped by 16 to 25 percent in constant dollars.

Sometimes it helps to recall unpleasant memories of the past in order to appreciate how much improvement has occurred. Federal regulation during the 1970s cost the economy $100 billion a year. It added about $1,800 a year to the annual cost of living for every family, because of higher costs for goods and services.

Yet economic deregulation is a lot more than just greater convenience and lower prices; it is absolutely critical to America's ability to hold its own in an ever more competitive global economy. Transportation accounts for 18 percent of our GNP, and its costs are reflected in the prices of nearly everything we buy and produce. About 25 percent of the cost of a delivered product is for transportation. According to a study by the Americans for Safe and Competitive Trucking, the complete economic deregulation of the trucking industry would save American businesses an additional $87 billion in distribution costs over the next five years and give us a better competitive edge against foreign imports. American consumers are, by

nature, thrifty. We cannot expect them to "buy American" when "made in the USA" means a higher price tag because of unnecessary government regulation.

Although we have seen enormous strides made in the deregulation of the trucking industry, it still faces some outlandish ICC tariff filing requirements. For instance, tariffs must be filed on peanuts "roasted and salted in the shell," while peanuts "shelled, salted, not roasted or otherwise" are exempt. The ICC doesn't worry about cranberries "partially frozen," but tariffs for cranberries "purposely quick frozen" must be filed in Washington. I'm sure you'll all lie awake tonight wondering why no filing is required for "manure, in the natural state," while filing is necessary for "manure, fermented, with additives such as yeast and molds, producing a rich liquor which in water solution is used for soil enrichment." Generally, American-made goods require 12 to 15 movements from raw materials to the finished product before reaching consumers, while imports require an average of one to two movements once they reach U.S. shores. So trucking regulation hurts us tremendously in competing against foreign imports.

Yet another stumbling block to this country's economic competitiveness is the continued existence of the 1974 Corporate Average Fuel Economy rules. These rules require automobile manufacturers to guarantee that all of the cars they sell in a year average out to 25 - 27.5 miles per gallon. Otherwise, they must pay huge fines. These rules are the sole reason cars today are smaller and have smaller engines. I am pushing hard for the legislative repeal of these requirements because they work to the great disadvantage of U.S. auto manufacturers and will force them over the next few years to export jobs by importing both cars and large components of cars to be sold under U.S. brand names. The fuel economy rules are also handicapping our companies in facing the new competition from foreign manufacturers in larger, more luxurious models.

These are just a few examples of transportation regulations still in existence that are hindering our economic progress at home and abroad. If that weren't enough, we also must face the battle to hold the ground we've already won on this issue.

Unfortunately, not everyone is happy with a more responsive and freer marketplace. Free markets often spark rapid, unpredictable changes. This is unsettling to those accustomed to the lethargic pace of industries entangled in webs of regulations. In the last Congress, we narrowly beat back an effort to gut rail deregulation. Although the coal and utility companies behind that effort know that their rates are lower and service better, they still believe they can get a sweeter deal from the U.S. Congress. They are renewing their appeal for reregulation in the current session of Congress, and we will continue our strong efforts to oppose such legislation .

An even more immediate concern is the so-called "Airline Consumers Bill," which has now passed both houses of Congress and is awaiting conference. It's true that consumer satisfaction with airline service is low, but reregulation won't solve the problems.

We've taken a series of measures to cope with the growth in demand for aviation services. Our long-range National Airspace Plan encompasses the expansion of the nation's airspace and airport facilities to accommodate the steady growth of air traffic. Under the NAS Plan, virtually all the equipment and computer software in the air traffic control system is being replaced. Last fall, we implemented a new

requirement designed to provide passengers with information about the major airlines' on-time performance and baggage handling records.

In response to the new consumer rule and several other initiatives, delays and consumer complaints began to drop late last summer. Delays were down 28 percent over the last six months of 1987, compared to the last half of 1986.

We are also examining the current federal role in aviation. When we deregulated the airlines, we did not deregulate safety. Our system is still the safest in the world, and safety will continue to be our top priority. For over thirty years, and even in the two decades before the deregulation of the airlines, there has been a drumbeat of complaints about how the Federal Aviation Administration, which is a part of the Department of Transportation, does its job. Simply stated, the FAA cannot satisfactorily keep pace with the rate of change in aviation. Take, for example, the air traffic control system, which has a critical, around-the-clock function. Its operations are seriously hindered by federal budget, procurement and personnel requirements, which make it much more difficult for air traffic control to keep up with the rapidly changing aviation environment. So last month, I announced the Reagan Administration's support for fundamental change in the FAA. In the months ahead, I intend to work with Congress and the aviation community to build a consensus on how we can effectively address this decades-old problem. I also recently established a high-level task force to recommend internal FAA reforms. The task force will focus on what we can do to improve the FAA's performance within existing laws. I have ordered the task force to report its findings to me by the end of April. But the basic changes needed will still require action by Congress.

Economic deregulation of transportation did not occur in the late '70s and early '80s because some people concocted a unique application of economic theory; rather, there was a bipartisan consensus that concluded that economic regulation of transportation was inefficient, costly and unnecessary.

No economic regulatory system, however thoughtfully devised, can hope to keep pace with the operational and technological changes that a dynamic, competitive industry will develop. Any system that elevates the decision of a handful of officials in Washington over the daily choices of thousands of shippers and millions of consumers will simply slow progress, impairing service while raising prices to benefit relatively few people in the regulated industry.

I am confident that those few who wish to reshackle transportation to a discredited, outmoded theory of economic regulation will get little sympathy from the 240 million Americans who garner tremendous benefits from economic deregulation.

I'd like to spend a moment or two more discussing some other priorities for the Department this year. While we are looking into ways to reform the FAA in a fundamental way, we are making every effort to ensure that our aviation system remains the safest in the world. Earlier this month, I announced a Notice of Proposed Rulemaking that calls for drug testing for all employees in the aviation industry who have sensitive safety or security-related jobs. This rulemaking would require testing in several circumstances, including random testing, for employees in sensitive safety and security-related positions at all of the nation's airlines and at other commercial aviation operations. Among those subject to testing under the proposed rule are commercial pilots, flight attendants, flight engineers, mechanics

and aviation security screeners. This rulemaking is the first of several to establish comprehensive drug testing programs in all major modes of transportation.

This proposal is only one of many steps the Department of Transportation has taken toward ensuring a drug-free transportation system. In 1986 we implemented a rule that required testing of railroad employees for both alcohol and illegal drugs during pre-employment physicals, after major train accidents, and upon reasonable suspicion. We are now in the process of appealing to the Supreme Court the misguided Ninth Circuit ruling which struck down this rule and which is inconsistent with every other Court of Appeals ruling on drug testing. As the dissenting judge wrote in his strongly-worded opinion, "Locomotives in the hands of drug or alcohol-impaired employees are the substantial equivalents of time bombs endangering the lives of thousands."

Drug testing involves difficult issues, and there are different ways to approach the process of rehabilitation of those who use drugs. But I firmly believe that drug testing -- especially random testing -- is absolutely critical in our efforts to create a drug free aviation system for the American people. No matter how stringent our safety regulations and no matter how sophisticated our technology, all it takes is one person on drugs in one of these sensitive airline jobs to endanger the lives of hundreds of innocent people.

We are also focusing on eliminating the supply of drugs coming in to the United States through Coast Guard drug interdiction efforts. Last year alone, the Coast Guard seized one million pounds of marijuana and almost 14,000 pounds of cocaine, with a street value of $2.5 billion. And just two weeks ago, in the second largest seizure of marijuana in West Coast history, they seized 22 tons of marijuana with a wholesale value of $56 million.

The men and women of the Coast Guard regularly risk their lives in efforts to save the lives of others, directly through search and rescue missions and indirectly through drug interdiction. Surely there are few nobler contributions one can make to his country, and I cannot commend or encourage this heroic commitment enough.

Despite this outstanding record, Congress cut the Coast Guard operating account by $72 million below President Reagan's request in the '88 Continuing Resolution, and that account was already about $30 million short due to other factors. I sought and received the President's support for a $60 million reprogramming request to Congress to partially restore those funds. As you know, the federal government is under severe budget pressure, and tough choices have to be made. In transportation, I believe that the Coast Guard's drug interdiction and lifesaving search and rescue missions, along with funding of aviation safety programs, are of paramount importance. Therefore, we have requested substantial increases for the Coast Guard and the FAA in FY 1989, offset by proposed cuts in useful but less critical programs such as Amtrak and mass transit subsidies.

I have touched only briefly on the diverse responsibilities of the Department, which also includes the Federal Highway Administration, the Federal Railroad Administration, the National Highway Traffic Safety Administration, the Maritime Administration, the Urban Mass Transportation Administration, the Saint Lawrence Seaway Authority, the Office of Commercial Space Transportation, international negotiators on aviation and maritime matters and the folks who regulate truck and pipeline safety. But let me close by saying that while I am Secretary of

Transportation, I intend to work to preserve and expand the benefits of economic deregulation, while doing everything possible to ensure that America's transportation system remains the safest in the world.

Thank you very much.

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U.S. Department of Transportation

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
CENTRAL DISTRICT OF NORTH CAROLINA ASSOCIATION OF STUDENT COUNCILS
MARCH 26, 1988
HIGH POINT, NORTH CAROLINA

Good morning. It's a great pleasure to be here -- to be home. I hope your annual meeting is productive; I won't tell you how long it has been since I was sitting right where you are, listening to some visiting speaker tell me about the ways of the world. Well, I had to sit through those lectures, and now it's your turn.

School, the British playwright Bernard Shaw wrote, is a penal colony. Some of you may heartily agree. But I would remind you of two things: first, Shaw went to school at a time when floggings and whippings were commonplace. Shaw, being a bit of a smart alec, was understandably pained by school -- virtually every day, he recalls, someone caned him or boxed his ears. Imagine how hard it would be to concentrate on studying the Constitution, Nathaniel Hawthorne or chemistry equations with stinging knuckles and a sore backside.

Second, while prison is a form of punishment, school is a privilege. When you liken your next history or government paper to cruel torture, think about all the young people around the world who would love to have the chance just to learn to read, to own a book, to have their days occupied with school instead of hunger or heavy labor or war. We, as Americans, are the most fortunate people on this earth. Your entire lives are before you and you enjoy the precious liberties of our democratic society -- liberties that many millions of Americans have given their lives to secure. Freedom is very easily taken for granted. But I have confidence that those of you here today, who have already demonstrated leadership in your schools' student councils, will always remember and appreciate your freedom. You are presented with rare opportunities, and I urge you to make the most of them.

I'd like to tell you a little about my job, about the kinds of challenges I face every day as the Secretary of Transportation. The Department of Transportation has 100,000 employees and a budget of $26 billion per year. The Department is broken down into nine operating arms. The Coast Guard and the Federal Aviation Administration are the biggest and perhaps the most well known. Some of the

others are the Federal Highway Administration, the Federal Railroad Administration, the Urban Mass Transportation Administration and the Maritime Administration. It's a lot to keep track of, but I enjoy it. I am able to hold my own in large part because of the education I received in this very high school.

I have been spending a lot of time recently on a very important national issue: the economic deregulation of the U.S. airline, railroad and trucking industries. Now the term "economic deregulation" may sound like bureaucratic jargon, but, in practice, economic deregulation makes excellent sense. It simply means letting individuals and companies make their own decisions, instead of having government agencies tell them what to do. You have probably heard President Reagan talk about the "magic of the marketplace"; that is part of the concept of economic deregulation.

In the mid 1970s, a consensus emerged in this country that the federal government's economic regulation of transportation industries was unhealthy. These restrictions made the industries inefficient and caused transportation costs to be artificially high. You may not realize that the cost of transportation accounts for one-quarter of the cost of a delivered product. That means that everything you buy in a store, whether it's a pair of jeans or a compact disc or a pack of gum, has the cost of transportation calculated into the final price. So, for instance, when economic regulation drives up costs for trucking companies, you end up paying for that increase.

The restrictions that were imposed on companies by the federal government resulted in a lack of healthy competition in transportation industries. Excessive federal government intervention made it extremely difficult for industries to respond to changes in consumer demands. Thus, these industries became lethargic and complacent, sort of like an out of shape athlete who, for a lack of any real competition, gradually lets his muscles get flabby and his coordination slacken.

In the case of the airline industry, airfares were jacked up much higher than they should have been. Before economic deregulation, flying was a luxury that only the wealthy could afford. But then deregulation brought competition to the industry, lowering air fares by $11 billion per year. Now, for the first time in the history of aviation, people of modest means can afford to fly. The number of passengers on U.S. airlines increased from 278 million in 1978, the last year of all-out economic regulation, to 450 million in 1987. To put it another way, 72 percent of adult Americans flew in 1987, up from 63 percent in 1978.

Railroads were also dramatically affected by excessive government regulation. Of the modern day forms of transportation in the United States, railroads have the longest history. Trains have always conjured up romantic visions of frontier America. But heavy government regulation nearly took this industry around its final bend in the 1970s. Railroad bankruptcies became commonplace and service and efficiency standards suffered dramatically. Trains were losing their reputation as a convenient, reasonable way to ship goods and the industry as a whole was growing at a snail's pace.

But deregulation has revitalized this once-dying industry. Since 1980, railroads and shippers have entered over 45,000 contracts. The sale of an entire railroad, Conrail, would never have been possible without deregulation. Created as a ward of the state in 1976 out of the ashes of seven bankrupt rail companies in the Northeast and Midwest, Conrail became a profitable, publicly traded, privately

owned railroad a year ago. It no longer serves as a drain on the U.S. economy. It is now accountable to its consumers and responsible for its own success. I worked with former Secretary Elizabeth Dole to structure the sale in a way that netted $1.9 billion in proceeds for the government. Today, instead of being a burden on our economy, Conrail itself is a taxpayer.

Although we have yet to reach perfection, economic deregulation has tremendously improved the efficiency and competitiveness of our nation's transportation system, which in turn has reinvigorated our entire economy. Now that you know some of the history behind economic deregulation, you will probably find it difficult to believe that there are renewed efforts in Congress to roll back these gains by re-regulating much of transportation. I find this mind boggling, and I'm doing all I can to stave off such actions.

I want to point out that there are two types of regulation that the federal government practices in transportation. I've been talking about economic deregulation, which means cutting back government control over the business side of transportation. But we also regulate safety, and everyone agrees that the federal government should continue that process. Obviously, we don't want poorly maintained planes flying around, or tractor trailers driving down our highways with no tail lights. So the federal government will continue to regulate safety, for aviation and other transportation industries.

One of the Department of Transportation's most recent safety initiatives is a proposal for drug testing of employees in commercial aviation who have sensitive safety or security-related jobs. While this rule would require testing in several situations, the most important is random testing, in which the employee is given no advance notice. Such testing works well in deterring drug use. Since the Coast Guard started testing its uniformed personnel five years ago, positive results have declined from more than 10 percent of those tested to about 3 percent.

Such testing is somewhat controversial, however, because some people view this practice as an invasion of individuals' right to privacy. The Fourth Amendment to our Constitution states that searches of individuals may not occur if they are "unreasonable." I believe, however, that our proposal's call for a "search," or a drug test, is entirely reasonable. When a drug-impaired pilot or train engineer can endanger hundreds of lives, it is clearly justifiable to ask people in those professions to submit to carefully controlled testing. While the majority of courts have upheld testing, a few have found it unconstitutional. I expect the Supreme Court to rule later this year.

Now I'd like to discuss for a moment, another difficult issue on which I'm sure all of you have an opinion. The President and Mrs. Reagan have taken a special interest in the national epidemic of drug and alcohol abuse -- especially among young adults. Although the President usually defers to state governments on traffic law issues, he believed federal leadership was needed to encourage states to raise their legal drinking age to twenty-one. A uniform drinking age, as the President explains, has done away with the remaining "blood borders" in this country. "Blood borders" is a term that refers to the situation of teenagers driving longer distances to cross state lines in order to take advantage of lower drinking age laws.

I know, and the President knows, that there are a lot of responsible young people out there, but the statistics are too grisly to ignore. Drivers between the ages of eighteen and twenty are more than twice as likely as older drivers to become

involved in alcohol-related accidents. It is estimated that 3,538 teenagers died in alcohol-related car accidents in 1986.

In every state, though, as the drinking age has been raised, teenage automobile fatalities have declined. In fact, the higher drinking ages are already responsible for saving approximately 700 lives annually. I know it's still possible for you to get your hands on alcohol if you try hard enough. But it's illegal and it's just plain dumb to mix alcohol and automobiles. When you drink, you not only put your own life on the line, you endanger others. I did not come here today to preach, but I do want to appeal to your common sense on what is truly a life or death issue.

I would like to close on a more upbeat note by encouraging all of you to continue to learn as much as you can about your government and the way it works. This is your government, after all. Your student council activities are excellent training, and I expect many of you will find yourselves participating in federal, state or local government affairs in a few years.

Some of the greatest civilizations on this earth perished because their citizens ceased to be alert to threats that can arise both internally and externally. The ancient Greeks reached the pinnacle of human achievement, and yet they were largely indifferent to the cancer of slavery within their borders, and to the danger posed by invading barbarians outside their borders. In the 1930s, Britain and France, despite having attained unrivaled wealth and influence, lay sleeping in the face of the growing Nazi menace, which was destined to cripple a civilization built over centuries. It is not easy to recover once the damage is done. Greece has never been what it once was, and Britain and France are still a long way from the world influence they once enjoyed.

Our nation must continue to be a beacon of hope to the people around the world who live in fear of speaking or writing freely, or of attending the churches of their choice. The only way we can remain an inspiration and a force for good is if we, ourselves, remain steadfast in our belief in the preservation of liberty.

You are among the best and the brightest young people in this country. You are our investment in the future; it is you who will lead this nation into the next century. And it is you who must remain committed to keeping America free and strong. So I urge you to begin playing an active role in government now. Pick a candidate for public office whom you believe in, and volunteer to help that person get elected. You can begin influencing the future of your country this year. If politics outside of school do not interest you much now, volunteer some time each week to a charity that gives help to others. Don't put off making a contribution to your community, because tomorrow you'll be just as busy. Now is the time to start making a positive difference in the lives of others and in the political process. I know from personal experience that your offers of help will be warmly received.

Good luck with the rest of your high school careers.

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U.S. Department of Transportation

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TESTIMONY OF JIM BURNLEY, SECRETARY OF TRANSPORTATION
BEFORE THE
AVIATION SAFETY COMMISSION
MARCH 31, 1988

I appreciate the opportunity to present to the Commission the information I provided last week to the Senate Commerce Committee's Subcommittee on Aviation. I believe Senator Ford's series of hearings on FAA reform have been very helpful in framing the key issues. As you approach the conclusion of your deliberations, I believe it is important that you have an accurate understanding of all aspects of the FAA's present structure and processes.

Technological advances in the airline industry have occurred at a rapid pace since the early days of commercial air travel. The Federal Aviation Administration, the agency charged with operating the air traffic control system, regulating air safety, and promoting aviation, has struggled for years to keep pace with these changes and with fluctuations in the consumer marketplace.

The demands on the U.S. aviation system are not going to get any lighter in the foreseeable future. In the years to come, more Americans will be flying more often and the structures for managing this growth must necessarily become more sophisticated. Thus, fundamental changes in the current structure of the FAA are essential if we are to continue to have the safest, most efficient aviation system in the world.

Many of the positive responses I have received after my testimony last week before the Subcommittee on Aviation were from airline industry CEOs, members of Congress, the general public, and most significantly from line controllers. They

indicate a growing sense of urgency about the need to address the structural problems of the FAA.

As you are aware, a wide range of alternatives to reform the FAA are currently being debated. They span from just removing the Airport and Airway Trust Fund from the budget process to a full privatization of the air traffic control system. While it is certainly beneficial for us to examine the broad spectrum of proposals in this crucial debate, we should also remember that we must learn from the past. More than three decades have passed since the first concerns about the federal government's ability to cope with a dynamic and growing air travel network were raised; and these concerns have been strikingly constant over the years. They long pre-date the economic deregulation of the airlines and the air traffic controllers' strike. Worries about the air traffic control system and staff being overworked, the threats of increased mid-air collisions, and the need for state-of-the-art equipment are, unfortunately, 30 year-old news.

In a speech at the National Press Club in February, I outlined a set of five criteria by which I think any proposal to reform the FAA should be judged. The first three criteria address some of the most debilitating problems at the FAA: procurement delays that prevent timely acquisition of new technology, rigid personnel rules that prohibit efficient deployment of air traffic control staff, and the federal budget uncertainties that can threaten planning for air traffic control operations. The fourth and most critical criterion calls for adequate levels of oversight and accountability in the implementation and enforcement of safety regulations. Health and safety regulations are universally viewed as governmental responsibilities, and the American people expect particularly strict government oversight of aviation safety. Last, I think it's important that we have consistency in both safety regulation and in the delivery of air traffic control services at every level of the organization in charge of each.

Today I will concentrate on the importance of that fourth criterion and give you some background on the Department's relationship over the years with the FAA. As I emphasized last week before Senator Ford's subcommittee, the examples I will note are intended to highlight structural problems. It is simply wrong to interpret my testimony as explicitly or implicitly critical of particular personnel.

The FAA is different from most other federal agencies in that it combines three distinct -- and often conflicting -- missions. First, it must enforce and establish safety regulations for a private industry, a policing role. Second, as a service provider, it operates the air traffic control system for the benefit of public and private aviation. Third, it is directed by statute and takes seriously its responsibility "to encourage and foster the development of civil aeronautics and air commerce."

How can we reasonably expect the FAA or any other entity to be a service industry, a promotional bureau, and at the same time act as an enforcement agency? This tripartite mission is very odd when compared to other modes of transportation or federal regulatory agencies. For example, the Maritime Administration promotes the commercial interests of the maritime industry, but the Coast Guard regulates and enforces maritime safety. The Federal Railroad Administration regulates rail safety, but it doesn't operate switching yards and it no longer runs railroads. The National Highway Transportation Safety Administration issues motor vehicle safety standards, but the Department of Commerce promotes the automobile industry. The good sense of these arrangements is obvious. The federal government

should not only avoid actual conflicts of interest, but even the appearance of a conflict, particularly when the safety of the traveling public is at stake.

Since it must constantly juggle the interests and desires of its immediate constituents -- the aviation community -- with those of the general public, the FAA has sometimes had difficulty managing its safety regulatory role.

The problems at the FAA are not with the people. The FAA is filled with competent, committed professionals. The present structure of the agency, however, puts them in an untenable situation. I strongly believe that the operational side of the FAA -- air traffic control -- should be liberated from the bureaucratic red tape that binds all federal agencies. At the same time, I think it is absolutely critical that safety regulation and enforcement remain in the Executive Branch.

As I said in testimony before the Subcommittee on Aviation last week, I am not alone in this concern. When National Transportation Safety Board Chairman Jim Burnett testified before the same Subcommittee last fall against creation of an independent FAA, he said, "On the other hand, from where I view it, the DOT has, on occasion, provided the pressure needed to get significant safety board recommendations implemented -- recommendations that, based on FAA resistance, would be languishing still without the Secretary's 'interference'."

Chairman Burnett pointed to NTSB's uphill battle to convince the FAA of the importance of upgrading cockpit voice recorder and flight data recorder standards. The FAA had resisted for years the board's advice in this area. He noted that only former Secretary Dole's intervention had prevented the FAA from opposing outright international cooperative efforts to upgrade the standards for these recorders. When the FAA eventually submitted a rule for OST review, it fell short of NTSB's recommendations; but in his testimony before you, Chairman Burnett gave my predecessor credit for having gotten the FAA to take any action at all. I should note that Congress included a directive in the Continuing Resolution last December requiring the FAA to issue another rule further expanding the categories of aircraft that must be equipped with recorders.

As Chairman Burnett's testimony illustrates, the inherent conflict in the FAA's missions is more than theoretical. Just as I have been impressed with the superb job the FAA does, with limited resources, handling air traffic, I have been equally dismayed at the institutional resistance to improving safety regulations. Sometimes, a clear signal from the Administrator or the Secretary is all that is required to get things moving. On other occasions, as I testified last week, it has been necessary to use the bureaucratic equivalent of a cattle prod to get the FAA to take needed safety actions.

Accusations that the Office of the Secretary has on occasion second guessed the FAA are entirely true. Take, for example, the question of the duration of airman medical certificates. In December 1983, the FAA submitted to the Secretary a draft final rule that would have extended the duration of certain airman medical certificates. The FAA did not classify the rule as significant, but OST insisted on reviewing the rule because of its potential adverse effect on safety. The FAA found that decreasing the frequency of medical exams for pilots under the age of 55 would save $59.5 million in the cost of medical examinations. The FAA recognized that there would be additional accidents due to undiscovered medical conditions; over 10 years, it estimated the rule would lead to approximately 36 fatalities, 3 serious injuries, and 7 minor injuries, along with 19 destroyed and 5 substantially damaged

aircrafts. However, because the FAA put a value of only $18.2 million on these lives, injuries, and damages, it argued that the rule should go forward. The Secretary refused to permit the rule to be issued.

Even years of Congressional pressure to beef up safety standards have not always produced the desired results. In testimony before the House Public Works Committee's Subcommittee on Aviation in 1984, for example, Representative Levitas observed, "In the course of our hearings we learned that FAA began an investigation of a 1961, I repeat, 1961 -- that is 23 years ago -- accident in Denver, Colorado, that airline passengers who survived impact were killed by toxic gases as they attempted to evacuate the aircraft in a post-crash fire situation."

Following a lengthy description of what he described as the FAA's "start, stop, begin, pull back program" on cabin interior materials and flammability, he noted that it had been 18 years since the FAA first issued an NPRM called "Crashworthiness and Passenger Evacuation," yet the FAA still had as a flammability standard a 1947 regulation.

This failure to respond by the FAA occurred despite constant Congressional pressure and a series of hearings. As Representative Mineta said at this same hearing in his opening statement," . . . [I]t is a measure of our frustration with the past performance of the FAA as a safety regulator that we are here today to consider a long list of bills which would direct the FAA to take various actions to further improve aviation safety. Particularly in the areas of crashworthiness and fire safety, there is a long history of hearings in this Committee extending back to 1976, urging regulatory actions by the FAA. . . ." Representative Mineta became so frustrated that he demanded that the FAA provide the Subcommittee with a monthly report on progress in issuing new cabin safety rules.

When Secretary Dole learned of the FAA's nearly two decades of footdragging on this issue, she immediately ordered that upgraded cabin rules be completed and issued without further delay. As a result of her sustained personal commitment and continuing Congressional pressure, the FAA at long last began to issue rules setting tougher flammability standards for seat cushions and interior cabin materials; and requiring floor level emergency lighting, smoke detectors and automatic fire extinguishers in lavatories, more fire extinguishers in the cabin and tougher standards for crewmember protective breathing equipment.

Stronger oversight by the Office of the Secretary, and particularly the activities of the Safety Review Task Force, not only led to issuance of the rules I have mentioned; it also dramatically shortened the time an FAA rulemaking consumes. Secretary Dole established throughout the Department deadlines for each significant rulemaking. Over the last five years the average time from the FAA's first notice to the final rule has been about 19 months, compared to an average of 32 months over the preceding five-year period of 1978 to 1983.

I think we can further improve rulemaking procedures. The FAA recently had an outside contractor analyze the rulemaking process. This chart, prepared by the contractor, and which I know the Commission members have seen before, vividly illustrates the problem. The boxes indicate which offices have to review a rulemaking at the advance notice of proposed rulemaking, the notice of proposed rulemaking, and final rule stages. There are six OMB boxes, 16 OST boxes and 355 FAA boxes. Obviously, we ought to be able to further streamline this system, and I have asked our internal task force on FAA Reform to take a hard look at it.

I understand from inquiries made to the Department by Commission staff that some interest has been expressed by members of the commission about the status of an FAA rulemaking regarding Airport Certification. Among other issues, the rule dealt with the safety of fueling operations in airports. I'd like to clarify any misunderstandings that have arisen about the history of that rulemaking. The Notice of Proposed Rulemaking was issued on October 23, 1985. It took the FAA almost a year and a half to forward the rule to the Office of the Secretary for review on February 12, 1987. It was circulated among Department offices. On April 20, it was forwarded to me, then Deputy Secretary, for review. Because of the important safety issues involved, I asked the Safety Review Task Force to take a careful look at the rule to ensure that it presented no safety problems. After extensive consultations with FAA staff, the Task Force concluded that it was sufficiently safe but added a new section to the rule that addressed the safety questions in greater detail than did the original draft. The Secretary approved the rule on June 11, 1987 and it was forwarded to OMB. OMB kept it until late September, then after meetings with FAA and OST staff regarding suggested changes, sent it back for revision. Formal OMB approval was issued on October 29, 1987. The rule appeared in the Federal Register on November 18, 1987.

In its 1987 Report to the Congress on management of the Department, the General Accounting Office said that as a result of the work of the Safety Review Task Force and several other Secretarial initiatives, the "FAA is making a comprehensive, systematic effort to update safety regulations; realign inspector duties and responsibilities to more closely fit conditions in the airline industry; use automated program data to determine staffing requirements; revise its criteria and procedures for hiring and training inspectors; strengthen its ability to anticipate changes in the program environment; and assure that inspection offices receive accurate, timely, and consistent policy and program guidance."

The inspector staffing example cited by GAO is somewhat notorious. In the early 1980s, the FAA cut the inspector workforce by 25 percent because it thought increased management and automation eliminated the need for so many inspectors. Even when this did not turn out to be the case and Congressional and public concern mounted, the FAA did nothing to reinforce its depleted ranks. After Elizabeth Dole became Secretary and learned of that decision, she ordered that it be reversed and that the FAA undertake an inspector hiring and training program. She also ordered that the inspection process be completely overhauled, in no small part to get rid of the "buddy system" that had existed for years between the carriers and those assigned to police them, who were not rotated to new positions frequently enough. Her tough actions on safety evoked some hostility. For example, a senior executive from a major airline told me recently that he strongly supports an independent FAA, because the Office of the Secretary in recent years has pressed the FAA to be too "confrontational" toward the industry on safety issues.

Although we have made some progress, the FAA continues to require close, constant oversight. In April 1986, the Safety Review Task Force, in its preliminary draft report on FAA domestic aviation security, recommended that the FAA require that everyone, including airline and airport personnel, who entered a secured area be screened by the same process used to screen passengers. During discussions about the preliminary recommendations, FAA staffers and industry representatives strenuously opposed this recommendation as too burdensome and insisted that it be modified to recommend "tighter" but not universal screening of employees. Even though the Task Force agreed to make this change, the FAA delayed

implementation of the recommendation on employee screening for a year. They also failed to fully implement a later decision requiring 100 percent detection of FAA test objects.

After the PSA tragedy last December, I ordered that universal screening be implemented and reiterated my previous request that enforcement of aviation security regulations be stiffened. Yet I discovered just recently that, among other problems, the FAA staff was taking enforcement action only if the screeners failed to detect at least three out of five test objects, and was only issuing a fine for the third failure. Furthermore, violations at different airports where the same airline had partial or sole responsibility were not being added together. On March 8, I sent a memorandum to the Administrator asking that he give his personal attention to this matter to ensure that all aviation security regulations were being vigorously enforced. He agreed.

The FAA's approach to aviation security is indicative of the inherent conflict in its mission that I alluded to earlier. But it is also an illustration of the FAA's well-known "culture." To some extent, that culture is a product of the FAA's closeness to the specialized industry that it regulates, services and promotes.

Commenting on one manifestation of the FAA's institutional mindset in a recent public television documentary on the FAA's slowness in improving cabin safety rules, Representative Oberstar described the FAA as having "its vision on the long term, the perfect -- trying to achieve that goal of perfection. While waiting for that to arrive, they dismiss other short-term, more useful, and lower cost interim, very beneficial steps."

The Congressman's astute observation underscores a critical point: no one at the FAA is anti-safety. Just the opposite is true. But often it takes someone from outside the organization to insist that there may be ways to enhance safety that are being overlooked. As Chairman Burnett has pointed out, that person will be more effective if he or she has authority to make binding decisions in regulatory and safety matters. It is a classic case of the value of a system of checks and balances.

The need for checks and balances was also demonstrated by the problem that arose in medical certification of pilots. In November 1986, it was discovered that the Federal Air Surgeon overruled his expert medical staff in rectifying numerous pilots with serious medical problems. Despite unprecedented, repeated expressions of strong concern by airline and labor representatives, the FAA leadership's reaction was to protect and defend these decisions. The Secretary had to insist that corrective action be taken. As a result, the Air Surgeon was removed from his position, and all of the "special issuances" he approved for pilots were reviewed and evaluated by an outside team of physicians.

As I mentioned, some aviation interest groups have argued that one advantage of an independent FAA is that the Department could no longer meddle in the FAA's business or "micromanage" its affairs. However, anytime you have the regulated interests arguing that they need less oversight from those charged with regulating them on safety matters, healthy skepticism is in order. It was "micromanagement" that got us, among other things, updated and stricter cabin safety rules and more inspectors, as the 1987 GAO management study documents.

As a provider of air traffic control services, the FAA would be able to do a better job if it were freed of the funding, procurement and personnel constraints that go

with being a federal agency. Promotional responsibilities could go with air traffic services or be assigned to another appropriate agency -- such as the Department of Commerce. Yet, as the examples I have mentioned illustrate, I believe the evidence is overwhelming that safety regulation of aviation must have day-to-day oversight, or else accountability will be lost. If we compromise that accountability, we will be ultimately compromising safety. Additionally, aviation safety regulatory functions are simply too important to be left to the vagaries of a totally independent entity. They belong in the Executive Branch, where the President, Congress and the American people can all exercise strict oversight.

Before us lies an historic opportunity for positive reform at the FAA. We must build together on the consensus belief that basic change is needed. The momentum is with us to make such changes, but we will miss this opportunity if we try to sell the American people a bill of goods on safety. I believe you can provide critical leadership in recommending constructive changes that will enhance the safety of aviation. I will continue to be at your disposal to assist you in any fashion you deem appropriate.

Thank you very much.

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