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 SECOND ANNUAL DRIVE FOR LIFE CAMPAIGN WASHINGTON, D.C. SEPTEMBER 2, 1988

Labor Day weekend is a time for the people of this nation to relax, to spend time with their families and friends, to celebrate life. There could be no better time to hold the "Drive for Life" campaign -- a campaign that saves lives by reminding Americans of the too often ignored danger of driving under the influence of alcohol or drugs. I salute Mothers Against Drunk Driving (MADD) and Volkswagen USA, Inc., for sponsoring this important event.

At the same time we move forward with this campaign of hope and responsibility, I want to remember those whose lives have already been lost due to drunken or drugged driving. It was with great sadness that we received the news of last May's worst-ever single drunken driving crash in our history. This weekend, our thoughts and deepest sympathies will be with the families of the 27 people killed in the Kentucky church bus tragedy, and with the millions of other Americans whose lives have been lost or irreparably damaged by alcohol-related crashes.

Last year, over 46,000 people died in traffic crashes, of which an estimated 51 percent were alcohol-related. For people between the ages of 5 and 34, traffic crashes are the single greatest cause of death, and more than half of these crashes are alcohol-related. An average of 65 people are killed every day and one person is injured every minute due to alcohol-related traffic crashes.

We must constantly remind the American people of these statistics, and do all we can to mobilize them to stop the carnage. Over the last eight years, MADD and other citizen groups have had a noticeable impact on our society. There has been a change in attitudes toward drinking and driving, and this change has translated into saved lives: from 1982 to 1987, there was a 14 percent drop in the proportion of fatalities involving drunken driving. And the Gallup Organization reports that 78 percent of all American drivers would be willing to serve as a "designated driver" -- an individual who doesn't drink on some nights out and then drives friends home safely.

Earlier this week, Hollywood announced a coordinated program to promote designated drivers with public service announcements and by working dialogue on the subject into many popular television shows. All three major networks and the studios that produce most of their programming are taking part in this commendable effort. Such private-sector involvement is an important element in our national battle against drunken driving.

I am especially encouraged by statistics that show young people are responding to both First Lady Nancy Reagan's "Just Say No to Drugs" campaign and to the campaign for safe driving. Since 1980, there has been a steady decline in the percentage of high school seniors using marijuana and hashish; and for the past three years, cocaine use among high school seniors has been decreasing. Of all teenage drivers involved in fatal accidents, the proportion attributable to drunken driving dropped 34 percent from 1982 to 1987. Programs such as "Project Graduation," which encourages celebrations without alcohol or drugs, are clearly having an impact. And the national 21-year-old drinking age, now adopted by all states and the District of Columbia as a result of federal legislation, has eliminated our country's "blood borders." MADD was instrumental in this effort, and President Reagan considers this one of his most important accomplishments. Between 1982 and 1987, state age-21 laws saved an estimated 4,500 lives.

These public education campaigns would not be as successful as they are, however, without the teeth of tough law enforcement behind them. Many states have instituted strict punishments for drunken drivers, including jail terms for repeat offenders. In short, drunken drivers can expect, as we say in the South, a heap of trouble from the law.

However, we are a long way from complete victory. That's why "Drive for Life" is so important. I'll be driving with my lights on tomorrow, and I urge all Americans to do the same.

I also want to take this opportunity to announce that this weekend the Department of Transportation is launching its "Battle Zone" campaign against drunken and drugged driving. Its centerpiece will be public service announcements that have been distributed to all the networks and local stations around the country; we are also distributing radio versions.

# # # #

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
FLORIDA COMMERCIAL SPACE CONFERENCE
ORLANDO, FLORIDA
SEPTEMBER 9, 1988

The leadership of Governor Bob Martinez and Secretary of Commerce Jeb Bush has kept Florida on the cutting edge of space. Today's Space Conference and Governor Martinez' successful Commission on Space are indicative of this state's dedication to our national space program. While these efforts will certainly provide a boost for Florida's economy and image, they are also important events for the nation. In fact, this activity in Florida, and similar activity in other states, is precisely what the Reagan-Bush Administration hoped to foster with its reorganization of our national space program.

America is a nation built on the notion of the frontier -- she belongs in space and belongs in the forefront of space exploration and commerce. From our earliest history, we Americans have been a people dedicated to discovery. The United States pioneered in fields such as space-based astronomy; exploration of the planets; weather, communications and navigation satellites; remote sensing of the earth's resources from space; and materials processing and manufacturing in space. Of course, our exploration of the moon in the late '60s and early '70s will be viewed 500 years from now in the same light as we view the voyages of Columbus.

Yet in many quarters, the period since the Apollo program ended has been viewed as years of uncertainty and hesitancy. The question has been asked over and over: has the United States lost its preeminence in space? I believe the answer is an emphatic "no," but the question is legitimate. It is grounded in the history of the U.S. space program. I want to briefly review with you that evolutionary process.

This year, NASA celebrates its 30th anniversary. Its predecessor, the National Advisory Committee for Aeronautics (NACA), spearheaded research and development of aviation technology. The NACA's record was stellar, and throughout its history it focused primarily on research and development, leaving manufacturing and operation of aircraft to private industry. This arrangement made good sense: the NACA could undertake those research projects that were too expensive or for which financial returns were too far off to tempt private industry. And the forces of private enterprise led to cost reductions and the production of widely accessible aircraft.

In the formative years of our space program, NASA similarly developed expendable launch vehicles (ELVs) for spacecraft and satellites. Then, in the mid-'60s, the commercial satellite industry began to develop, and NASA launched those satellites as well. In retrospect, I believe it is clear that this move transformed NASA from a research and development institution into a monopolistic manager of the space program. There was no opportunity for emergence of a private launch industry, as there had been in aviation, because no private company could compete with NASA's heavily subsidized launchings.

This expansion of NASA's duties was accompanied by severe budget cuts. NASA was forced onto a starvation diet, with its budget slashed by 75 percent between 1965 and 1975 as the Apollo program wound down. Lacking the funds to pursue its scientific objectives, NASA tried to keep fit by attracting commercial interests. As the Rogers Commission concluded, by the mid-1970s NASA lacked not only funds, but the coherent, sustained vision so necessary for its success and public support.

In 1981, it fell to the Reagan-Bush Administration to begin the process of untangling and then strengthening our national efforts in space. We have made great progress, and today we have a clear framework for future space endeavors. Our reorganized space program will, first: allow NASA to focus on a host of space projects including the Pathfinder Project, the launching of the Hubble space telescope, and the manned space station. Public enthusiasm will surely swell once these projects reach maturity.

Second, and the reason why we are here today: through a series of policy decisions, the Reagan-Bush Administration has created the conditions necessary for a commercial space launch industry. In 1984 President Reagan issued Executive Order 12495, which initially encouraged the private sector to enter the space launch business and gave the Department of Transportation primary responsibility for clearing away government impediments to its growth.

Congress hopped on the bandwagon later that year with the passage of the Commercial Space Launch Act (CSLA). This Act reaffirmed the Department's role and that same year we opened our Office of Commercial Space Transportation. Since this office was created, the regulatory burden on launch companies has been greatly eased. Prior to this move, companies planning a rocket launch had to obtain approvals from more than a dozen government agencies; now they come straight to the OCST.

It was the 1986 Challenger tragedy that forced all of us to carefully reexamine our national space program. We learned from the Rogers Commission that the shuttle system would not have come close to meeting its projected schedule, even without the Challenger accident. In the most painful way possible, we came to understand the danger to our national security and leadership in space of reliance on one launch system. In August, 1986, President Reagan announced that the shuttle would be dedicated to research and development, military missions and shuttle-unique payloads. This announcement sent a sure signal to those in theprivate sector that the U.S. government's monopoly in the launch business was over.

The redefinition of U.S. space policies culminated last February, when the President issued his Directive on National Space Policy. As the Directive states, "government space sectors shall purchase commercially available space goods and services to the fullest extent feasible and shall not conduct activities with potential commercial application .... Except for national security or public safety reasons." In other words, from now on the government will be a customer, not a taxpayer-subsidized competitor against private companies. Additionally, the U.S. government declared it would do everything reasonably possible to give commercial vendors access to necessary launch facilities.

Last July, I announced the Department's Commercial Launch Manifest, listing 20 scheduled payloads that private firms plan to launch for foreign, commercial and U.S. government customers. Of the signed contracts, 11 come from foreign governments or international organizations. These agreements will reduce the U.S. trade deficit by more than $600 million. Altogether, these 20 payloads generate about $900 million in launch contracts. Gearing up for this demand, U.S. firms have invested more than $500 million, and they project that these launches could generate as many as 8,000 new jobs.

The licensing process we administer from the Department includes both mission review and safety review of launches by U.S. companies. In the mission reviews, we check for any reasons why we shouldn't allow a mission -- we look primarily at national security and foreign policy issues, such as technology transfer. Then we conduct the safety review, during which we look at the nuts and bolts of the proposed mission: Are the people qualified? Is the procedure sound? In short, is public safety protected?

As ordered, the U.S. government has also begun to rely more heavily on the commercial sector for launch services. General Dynamics has a contract to launch three government weather satellites, and Martin Marietta is launching INMARSAT communications satellites.

Also, and we hope soon, we expect to be asked to license private and/or state-run launch facilities. Florida is one of several states that has expressed a strong interest in establishing a commercial launch site within its borders. I cannot encourage your effort strongly enough, and I think your work so far demonstrates the combination of zeal and sophistication needed for such an undertaking. I read in the New York Times last week that "skeptics say visions of spaceports are wildly premature." This reminds me of Dr. F.R. Moulton, an astronomer at the University of Chicago, commenting in 1932 that "There is no hope for the fanciful idea of reaching the moon, because of insurmountable barriers to escaping the earth's gravity."

We face two or three major concerns now as we push ahead in the commercial industry. One is the problem of insurance. NASA, putting the taxpayers at risk, has traditionally indemnified launches and payloads. Now launch vendors are seeking at least partial indemnification from the government for purely private launches. They argue that insurance is unavailable at any price for the upper end of the range of possible third-party claims. Giving their case further impetus is the fact that the other countries getting into the launch business in competition with U.S. firms do plan to indemnify their "commercial" activities.

Unlimited risk is clearly an impediment to the growth of the commercial space launch business. For this reason, the Administration proposed a solution to the problem consistent with its tort reform policy. The proposal submitted to Congress puts a $200,000 cap on non-economic damage awards to individual third parties resulting from commercial launch accidents. Liability for damage to government property resulting from a commercial launch would be limited to the level of insurance required by our Department. Further, in circumstances where the damages result from willful misconduct or reckless actions on the part of government personnel, the government would not assert any claims against a launch firm's insurance coverage. This approach was not received in Congress with great enthusiasm, but no consensus has emerged thus far about any other alternative.

However this debate is resolved, the government must be wary of the argument that it must indemnify launch companies for most or all of their risks. On the other hand, we must also be aggressive in attacking overt and covert subsidies to foreign competitors, so that our industry is not left in an uncompetitive position.

Additionally, we should consider amendments to the 1967 Outer Space Treaty and the 1972 Liability Convention attached to this treaty. The former was crafted with the presumption that only governments would be in the space exploration and utilization business; this has turned out not to be the case. Some provisions, such as the one making governments liable even if private rockets cause damage in another country, are obsolete and should be amended to substitute private liability for space-related accidents.

Another major issue confronting us is the aggressive marketing of launch services by the Soviet Union and China. It is no secret that the U.S. government is intensely considered how to respond to Hughes' application for a license to launch communications satellites on the Chinese Long March rocket series. It is vital to our national security that the United States have a viable private space launch industry. We did not break up the U.S. government's monopoly on launches to create an opportunity for other governments to dominate the commercial launch business through predatory practices. The President's final decision in this matter, which has just been announced, was made with great sensitivity to its impact on our launch industry.

There is a profound underlying strategic significance in the Soviet space program. Last year, while the Soviet Union launched to earth orbit 95 times, the U.S. made it only 7 times. If the U.S. ever allowed an habitual use of Soviet launchers for U.S. made payloads, the Soviets' already mature launch capability would be further strengthened while our launch facilities could lie rotting on the ground. In effect, we would be paying the Soviets with our hard currency to help them build a launch capacity that could be used against us or our allies in wartime. The United States must develop its own strong launch capability and not become dependent, in any shape or form, on our primary adversary for access to space.

For this reason, I was disturbed by the Commerce Department's decision to license an American company, Payload Systems, Incorporated, to grow protein crystals aboard the Mir station. While the overall U.S. relationships with the Soviets and the Chinese continue to evolve in a positive way, extreme caution must be exercised in considering any applications by U.S. companies to use their launch services.

As for our space relationship with the Europeans, we have held two rounds of negotiations in our attempt to establish a level international playing field for the commercial industry. In these negotiations, we are trying to define the extent of government subsidies on both sides, and then reach a trade agreement governing future launch business. I believe that the prospects for the U.S. commercial launch industry, given its 96 percent success rate for our established rockets, are very good, so long as it is given a fair opportunity to compete.

The advances made thus far in nurturing a private U.S. launch industry are substantial. The U.S. government owes our private launch companies a consistent, supportive policy, so they can move forward with confidence about what the rules are.

Today, I am pleased to make an announcement that touches upon this very issue. As you all know, last May's explosion of the Pacific Engineering and Production Company's (Pepcon) manufacturing plant resulted in our country's severe shortage of the critical ammonium perchlorate (AP) fuel. All launch vehicles with AP-based solid rocket motors are now dependent on a single manufacturer, Kerr McGee. According to the Defense Production Act, priorities may be established and allocations made where there is a critical shortage of materials necessary for national defense. So the Department of Commerce, following consultation with the National Security Council (NSC) and the Federal Emergency Management Agency (FEMA), directs all AP deliveries by Kerr McGee.

This fuel shortage threatens the commercial launch sector's ability to accomplish the strategic objectives set forth in President Reagan's Directive on National Space Policy. Therefore, I have requested the Director of FEMA to designate the commercial launch industry as a crucial component of our national defense, and thus eligible to receive AP rations. This eligibility is rooted in the Defense Production Act, whose definition of "national defense" includes "programs for ... space." More specifically, as evidenced by today's conference, the private commercial launch industry has taken on a large portion of the responsibility of guaranteeing U.S. access to space. If this fledgling industry were shut down due to lack of fuel, a severe negative impact would result not only in U.S. economic security, but in our national security and foreign policy. Such a lull in launch activity would jeopardize the industrial base and space "ready reserve" that the Administration has worked so hard to create.

The Department of Commerce is scheduled to issue its next instructions to Kerr McGee on September 15, and I am confident that the commercial space industry's needs will be fulfilled.

As we look toward the future, and contemplate the ramifications of an accelerated space program, remember that approximately 75 percent of the products on the U.S. market today did not exist at the close of World War II. Now just imagine a world in which lifesaving medicines, manufactured in space, cure diseases such as diabetes and heart disease. Consider the next phase of the electronics revolution, accelerated by the production of near-flawless crystals grown in zero gravity. Think about a communications system in which messages can be received and sent by moving vehicles, on land, sea or air, anywhere in the world, with absolute clarity and in split-second time. This list represents only the beginning of the benefits we will find in space in the next few years. And with the injection of the American entrepreneurial spirit into the commercial space industry, I expect to see a dramatic surge in launch activity. A commercial space industry with such gusto will play a crucial role in maintaining America's space leadership.

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REMARKS PREPARED FOR
SECRETARY OF TRANSPORTATION JIM BURNLEY
NHTSA SEATBELT SAFETY AWARD
SEPTEMBER 15, 1988

It is a great pleasure to be here today to honor a real legend in stock car racing, a man who is living proof that safety-belts save lives.

In 30 years of racing, Richard Petty has won 200 NASCAR events -- more than any other driver -- including a record five Daytona 500's. And along the way he has seen his fair share of crashes. Many of us remember Number 43's spectacular somersault at this year's Daytona 500. But he was able to get out of his car on his own after that crash -- as he has after many others -- because he was wearing his safety belt.

The fact that a driver can be involved in an accident at nearly 200 miles per hour and not only survive but often walk away is a tribute to the strong safety program within NASCAR. Safety-belts have been standard equipment at NASCAR races since 1949. Auto racing also led development of numerous other safety features, such as puncture-resistant fuel tanks, padded dashboards, and fire protection.

But safety-belts don't just save lives on the super-speedways, they save lives and prevent serious injury in everyday driving situations. Thirty-two states and the District of Columbia have passed safety-belt laws and all states require children to be protected in a child safety seat. Richard is well-deserving of this award, for his serious commitment to safety both on and off the race track and for sending a positive message that safety belt use is the single most important precaution motorists can take. Thanks in part to the efforts of Richard Petty and organizations like the American Seatbelt Council, more Americans than ever before are wearing their safety belts. This increased belt use is credited with saving approximately 8,000 lives between 1983 and 1987.

I am pleased to present to Richard Petty the Secretary's Award for Outstanding Public Service.

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STATEMENT OF SECRETARY OF TRANSPORTATION JIM BURNLEY ALTERNATIVE FUELS INITIATIVE FOR URBAN MASS TRANSPORTATION WASHINGTON, DC SEPTEMBER 16, 1988

I am pleased to announce the next step in a program that could go a long way toward cutting vehicle pollution in our cities. Anyone who has ever had the displeasure of being caught behind a bus during rush hour knows the seriousness of this problem.

I am glad that Senator Al D'Amato has joined us in announcing this initiative. Senator D'Amato has long been a proponent of alternative fuels applications to mass transit and other policies to improve our urban environments, and has played a crucial role in focusing the Senate's attention, and the Department's attention ,on these issues. Urban Mass Transportation Administration Administrator Al DelliBovi is also with us today. His strong and imaginative leadership of UMTA has been invaluable in the continuing development of programs such as the one we are announcing today.

The $47 million Alternative Fuels Initiative will support the field testing of alternative powered mass transit vehicles, including full-size buses, mini-buses, and vans. We estimate that at least 600 such vehicles would be involved, with engines powered by compressed natural gas (CNG), liquefied petroleum gas (LPG), ethanol, and methanol. These fuels burn much cleaner than conventional gasoline and diesel engines, some so clean that their exhaust fumes do not even soil a white handkerchief.

The private-sector research and development of alternative powered engines has been quite promising. For example, General Motors has developed a modified version of its diesel bus engine to run on methanol, John Deere has developed a CNG-powered chassis suitable for a 30-passenger bus, and Cummins Engine is producing a CNG-powered engine in small quantities. There are already some 30,000 CNG-powered cars and vans in use in various utility fleets, but the durability of heavy-duty CNG engines in buses and trucks is unknown.

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With this program, to be funded by the Department's Urban Mass Transportation Administration, we are taking alternative fuels out of the laboratory and putting them into everyday use. This is yet another example of a true public/private partnership in action.

The Alternative Fuels Initiative will broaden our existing programs in this area, which include expanded use of small buses, vans, and other types of unconventional mass transit vehicles and the testing of nearly 60 methanol-powered full-size buses.

More than 60 metropolitan areas were subjected to EPA sanctions at the end of last month for their failure to meet air quality standards. The Alternative Fuels Initiative could substantially reduce air pollution throughout the nation without placing undue restrictions on travel within our cities.

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
LEHIGH VALLEY LUNCHEON
ALLENTOWN, PENNSYLVANIA
SEPTEMBER 19, 1988

I want to thank the hosts for today's lunch -- the Route 33 Connection Coalition, the Lehigh Valley Partnership and the Northampton County Development Corporation. It's a pleasure to be here in Lehigh Valley, an area that has charged ahead during America's economic revitalization. Fortune magazine reports: "So suddenly that it almost defies belief, the U.S. has seized the lead in the race for global competitiveness. Many of its industries have become the world's low-cost producers." In its most recent issue, that magazine carries an article titled "The Resurrection of the Rust Belt," which concludes that although many workers have "suffered through tough times, most landed on their feet. Some retrained, others started businesses." Business Week says: "Cancel the Funeral, Steel is on the Mend."

You are all familiar with this economic miracle: the largest percentage ever of the U.S. workforce is employed and exports are at an all time high. Countries around the world are imitating the U.S. example -- deregulating industries and cutting taxes. Right here in the Lehigh Valley, unemployment has dropped to 4.5 percent. I don't know if you're aware that President Reagan points to the resiliency of the Lehigh Valley as an important lesson in American capitalism. "Many people wrote off Allentown too soon," the President says; "in place of a few big, old companies, dozens of new companies started up." This new growth, and the new jobs, stand in contrast to the steel-producing Rhine Valley in Europe, which has not rebounded like you have.

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Your ability to bounce back so successfully is rooted in flexibility and a strong infrastructure. This morning I toured the Allentown-Bethlehem-Easton airport with Congressman Ritter and Airport Director Jack Yohe. I saw the new general aviation facility and learned how the new airport security system will help ensure safe air travel. The improvements at your airport will translate into additional economic opportunities for the Lehigh Valley -- in fact, this area has already experienced increased air service since deregulation ten years ago. During the past decade, air service has increased by 38 percent in Pennsylvania, and airplane departures out of the Allentown-Bethlehem-Easton airport have jumped almost 75 percent. Just a few weeks ago, Congressman Ritter announced a federal Airport Improvement Program grant for nearly $4.6 million for the airport. Additionally, I'm pleased that Congress is close to final action on our 1989 Appropriations Bill, which includes more than $6 million for a new air traffic control tower.

Another project to be partially funded by the federal government is the Basin Street underpass, which I will tour this afternoon. This underpass, with an estimated cost of $6 million, was authorized by the 1987 Highway Bill. My highway office and the Pennsylvania Department of Transportation are proceeding with implementation of this project as quickly as the law allows.

Also under the 1987 Highway Bill, Pennsylvania was one of eight states permitted to participate in a toll road pilot project, allowing the states to build toll roads with federal funds. I strongly support returning such authority to the states. That's precisely the kind of local independence that the Reagan-Bush Administration has fought for so diligently.

The other big project that will provide a boost for Lehigh Valley is the TR-33 Extension. This extension is eligible for federal-aid primary funds through the state, which received $108 million in federal primary funds for fiscal year 1988. Pennsylvania is free to decide how it wants to target those funds; the state, at the urging of Congressman Ritter and many of you in this room, made the extension a "Pennsylvania priority commercial route," and I think that will facilitate this effort.

I know that the state will have to apply for an interchange approval at some point for the extension, and I'm sure that the request will be carefully considered in Washington. We want to do everything we can to cooperate with you on this project because we know that, despite the small distance involved, it is important.

I want to talk for a few minutes about the subject of building and maintaining America's roads in the years to come. At the beginning of the century, states didn't have highway departments and roads were not even coordinated among counties. We assemble here today knowing that within the next few years the Interstate system will be completed. Over the last thirty years, it has become a major part of our nation's economic and social fabric, as well as a vital component of national defense.

As you know, the states have traditionally cultivated a leadership role in administering surface transportation programs. The successful federal-state relationship has been based historically on state ownership of the roadways, state responsibility for their construction and maintenance, and most important of all, state initiation of highway projects. But in recent years, the federal government has demanded ever more authority over highway projects, and the states have lost a lot of their discretion.

President Reagan issued an Executive Order on Federalism a year ago in which he directed federal agencies to respect "the division of governmental responsibilities between the national government and the States." In his Order, the President maintains that, "Federalism is rooted in the knowledge that our political liberties are best assured by limiting the size and scope of the national government." And that, "In most areas of governmental concerns, the States uniquely possess the constitutional authority, the resources, and the competence to discern the sentiments of the people and to govern them accordingly."

I believe a lot of federally-imposed costs could be eliminated if the states had more control over their own surface transportation programs. In the last 30 years, while construction costs have risen 400 percent, administrative costs have gone up 1200 percent. The vast majority of these costs are the result of federal requirements. We should be able to do better.

We need to return to the states more authority and flexibility in both administrative and financial matters in order to ensure a greater transportation return on every dollar spent. And the states should also be given more freedom to experiment with innovative financing mechanisms -- such as toll financing, for example.

For decades, our emphasis has been on building more roads. While expansion should and will continue into the next century, we must be just as concerned about preserving what we already have created. In this regard, I am again convinced that efforts should be orchestrated at the state level. Maintenance of our roads will be more successful and cheaper if the federal government keeps out of the way. While maintenance of the Interstate system should remain a matter of federal as well as state concern, I believe the highway officials of Pennsylvania and all the other states do not need to have every decision they make reviewed and second-guessed by bureaucrats in Washington.

At the same time, there is a very important role that the federal government should play in safety. Years ago, DOT joined forces with state governments and private organizations to do battle against drunk driving. The change in society's attitude toward driving under the influence, and the implementation of the national 21-year-old drinking age, have translated into saved lives: from 1982 to 1987, there was a 14 percent drop in the proportion of fatalities involving drunken driving.

Still, last year, over 46,000 people died in traffic crashes, of which an estimated 51 percent were alcohol-related. For people between the ages of 5 and 34, traffic crashes are the single greatest cause of death, and more than half of these crashes are alcohol-related. An average of 65 people are killed every day and one person is injured every minute due to alcohol-related traffic crashes. We must redouble our efforts to combat the tragedy of drunk driving, and these efforts cannot flag for even a moment.

We've also made considerable progress in safety-belt use. The National Highway Traffic Safety Administration estimates that 8000 lives have been saved in the United States since 1983 because more people are buckling up. The major reason, of course, that more people are using belts is that states are passing safety-belt use laws -- 32 states and the District of Columbia have enacted belt use laws. Seat belt use has tripled in just the last four years.

Another example of the active federal-state partnership is the Motor Carrier Safety Assistance Program (MCSAP). Before this program was implemented, Motor Carrier inspectors were conducting 36,000 motor carrier vehicle and driver inspections per year. As a result of MCSAP in 1986, there were more than 500,000 inspections nationwide and 40,000 drivers were pulled off the road for violations. In 1987, there were over one million inspections and more than 57, 000 drivers put out of service.

The relationship between America's competitiveness and a safe, efficient transportation system can truly be measured in dollars saved and lives saved. Since the nation's taxpayers and the nation's highway users are one and the same, they have a right to expect that funds will be spent in the most cost-effective manner possible and safety enforced rigorously. If we all keep that formula in mind, I think we will be serving the people well.

Thank you very much.

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U.S. Department of Transportation

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TESTIMONY OF SECRETARY JAMES H. BURNLEY IV
U.S. DEPARTMENT OF TRANSPORTATION
BEFORE THE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
SEPTEMBER 22, 1988

Good morning, Mr. Chairman, and Members of the Committee. It is a pleasure to be here today to discuss the economic structure of the airline industry.

It has been a decade since the Airline Deregulation Act of 1978 became law. During this period, airline travelers have benefited enormously from the price and service options produced by economic deregulation. Between 1978 and 1987, passenger enplanements grew from 275 million to over 450 million, an increase of 64 percent. Today, according to a Gallup poll, roughly 72 percent of our adult population has flown sometime during their lives, while 20 years ago only 20 percent had flown during their lifetime. In terms of social policy, airline economic deregulation is one of the greatest populist reforms since World War II.

According to Department data, average fares adjusted for inflation have declined 13 percent between 1978 and June 1988, making air travel a bargain for the American consumer. Today, over 90 percent of all airline passengers are traveling on a discount fare, up from 48 percent before economic deregulation.

Even with the mergers that occurred in the mid-1980s, a recent Congressional Budget Office study concluded that most city-pair markets are more competitive today than they were in 1983. In fact, the average number of air carriers serving a city-pair market has grown from 2.4 in 1983 to 2.5 in 1987. Between 1978 and 1988 the number of city-pair markets receiving single-plane service from two or more air carriers increased from 1,266 to 1,869, a gain of 45 percent. Moreover, an average of more than 15 carriers provide service at the ten most concentrated large hub airports. These trends represent a substantial improvement in overall competition in the airline industry.

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We are also seeing the emergence of high-frequency -- almost shuttle-type -- service among major hub airports. TWA, for example, has 21 flights a day from its St. Louis hub to Chicago, 18 to Washington, and 11 to Los Angeles. Northwest, United, Continental, and Eastern have similar service patterns radiating from their hubs.

A Brookings Institute study estimates that lower fares and better service saves airline passengers billions of dollars annually -- an estimated $11 billion in 1987 alone -- over what would be the case if CAB regulation had continued.

As commercial traffic has increased, so has the industry's safety record. In the first nine years of economic deregulation, fatality rates have declined 48 percent for the major carriers compared to the last nine years of economic regulation. The fatality rate for commuter carriers has dropped 36 percent during the same period. As you know, safety has not been deregulated, and we continue to issue new safety regulations that should further enhance this record.

But to say that airline deregulation has worked well overall is not to say that it has worked exactly the way many analysts and policymakers believed it would. Competition is a dynamic process. Certainly, the efficiency and service benefits of hub-and-spoke route networks have proven to be even more important than was once thought to be the case. The proliferation of fare and service options has been greater than many believed possible. And few predicted accurately the precise evolution of the industry's structure.

Mr. Chairman, in the last few years, the Department has reviewed 21 airline mergers and acquisitions. We have done so pursuant to section 408 of the Federal Aviation Act, using authority assigned to the Department by Congress in the Civil Aeronautics Board Sunset Act of 1984. We had urged Congress during its consideration of that legislation to give responsibility for airline mergers to the Department of Justice. We renewed that request last year, but in neither instance did we receive a sympathetic hearing. The 1984 Act, however, does provide for the sunset of section 408 at the end of this year, and airline mergers will thereafter be reviewed by the Department of Justice using the same process that is applied to other industries.

Under section 408, the Department has been required by law to approve a merger unless it is likely to lessen competition substantially or is not consistent with the public interest. The statute explicitly states that the burden is on the opponents to show that a merger should not be approved. When we ask whether a merger will substantially lessen competition, what we are really asking is whether the merger will give the carrier the power to raise prices above or reduce service below competitive levels.

As you can see from this chart, five of the cases the Department reviewed involved a jet operator acquiring a small regional air carrier. We received only the most minor of objections to the transactions involving USAir and Pennsylvania Commuter, Piedmont and Empire, People Express and Britt, Presidential and Key Airlines, and Alaska and Air Horizon. Since there was no significant overlap in service between the major and the regional carrier in each of these instances, there were not any competitive issues.

Another five of the mergers we approved involved financially failing companies. They include: Midway-Air Florida, Southwest-Muse, United-People Express/Frontier, Texas Air-People Express, and Braniff-Florida Express. United and People Express applied for and received an exemption from the requirements of section 408 to allow United to purchase certain assets from People Express and its Frontier subsidiary. In the Midway-Air Florida and Southwest-Muse mergers, Air Florida and Muse were in serious -- it would be more correct to say "terminal" -- financial condition. In the Texas Air-People Express case, you will recall that People Express was in such economic distress that in its final weeks as an independent carrier, it was selling tickets below its variable costs. In other words, it was knowingly selling tickets at a loss simply to generate cash. In each of the five mergers in this category, the issue was whether the failing carrier would be allowed to merge or be forced to go out of business. In each case, we found that preserving jobs and service was in the public interest.

Of the remaining 11 applications, six involved end-to-end mergers of large jet carriers. These six mergers, which included People Express-Frontier, United-Pan American Pacific Division Transfer, Alaska-Jet America, Delta-Western, USAir-Pacific Southwest, and American-Air California, raised no significant competitive issues and were unopposed by the Department of Justice. Only one of the mergers in this category, the transfer to United of Pan American's Pacific Division, generated any controversy at all. The Department of Justice said that we ought to take a look at reassigning one West Coast transpacific gateway, and we agreed to do so.

The remaining five mergers generated varying degrees of controversy. These are Horizon-Cascade, Northwest-Republic, TWA-Ozark, Texas Air-Eastern and USAir-Piedmont. In these cases, the applicants served several of the same city-pair markets. In the Horizon-Cascade merger, the State of Washington initially expressed some reservations, but did not object when we tentatively approved it. In fact, this merger application could be classified as involving a financially failing company, since Cascade stopped operating before the merger was consummated.

Texas Air's proposed acquisition of Eastern raised several serious competitive issues, and in fact we initially turned it down. The problem was that the merger would have given Texas Air control of the only two shuttle services -- those of New York Air and Eastern -- between New York and Washington and New York and Boston. Even though New York and Washington have multiple airports, we concluded that shuttle markets are airport specific. Furthermore, two of the shuttle market airports -- LaGuardia and Washington National -- are slot constrained. Therefore, we disapproved this transaction. Texas Air arranged to sell New York Air's shuttle service to Pan American. Texas Air and Eastern then resubmitted their merger application, and it was approved.

In the USAir-Piedmont proceeding, no -- I repeat no -- significant opposition appeared. One western carrier did attempt to use that case to call attention to its desire to provide service to two of the slot-constrained airports, but its objections had very little to do with the substantive issues of the case.

Thus, of the 21 merger proposals we have reviewed, only two raised serious competitive issues concerning the merging carriers' principal hubs -- Minneapolis/St. Paul and Detroit for Northwest-Republic and St. Louis for TWA-Ozark. In the TWA-Ozark case, the only opposition came from the Department of Justice.

In many industries, especially manufacturing industries, high concentration figures can be reliable indicators of market power. The expense and time needed to duplicate production facilities on an economic scale means that abuse of market power will not necessarily attract new competition within a reasonable time frame -- two years is the range that both the Department of Justice and we use. But the airline business is different from many other businesses. It is inherently dynamic, and entry into a new city-pair market often requires little more than the shuffling of equipment (airplanes) and leasing of gates at an airport. As a result, airline markets can function competitively even when they are highly concentrated. An attempt by an established carrier to exercise market power by raising air fares to supracompetitive levels may well prompt new entry by one or more competitors within the two-year time frame that we use.

In the Northwest-Republic and TWA-Ozark mergers, the Department of Justice argued that the hub dominance that Northwest and TWA would obtain made the traditional approach to concentration statistics appropriate to the airline markets affected by the merger. We carefully considered the Department of Justice's analysis, and we closely examined the markets affected by these mergers. We agreed then, and agree now, that hubbing can produce significant efficiencies. But after looking at the specific markets at issue, we disagreed that the efficiencies of hubbing were so great that they could be matched only through the creation of a competing hub at the same location. Rather, we found that other factors, such as lower operating costs, strong local traffic demand, reliance on one-stop or connecting service, or feed from their own hubs, would permit carriers to enter these hubs and initiate service in the city-pair markets served by Northwest and TWA.

We also found that gate space at Minneapolis/St. Paul was underutilized at all times of the day, including the 25 percent of gates not controlled by Northwest. Subletting of gates is a common practice, and airport commissions are generally committed to facilitating entry by transfer of gate leases or the construction of new gates. While gates at St. Louis' Lambert Field were fully leased, we found that some of the gates leased by carriers other than TWA or Ozark were underutilized and that the subleasing of gates was practiced by several of the carriers in the market. In its comments to the Department in the TWA-Ozark merger case, the City of St. Louis also stated that it could build gates to accommodate entrants within a reasonable period of time. We also noted that 14 carriers had begun service to St. Louis in the preceding five years, with four of them entering that market in the preceding year.

Sufficient time has now elapsed to make some preliminary evaluations of these two mergers. It would be misleading to say that everything has turned out perfectly. There were, as with mergers in any industry, problems with integrating large companies -- companies with different operating practices and corporate cultures.

But if you look at what has happened at St. Louis, Minneapolis/ St. Paul, and Detroit over the last two years, you will find that not only has new entry occurred at each of these hubs, but competing incumbent carriers continue to provide competitive service.

At St. Louis, Braniff initiated service with 14 flights per week and is now up to 27. Between March 1986 and August 1988, Southwest has increased flights from 109 to 161, and United has increased weekly frequencies from 50 to 61. Total weekly seats in the St. Louis market rose from roughly 390,000 in March 1986 to 432,000 last month, or an increase of almost 11 percent.

Braniff has also initiated service at Minneapolis/St. Paul and is now providing 14 flights per week. Also, between March 1986 and August 1988, American increased flights from 55 to 70 per week, Pan American's weekly departures rose from seven to 28, and United's weekly frequencies increased from 71 to 111. Total seats in the market rose from 286,000 in March 1986 to 322,000 seats last month, or an increase of approximately 13 percent.

At Detroit, Continental has increased weekly frequencies from 108 to 131, United's have risen from 63 to 104, and Southwest's have gone from zero to 45. Total seats at Detroit increased from 314,000 in March 1986 to 345,000 in August 1988, an increase of 10 percent.

Mr. Chairman, at the request of Senator Danforth, the General Accounting Office analyzed fare and service changes at Lambert-St. Louis International Airport following the merger of TWA and Ozark. The General Accounting Office shared the results of this work with our staff during the normal review and comment process. I would like to give you our evaluation of this analysis.

First, we think that the General Accounting Office's work is straightforward, if not technically sophisticated. We do not disagree with the General Accounting Office's numbers -- indeed, for the most part, they came from the Department -- but we believe that they must be interpreted with care. For example, the General Accounting Office found that TWA now provides nonstop service to more cities than did TWA and Ozark together before the merger and that TWA offers more direct service, with no change of planes, to more cities than TWA and Ozark did together before the merger. Yet, I would be reluctant to infer a causal relationship between those increases in service and the merger of TWA and Ozark. Equally, I believe that one should not draw a causal relationship between the General Accounting Office's findings on changes in air fares in St. Louis markets and the merger.

In the area of fares, the General Accounting Office found that TWA's fares, unadjusted for inflation, were up 13 to 18 percent in the first three quarters of 1987 compared to the same quarters in 1986. But 1986 was a period of unusually low domestic fares for TWA and for the domestic industry in general. TWA's European traffic was depressed because of the threat of terrorism, and the carrier was attempting to stimulate domestic and international traffic through deep fare reductions. Domestic yield -- that is, revenue per passenger mile -- for TWA was down 9.8 percent in 1986.

We have performed a similar analysis to that performed by the General Accounting Office using 33 markets served by TWA and Ozark before the merger and comparing average fares for the fourth quarter of 1985 to the fourth quarter of 1987. Over this two-year period average fares in these markets were up 18.2 percent, or 9.1 percent per year, unadjusted for inflation. We also analyzed fare changes at two other hub airports to these same 33 destinations by the dominant carrier at these hubs as did the General Accounting Office.

TWA's fare increases were within the range of increases experienced at these hubs, neither of which was directly affected by the Northwest or TWA mergers. For example, average fares over the last two years are up 22 percent, or 11 percent a year, from Dallas/Ft. Worth and eight percent, or four percent a year, from Chicago. Thus, average fares charged by TWA for service to and from St. Louis are in the range of what has occurred at these two hubs.

After adjusting for inflation, average domestic air fares nationally are up approximately eight percent through the first half of 1988 over the same period in 1987. There are, however, good reasons why this is the case. First, fuel prices increased throughout 1987, especially compared to the dramatic fall off in fuel costs that began in 1986. At the beginning of 1986 average fuel prices were 81 cents per gallon. By the end of 1986, they were down to 43 cents per gallon; they increased to almost 60 cents a gallon by the end of 1987. Since fuel costs account for roughly 20 percent of industry operating expenses, it is not surprising that higher fuel costs, after a few months' lag, often result in higher fares. In the last few months, fuel prices have begun to decline again, and are now at 51 cents per gallon.

Second, many of the aircraft in the nation's commercial fleet are being replaced, and the fleet is expanding. Already in 1988, the U.S. airlines have ordered 348 large jet aircraft representing $13.9 billion in orders, on top of the 232 aircraft and $12 billion in orders during 1987. The airlines will need to earn adequate revenues to pay for the almost $26 billion in aircraft ordered in the last two years.

Third, the safety rules the Department has issued in recent years have added to the industry's costs and will continue to raise the airlines' cost of doing business. For example, since 1984 we have adopted new safety regulations that have imposed costs of more than $450 million on the part 121 air carriers. This figure does not include the cost of additional non-regulatory actions and enhanced enforcement by the FAA. Five of the most costly recent safety-related aviation rulemakings are: fire-resistant seat cushions (total cost to the industry: $28.8 million), fire-resistant liners for baggage compartments ($23 million), improved flammability standards for cabin interiors ($250 million), the installation of improved cockpit voice recorders and flight data recorders ($27.6 million), and improved protective breathing equipment ($61.1 million). In addition, we anticipate that substantial additional costs will be imposed on the industry as a result of final rules scheduled to be issued later this year, including the on-board windshear detection equipment and the traffic alert and collision avoidance system (TCAS) rules. These costs must be recovered, and that may mean somewhat higher air fares.

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Fourth, airline traffic has been growing rapidly over the past two years. Between May 1986 and May 1988, passenger traffic has grown approximately 18 percent. Strong traffic growth places upward pressure on air fares. At the same time, it is important to recognize that fare competition remains strong in many markets. In the last few weeks, Continental, American, Eastern, United, and Pan American have introduced new discount fares in numerous markets. For example, in the Boston-Florida market, Continental has introduced a $39 off-peak fare (effective September 12 to October 11); American has introduced discount fares from its Nashville hub; and United is offering new low fares from Houston to Chicago, Washington Dulles to Nashville, and Washington Dulles to Pittsburgh.

To summarize, Mr. Chairman, overall the airline industry has become much more competitive as to price and service as a result of economic deregulation. Air carriers have reduced their costs, increased labor and equipment productivity, initiated innovative marketing practices, entered hundreds of city-pair markets, created new hub complexes, expanded their marketing affiliations with independent regional carriers, and invested billions of dollars in new aircraft. These developments have benefited the American consumer. And there is every reason to expect that the American consumer will continue to receive the fare and service benefits of airline economic deregulation in the years ahead. The airline industry has its flaws, just as every industry does. But it is doing a much better job in an economically deregulated environment than would be the case if it were still straitjacketed by heavy-handed economic regulation.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Committee may have.

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U.S. Department of Transportation

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REMARKS PREPARED FOR
SECRETARY OF TRANSPORTATION JIM BURNLEY
CONGRESS OF AUTOMOTIVE REPAIR DEALERS
NASHVILLE, TENNESSEE
SEPTEMBER 23, 1988

It is a great pleasure to be here today among the people who represent the driving force of the American economy, small business owners. The small businesses of this nation employ more than 45 million people, more than half the private-sector labor force. Without people like you taking the risks necessary to start new businesses or to expand your operations, the American economy would be much weaker.

I'm also pleased to be here because of my personal interest in your business. Like virtually all Americans, I have done a lot of business with automobile repair shops over the years. As a private attorney, I represented several shops in North Carolina. Thus, I feel very much like I'm among friends.

It seems like only a distant, painful memory, but when President Reagan and Vice President Bush took office nearly eight years ago, our nation was in the midst of an economic crisis. Inflation had hit a 33-year high of 13.5 percent. Paralyzing and incentive-stifling interest rates topped 21 percent. Energy prices rose more than 30 percent in the wake of the Ayatollah Khomeini's Iranian Revolution, sending ripple effects throughout the economy and generating gasoline lines as the government mistakenly attempted to ration supplies. A new word entered the lexicon: Rustbelt. And our nation's automakers became a symbol of America in decline.

Yet, today, our nation's factories are operating at near-peak capacity, and inflation, holding steady at 4.1 percent, is no longer a worry to most Americans. Most important, more Americans have jobs than ever before, nearly 117 million as of last month.

Since the Reagan-Bush economic expansion began a record-breaking 70 months ago, some 17.8 million new jobs have been created. To put it in perspective, that is about equal to the combined populations of New York, Los Angeles, Chicago, Houston, Philadelphia, and Detroit. These are good jobs, too; more than 90 percent of these new jobs are full-time, and more than 70 percent of them pay in excess of $20,000 per year. New businesses and plants have played an important part in this expansion, from the thousands of new quick oil change and tune-up shops that have emerged in the 1980s to General Motors' giant Saturn project. There were 684,000 new business incorporations last year alone, a 28 percent increase over 1980.

Unemployment is the lowest it has been in 14 years, at 5.6 percent. Lower interest rates make it easier for all Americans to buy new homes and cars, or to secure financing for business ventures. The American automotive industry once again stands as a proud symbol of our economic strength. As Automobile magazine notes in its current issue, "The Big Three enter the new model year with a well-stocked arsenal to woo prodigal buyers back to domestic showrooms."

As a result of the tax reforms of 1981 and 1986, American families are bringing home more of what they have rightfully earned. Because of tax reform, a family of four with an income of $34,000 now pays 19 percent less in income taxes than in 1986. And more people at the lower end of the economic ladder are exempted from federal income tax altogether, giving them a much better chance of climbing out of the poverty trap.

Despite all the evidence that the tax cuts of 1981 and 1986 have benefited millions of working Americans, some continue to insist that a tax increase is needed. Yet, the data shows that the lower tax rates have generated more revenue for the federal government. A recent issue of Fortune is an example of this blindness to economic reality, with a cover headline proclaiming that "everybody knows that for the deficit to come down, taxes must go up." Well, I certainly do not "know" that, and, I suspect, neither do the millions of hard-working Americans who have been paying the government less and bringing home more for their families.

Our economy is strong and healthy, but not invulnerable. Tax increases and ham-handed re-regulation would pose serious threats to our economic well-being. Knowing that the American people will no longer support vast new entitlement programs or the taxes to pay for them, Congress has turned to regulation as a means to expand government's intrusion into our lives.

The recent plant-closing legislation, which this Administration let become law only under protest, is an example of this. Few people would disagree with the idea that business owners ought to give their employees fair warning of impending lay-offs whenever possible. But setting mandatory time limits is extremely dangerous. Anyone who has ever started a small business knows that calamity can strike with little warning. Approximately 550,000 businesses close their doors every year, but it is important to note that less than 10 percent of these are bankruptcies. We have the highest job and business turnover rate in the industrial world. These are signs of economic vitality, not paralysis.

The hallmark of the U.S. economy -- and one reason we continue to prosper as a nation -- is flexibility. We allow resources to move freely from inefficient enterprises to efficient and profitable ones; allowing unsuccessful companies to cut back or close frees resources for more promising ventures. The new plant-closing law, because it is so restrictive, strikes at the very heart of our economy. Knowing that they could be locked into a payroll in order to satisfy the plant closing notification requirement, some entrepreneurs will surely refrain from undertaking risky ventures.

Such strict notification rules are the norm throughout Western Europe, and their experience has not been a happy one. While millions of new jobs have been created in the United States, the entire European Community has had no net increase in jobs in the last ten years. Unemployment rates throughout Europe are significantly higher than those of the United States.

Congress has also been tinkering with various forms of mandated employee benefits, while ignoring serious reform of the nation's liability laws. The explosion in liability litigation must be brought under control. Increasingly higher damage awards are adding to your cost of doing business in higher parts costs and, more directly, in higher insurance premiums. In part, it is a question of responsibility and values; it seems as if anyone who has suffered some sort of setback tries to blame someone else, all too often in the hope of a lucrative out-of-court settlement. Certainly, people who have been injured by the malfeasance or negligence of another person are entitled to fair economic damages, but awards for non-economic damages must be brought under control.

The Reagan-Bush Administration has strongly encouraged efforts at the state level to place limits on non-economic damages, and several states have done so. Over the last two years, we have sent draft legislation to Congress for several key liability reforms: we believe recovery of damages should be based on who's at fault instead of strict liability, which does not require proof of who actually did the damage; setting a $200,000 cap on non-economic damages; and setting limits on lawyers' contingency fees. These important reforms have all but died on Capitol Hill, and Congress will probably leave town without calling liability reform to a vote.

This Administration has recognized that easing the burden of regulation wherever appropriate is one of the best things we can do for the overall economy. Indeed, a major force driving our record-setting economic boom is economic deregulation. The role of government in private commerce has changed dramatically in just seven years, reshaping the way millions of people go about their everyday business.

However, deregulation isn't just about making life more convenient. Often, there are jobs at stake. The Corporate Average Fuel Economy, or CAFE, law is one example. The way CAFE works, if a manufacturer produces only two cars in a year, one that gets 30 miles per gallon and another that gets 20 mpg, the company's CAFE would be 25 mpg. Passed by Congress back in 1975, the CAFE law requires that the standard be set at 27.5 mpg for model year 1985 and beyond, but gave my Department limited authority to make adjustments. For model years 1986-88, we found that leaving the CAFE at that level would have cost thousands of American jobs because it would have forced U.S. automakers to restrict production of large cars, so we lowered the standard to 26 mpg.

Again this year, we are considering relaxing the standard to a level between 26.5 and 27.5 miles per gallon. Automakers have estimated that if the CAFE is left at 27.5 mpg, nearly 200,000 American autoworkers could lose their jobs. We will make a final decision on that very shortly, but that is only a band-aid. The real problem is the CAFE law itself. Over the last 15 years, Detroit has radically redesigned its car lines to gain better gas mileage, at a cost of billions of dollars. Yet, consumers have continued to demand large, family-size cars, and they are not willing to sacrifice performance, either. It is unreasonable for Washington to expect that Detroit can somehow change consumer tastes to meet CAFE's arbitrary legal standard. It's an ill-conceived, outdated law that ought to be repealed. More than a year ago, my Department asked Congress to repeal CAFE, but there has been no action thus far.

While OPEC was once a major worry for Americans -- remember the bumper sticker that said, "OPEC is a pain in the gas"? -- well, today it has virtually disappeared as a market force. As a result of oil price deregulation initiated by this Administration, the price of gasoline is actually lower now than it was in 1980. This deregulation has also encouraged more domestic exploration and better allocation of refined petroleum products.

The Reagan-Bush Administration realizes that probably the only thing more frightening to an individual businessman than having "60 Minutes" demand an on-camera interview is having someone appear at your door saying, "I'm from the government, and I'm here to help you." But we also realize that a certain amount of regulation is necessary, particularly with regard to safety and crime prevention.

In my Department's National Highway Traffic Safety Administration, an agency with which I am sure many of you are familiar, we changed our regulatory approach several years ago to include drivers as well as vehicles. For too long, that agency came up with regulations that amounted to little more than exercises in Washington proving that it could push America's automakers around, like a proposed -- and since abandoned -- regulation to require a dashboard indicator for low tire pressure. Idiot lights don't save lives, but increased safety-belt use and taking drunk drivers off the road do.

As a result of efforts by this Administration, 32 states and the District of Columbia have mandatory seatbelt use laws and all states require child safety seats. We estimate that more than 8,000 lives have been saved by seatbelts since 1983, largely due to these new laws and the increased driver awareness of safety belts that has resulted from them. Usage of belts has increased nationally from 14 percent in 1983 to more than 40 percent today. This means many more of the occupants of the cars you repair were able to walk away from serious accidents.

And just last month, the Department issued final regulations intended to protect consumers against odometer fraud. The regulations primarily involve stricter record-keeping requirements for auto dealers, auctions, and individuals. Sellers must now disclose the odometer reading when transferring a vehicle title, and dealers, distributors, and leasing companies must establish and maintain detailed records for at least five years after a vehicle is sold. In addition, motor vehicle titles printed after April 29 of next year must be printed in a fashion that allows easy detection of counterfeiting and alterations.

My Department also played a key role in eliminating the country's so-called blood-borders with the national 21-year-old drinking age, now adopted by all states and the District of Columbia. Between 1982 and 1987, state age-21 laws saved an estimated 4,500 lives. President Reagan considers this one of his most important accomplishments.

As President Reagan said in his 1988 annual report to Congress on the economy, government regulation neither can nor should ever be viewed as a replacement for responsible individual action. That is perhaps the over-riding lesson of the last eight years. When the burden of taxation is lessened, when needless regulations are eliminated, and when necessary regulations are administered fairly and with sensitivity toward their impact, or, in short, when government gets out of the way of individuals as much as possible, the nation prospers. And with people like yourselves continuing to take the risks involved with commerce, I am confident that the nation will continue to prosper.

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U.S. Department of Transportation

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
PRESENTATION OF HEROISM AWARD
SEPTEMBER 23, 1988
NASHVILLE, TENNESSEE

The Volunteer State has spawned many heroes. Among them are Davy Crockett, Sam Houston, Andrew Jackson and Sgt. York. Jessie James Knowles, Jr., whom we honor here today, has kept this proud tradition alive.

Jessie Knowles' heroic act occurred almost a year ago around Thanksgiving and bears reviewing. Mr. Knowles was driving a newspaper delivery van on Interstate 40 at ll a.m., a heavy traffic hour in Nashville when he noticed a runaway truck careening against the side of the Fourth Avenue Bridge railing. He saw the driver lying motionless over the steering wheel. He overtook the truck. He positioned his van in front of the two-ton truck and allowed the much larger truck to hit his vehicle, then applied the brakes and brought both vehicles to a stop. The driver of the other truck had suffered a heart attack and died a short time following the accident.

Whenever I hear of an act of heroism of the magnitude of Mr. Knowles' I think of the words of President Reagan. "America's the land of the free because she is the home of the brave," the President said, "These United States are built on heroism and sustained and protected by it."

The President wasn't just talking about heroism on the battlefield. Acts of heroism here at home are measured on the same scale of greatness.

There's no way of knowing how many lives and how much property Mr. Knowles saved with this heroic deed. But we all know he risked his own life to avert a major crash with potentially disastrous consequences on Interstate 40. This story has special significance to me as Secretary of Transportation. Truck safety and safety on our nation's highways are major objectives of my Department.

Mr. Knowles has since left his job at the Nashville Banner to drive a trolley for the Nashville Metropolitan Transit Authority. Because mass transit also comes

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under my jurisdiction, I'm delighted to know the transit riders of Nashville are in such safe and conscientious hands.

It is my pleasure to present the Secretary of Transportation's Award for Heroism to Jessie J. Knowles. The plaque reads "For your extraordinary courage and action in pulling your van into the path of a speeding, out of control truck, bringing it to a stop at great risk to your own safety, and preventing serious accidents and possible loss of life on I-40 in Nashville, on November 24, 1987."

You have my admiration and congratulations.

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U.S. Department of Transportation

News:

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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION JIM BURNLEY EASTERN SECONDARY MORTGAGE MARKET CONFERENCE RALEIGH, NORTH CAROLINA SEPTEMBER 26, 1988

I want to talk with you today about economic deregulation. The Reagan-Bush Administration has advanced this process extremely successfully, and it has been a major contributing factor to our nation's overall economic revival and expansion. The changing role of government in private commerce has altered the way millions of people go about their daily business. Once again we are appreciating Thomas Jefferson's wise statement that, "The merchants will manage commerce the better, the more they are left free to manage for themselves."

As players in financial fields, you know how dramatically the economy has been transformed over the last eight years. When the Reagan-Bush Administration took office, the nation was in the midst of economic crisis: inflation had hit a 33-year high of 13.5 percent and interest rates were more than 20 percent. Today, inflation hovers at 4-5 percent and interest rates are around 10 percent. We are about to enter our seventh year of peacetime economic expansion -- an unprecedented record. During this expansion, 17.8 million new jobs have been created -- that is about equal to the combined populations of New York, Los Angeles, Chicago, Houston, Philadelphia and Detroit. These jobs are good jobs: more than 90 percent are full-time, and more than 70 percent pay in excess of $20,000 per year. Unemployment is the lowest it has been in 14 years. In North Carolina, 387,000 new jobs have been created in the last 3 1/2 years.

As a result of the tax reforms of 1981 and 1986, American families are taking home more of what they have earned. A family of four with an income of $34,000 now pays 19 percent less in income taxes than in 1986; and more people at the lower end of the economic ladder are exempted from federal income taxes altogether, giving them a much better chance to climb out of the poverty trap.

Despite these benefits to millions of working Americans, and despite the evidence that lower tax rates do generate more revenue for the government, some continue their insistence that tax increases are necessary. Fortune magazine proclaimed recently on its cover: "Everybody knows that for the deficit to come down, taxes must go up." Well, I certainly do not "know" that and, I suspect, neither do the millions of hard-working Americans who have been paying the government less and bringing home more for their families.

The economic prosperity we now enjoy was not achieved by luck. It was achieved through belief in free market forces, dedication to rolling back intrusive federal regulation, and lower taxes.

You know how price deregulation, geographic deregulation and product-line deregulation have revolutionized our financial system. Financial institutions now operate with great flexibility and have been allowed to diversify their activities. Customers benefit from the increased competition: they have access to a greater variety of services and they are offered better prices. New mortgage instruments are available to meet the particular needs of American families. Free checking accounts and interest-bearing checking accounts are no longer forbidden by federal law. The magazine American Banker noted recently that the interest rate competition among financial institutions has been a major boon for savers.

Some of the regulations recently molted by financial institutions were left over from the 1930s. Decades after their implementation, archaic controls such as interest rate ceilings became ludicrous when new services were designed to operate free from them. Money market mutual funds, for instance, capitalized on their unrestricted status while, until the interest rate ceilings were abolished in the early 1980s, regulated institutions were losing business because they were unable to compete.

This example exposes the truth about economic regulation: it often does not succeed in achieving its goal; it motivates individuals to work around the rules -- a game which, when played successfully, nullifies those rules; and it causes economic stagnation. During my years at the Department of Transportation, I have seen this lesson proven over and over again. Wherever there is economic regulation, there is inefficiency; and wherever deregulation has been achieved, there have been phenomenal improvements.

Starting with aviation, the growth since economic deregulation has been tremendous. Today, more people are able to fly -- the number is up from 278 million in 1978 to 450 million last year. And the commercial airline industry has expanded dramatically to meet this demand: flights from U.S. airports have increased by nearly one-third since that act was passed. In 1978, there were 50 certificated air carriers providing scheduled passenger service in this country; today there are about 120.

Passengers are flying for less money. Airline travelers have saved billions of dollars per year in lower ticket prices -- an estimated $11 billion in 1987 alone. In constant dollars air fares are down 13 percent over the last 10 years. Nowhere has growth been more dramatic than in North Carolina, which has seen an 168 percent increase in flights since 1978; traffic at Raleigh-Durham is up 312 percent; Charlotte, up 278 percent; and Greensboro, up 44 percent. And, 92,000 new jobs have been created in the airline industry since deregulation.

Passengers are also flying more safely. Indeed, calls to reregulate the airlines, although often advanced in the name of aviation safety, miss the fundamental point that safety was never deregulated. In the first nine years of economic deregulation, fatality rates have declined 48 percent for the major carriers compared to the last nine years of economic regulation. The fatality rate for commuter carriers has dropped 36 percent during the same period. Keep in mind that, at the same time these fatality rates dropped, total flight hours increased nearly one-third.

With such a fantastic success rate, why do some people write and speak so critically about air travel? A pro-regulation columnist provides this clue: "If we've lost anything to deregulation, first on the list must be the romance of flight itself." It's true: economic deregulation has resulted in airports crowded with Americans, as the figures I just quoted demonstrate. Frequent-fliers may not like being elbowed in line, or jostled into an airplane filled to capacity. But while those columnists and politicians who criticize deregulation might fly more comfortably in a regulated environment, their readers and constituents might not fly at all. Rolling the clock back through economic reregulation to a time when only the well-to-do could use our aviation system would be fundamentally unfair. The far better answer is to modernize the air traffic control system, which we are doing, and continue to expand the capacity of our airports.

Our nation's railroads enjoyed a similar boost after they were substantially deregulated by the 1980 Staggers Act. Today's railroad industry is financially strong for the first time in nearly three decades, and our privatization of the freight railroad Conrail last year netted almost $2 billion for the federal coffers. Just before Staggers, the heavily-regulated railroad industry was on its knees: nearly one-third of the nation's track was in bankruptcy, and the industry faced a ten-year capital shortage in excess of $13 billion.

However, railroads and shippers have entered into more than 75,000 contracts since contracting was legalized in 1980. Today, U.S. railroads are generating an average rate of return on investment of more than 5 percent. I know that won't impress this audience, but please understand that this stands in sharp contrast to previous rates of return, which hovered between one and two percent for two decades.

Since enactment of the Staggers Act, the industry has spent more than $85 billion on capital improvements and maintenance of equipment and track. Due in large part to these investments, we have seen a 72 percent decline in rail accidents between 1979 and 1987. Today, trains are running more safely, products are reaching markets faster, and costs are controllable.

Partial regulatory reform has also triggered activity in the trucking industry. The number of firms with ICC operating authority has more than doubled since 1980, when Congress passed the Motor Carrier Act, from 18,000 to approximately 37,000; and over 33,000 of these carriers are relatively small businesses -- carriers with revenues of less than one million dollars per year.

Furthermore, a study by the American Enterprise Institute indicates that truckload rates have dropped by 16 to 25 percent in constant dollars. Total employment in trucking is at its highest level in a decade, having increased about 25 percent since 1979. The overall unemployment rate in the industry has come down sharply from the recession-induced high of 10.6 percent in 1982-83, to 6.1 percent in 1987.

I could go on about these successes for the rest of my remarks, but instead I want to briefly address some of the problems we face in the still-regulated sections of transportation.

Within the trucking industry, residual ICC rate regulations stand out as one of the most outrageous exercises in which our government engages. Somehow, the government still finds it necessary to have truckers file tariffs on peanuts "roasted and salted in the shell," while peanuts "shelled, salted and not roasted" are exempt from filing requirements. Chicken, turkey and fish TV dinners are exempt from ICC regulation. But substitute a hamburger patty for the chicken leg, and the freight rate becomes 20 to 25 percent higher.

On the state level, some forty states are still in the intrastate trucking regulation business. Often, shippers are forced to go to great lengths to circumvent intrastate regulation to avoid higher costs and inefficiencies. In Texas, for instance, the Dallas-based Frito-Lay company ships its corn chips to San Antonio from Jackson, Mississippi, rather than from its closer Lubbock plant. Although Jackson is 200 miles farther from San Antonio than Lubbock, Frito-Lay saves $95 per truckload by avoiding Texas intrastate rates.

And the California Coalition for Trucking Deregulation reports that their state is losing business because companies are moving distribution and warehousing operations out of California to get away from the high costs of intrastate regulation. The group reports that California consumers are paying more for regulated trucking, to the tune of $420 million in 1987.

We submitted legislation in September 1985, and again in June 1987, that would have completed the job of deregulating the trucking industry. It is estimated that, if passed, the measure would bring an additional $87 billion savings on distribution costs over five years. Unfortunately, no action has been taken by Congress on this bill in three years.

Worse still, we face continuing efforts by some in Congress to reregulate the now dynamic aviation and rail industries. Just last week, we barely beat back an attempt in the Senate Commerce Committee to get the reregulatory ball rolling again in the railroad industry. And the so-called Airline Consumer Bill, which is happily now stalled in House-Senate conference, would effectively result in route regulation by establishing legal capacity levels at 40-45 of the busiest U.S. airports. It also contains a provision that would effectively end the transfer of your luggage when you change from one airline to another in the middle of a trip. As the Administration fights to retain dynamism in our economy and forge ahead with more economic deregulation, I am reminded of the mythological story of Hercules: Hercules was ordered to kill the nine-headed Hydra, but each time he cut a head off, it would grow right back. I feel like each time we achieve a victory for economic freedom, we are faced with new regulatory threats.

It is unfortunate that some people have forgotten the times of heavy government regulation of transportation industries. Federal regulation during the 1970s cost the economy an estimated $100 billion. It added about $1,800 to the annual cost of living for every family because of higher costs for goods and services.

That's why the Reagan-Bush Administration has consistently opposed such regulatory legislation. In addition, we continue our efforts to repeal existing regulatory schemes. One such example is the 1974 Corporate Average Fuel Economy, or CAFE, rules. Since the 1978 model year, Congress has required automakers to meet federal miles per gallon standards for their new cars each year. This ill-conceived, outdated law forces the federal government to penalize Detroit and thousands of autoworkers if the manufacturers fail to meet the arbitrary fuel economy standard. CAFE has the effect of encouraging domestic manufacturers to increase use of their foreign suppliers. The cost to America could be a heavy loss of jobs -- possibly as many as 200,000 if things are not changed soon -- and further damage to our balance of trade. Finally, and perhaps most serious of all, CAFE adversely affects consumer choice in the marketplace by discouraging the production of larger cars.

Legislation for the repeal of CAFE has been sent to Congress twice. First, it was included in the Administration's February 1987 Omnibus Trade Bill; then in August 1987, CAFE repeal was reintroduced in both the House and Senate. Unfortunately, there has been little movement on this issue in Congress.

I am convinced that U.S. companies can successfully compete with foreign businesses in a free and open atmosphere. But today, unnecessary regulations, such as CAFE, continue to hurt both American manufacturers and American consumers. No economic regulatory system, however thoughtfully-devised or well-intentioned, can ever keep pace with the operational and technological changes of dynamic, competitive industries. In short, any system that elevates the decisions of a handful of officials in Washington above the daily choices of millions of businessmen and consumers will simply slow progress, impair services and raise prices. As you decide who deserves your support this November in the Presidential election and Congressional races, be sure you understand the various candidates' philosophies on economic regulation. Your future and the economic well-being of America are very much at stake.

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
UNION STATION DEDICATION
SEPTEMBER 29, 1988
WASHINGTON, D.C.

I cannot imagine a more appropriate day to reopen Union Station. Today, Americans have returned to the last frontier, space. And just as our manned space program is being restored, we gather here today to celebrate the restoration of Union Station.

It stands once again as a magnificent gateway to the Nation's Capital. Daniel Burnham's heroic, yet graceful architecture was originally intended to symbolize a country unbounded in its potential and its vitality. Today we present a gift to future generations: a historic landmark, yes, but also a symbol of an America that has cast off its sense of limits in recent years and approaches the 21st century with the same optimism and youthful exuberance as was characteristic of our nation the day Union Station opened in 1907.

Burnham was not just an architect; he was a visionary who saw the great potential of sites like this one. There is a special magic, an almost spiritual power about this place. It withstood misguided plans to turn it into a visitors center, near-criminal neglect of its wonderfully detailed interior, and everything Mother Nature could dish out. But I expect that when we look back many years from now, that chapter in Union Station's history will seem to be but a twinkling, all but forgotten as people stroll through its grand halls.

Little would they know that what we see here was once thought to be impossible: a renovated, rejuvenated Union Station that brings back memories of a time when Presidents and world leaders passed through it on important missions. Every President from Teddy Roosevelt to John Kennedy frequented Union Station. When Commodore Richard Byrd returned from his flight over the North Pole in 1926, he arrived in Washington at Union Station. And when Winston Churchill came to meet with then-General Eisenhower 40 years ago, they, too, stopped off here.

Today Union Station is also a grand example of cooperation between the public and private sectors. While it was the clumsiness of the federal government that

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nearly destroyed Union Station, it was the federal government, realizing the important role of private enterprise, that saved it. Under the leadership of Secretary Drew Lewis, in 1982, the Department of Transportation funded and carried out a marketing study of possible uses for the station and an engineering study of the building. In 1983, Secretary Elizabeth Dole, with vital assistance from Graham Claytor of Amtrak, guaranteed the needed funding. She also had the good sense to give control of the project in fact as well as in name to the newly created Union Station Redevelopment Corporation. The Redevelopment Corporation then made a pivotal, and I believe brilliant, decision: It hired Keith Kelly to manage the project.

Harry Weese and Associates, our restoration architect, had the vision to insist on attention to the details that have brought Burnham's design back to life. The structural changes made to accommodate the retail space inside, such as the 630-foot long mezzanine in the concourse, are reversible; the building can be changed back to its exact state 80 years ago. The general contractor, the Dick Corporation, and its subcontractors have distinguished themselves in implementing Weese's plans with the tender loving care this building deserves but has seldom received. Union Station Venture, chosen through a national competition to develop the commercial side of Union Station, is filling the 215,000 square feet of restaurant and retail space with tenants that are suitable not just to a thriving train station, but to a commercial center anchoring a neighborhood grappling with economic revitalization.

Two parts of the renovation are still underway. First, the multi-level parking garage, which is being built by the District of Columbia with funds from the Federal Highway Administration, is partially open now and will soon be complete. Second, with the Amtrak station moving back inside the original building today, the temporary structure and the rats-maze of corridors leading back to it will be demolished, with the train tracks to be extended back close to their original location.

True to Burnham's credo, this has been no little undertaking. There are a few other individuals who deserve our special thanks, for without them none of this would have happened: the members of the all-volunteer Federal City Council, whose tireless efforts helped keep this project moving; the members of Congress who supported this project through legislation and appropriations along the way; and two senior officials of the Federal Railroad Administration, Mark Lindsey and John Riley, who attended to the Department of Transportation's day-to-day responsibilities on the project.

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U.S. Department of Transportation

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION JIM BURNLEY
THE FEDERALIST SOCIETY
WASHINGTON, D.C.
SEPTEMBER 30, 1988

It is a real pleasure to be here among fellow lawyers who share the belief, as President Reagan so aptly put it to you that "the Constitution is not some elaborate ink-blot test in which liberals can find prescribed policies that the people have rejected." Since the Washington chapter was founded, I have attended a number of these sessions, often as a guest of a member who works for me. As much as we conservatives talk about constitutional principles and the importance of taking that great document as it is, not as one would like it to be, there is another area of the law that is equally important to the public policy process. I am speaking, of course, of regulation.

For too long, the attitude toward regulation in many Washington agencies seemed to be one of regulating for the sake of regulating, exercises in little more than proving that Washington could push the private sector around. For example, the National Highway Traffic Safety Administration, part of my Department, once considered a regulation to require a dashboard light to warn drivers of low tire pressure.

As you well know, the Reagan-Bush Administration has taken a decidedly different attitude toward regulation. We carefully consider regulatory impacts on individuals and businesses and weigh those against the benefits. Where appropriate, we have sought to lift the heavy yoke of regulation.

I believe this is one of the reasons we have an unprecedented economic boom. Since the current economic expansion began 70 months ago, some 17.8 million new jobs have been created. To put it in perspective, that is about equal to the combined populations of New York, Los Angeles, Chicago, Houston, Philadelphia, and Detroit. These are good jobs, too; more than 90 percent of these new jobs are full-time, and more than 70 percent of them pay in excess of $20,000 per year. More Americans have jobs than ever before, nearly 117 million as of last month. New businesses and plant openings have played an important part in this expansion, from Mrs. Fields' Cookies to General Motors' giant Saturn project. There were 684,000 new business incorporations last year alone, a 28 percent increase over 1980. Our nation's factories are operating at near-peak capacity, and inflation, in the 4-5 percent range, no longer threatens to destroy our economy.

In some instances, the effects of economic deregulation have been quite dramatic. The railroad industry literally rose from its own ashes as a direct result of the Staggers Act of 1980, which partially deregulated that industry. Before Staggers, nearly one-fourth of the nation's track was in bankruptcy, and 48,000 miles of track was under severe speed restrictions because it had deteriorated so much that it was unsafe to operate at normal speeds. In the eight years since Staggers, deferred maintenance has been virtually eliminated from main lines, and railroads have spent more than $85 billion on new technologies, capital improvements, and maintenance. Most significant, railroads and shippers have entered into more than 75,000 contracts since Staggers legalized contracting, with rates and services tailored to the specific requirements of each shipper. Because the railroads aggressively compete for these contracts, shipping rates have moderated across the board.

Despite the obvious benefits of economic deregulation, we have faced a persistent effort in Congress to re-regulate railroads by virtually repealing key elements of the Staggers Act. Some utility and coal companies claim that railroads are charging unreasonably high shipping rates and are asking for much more burdensome rate regulation. We beat back this effort by one vote in the Senate Commerce Committee just ten days ago, but its sponsors have vowed to renew the fight next year. This episode just goes to show that we cannot assume that the battle over deregulation has been won. Here we have an issue where the economics and benefits to railroads and shippers are clear, yet the re-regulators persist.

Sometimes, such as the recent plant-closing legislation, which this Administration let become law only under protest, the regulators win. Few people would disagree with the central idea of the legislation, that business owners ought to give their employees fair warning of impending layoffs whenever possible. But setting mandatory limits is extremely dangerous. Anyone who has ever started a business knows that calamity can strike with little warning. Approximately 500,000 businesses close their doors every year, but less than 10 percent of these are bankruptcies. We have the highest job and business turnover rate in the industrial world. These are signs of economic vitality, not some illness to be "cured" by ham-handed regulation.

The hallmark of the U.S. economy -- and one reason we continue to prosper as a nation -- is flexibility. We allow resources to move freely from inefficient enterprises to efficient and profitable ones. The new plant-closing law, because it is so restrictive, strikes at the very heart of our economy. Such strict notification rules are the norm throughout Western Europe, and their experience has not been a happy one. While millions of new jobs have been created in the United States, the entire European Community has had no net increase in jobs in the last ten years.

Unemployment rates throughout Western Europe are significantly higher than those of the United States, and strict plant-closing laws are one reason.

While the conservative instinct is "when in doubt, deregulate," most regulatory problems do not have the economic clarity of plant-closing notification or the Staggers Act. There are frequently other issues involved.

Day to day, the Department of Transportation, perhaps more than any other agency, has to grapple with the balancing act between the constitutional principles of federalism and the requirements of the interstate commerce clause of the Constitution. For example, we have to balance our desire to leave as many airport management decisions as possible up to local authorities with the national need for a free-flowing air traffic system. The Federal Aviation Administration has therefore taken action on occasion to challenge arbitrary, discriminatory local airport noise restrictions, but we continue to resist tremendous pressure from the aviation community to preempt all local decision-making and order every airport to adhere to a "national noise policy."

In a similar vein, Congress in 1983 gave my Department the authority to overrule states and localities in regulating large truck access to the national road system, including the Interstates. States must also allow reasonable access from the Interstates and primary roads to service facilities and to loading and unloading points off those highways. If states become too restrictive, my Department takes action. The reasons why we must act against such local traffic restrictions are obvious. Imagine the disruption in commerce that would result if all trucks were banned from our Interstates system in every major metropolitan area. Trucks carry 84 percent of the goods shipped in this country. This is a clear case where even the narrowest interpretation of the interstate commerce clause still requires a substantial role for the national government.

We tread cautiously in such uses of federal power, however. President Reagan last year issued an executive order on federalism, which he defined, in part, as "the knowledge that our political liberties are best assured by limiting the size and scope of the national government." Most importantly, the President's order says: "In the absence of clear constitutional or statutory authority, the presumption of sovereignty should rest with the individual States. Uncertainties regarding the legitimate authority of the national government should be resolved against regulation at the national level."

Some of this, of course, is a restatement of the separation of powers embedded in the Constitution. But from an operational standpoint, it puts bureaucratic teeth into these principles, because the order requires a "federalism assessment" statement for new regulations -- a sort of environmental impact statement on the Constitution.

As the executive order recognizes, there are areas where federal legislation and regulation are entirely justified, particularly where public safety is at issue. One area where we are moving aggressively on regulations and legislation is in the war on drugs. The American people are clamoring for tough action against illegal drugs, from all levels of government. And rightfully so. Drugs have turned societal values upside-down.

For example, elementary school children in Washington this past summer could be found playing a game called "Hustler." The goal of the game is to successfully complete fake drug deals, using play money, pebbles for crack, pencil shavings for marijuana, and ground up chalk for cocaine. A D.C. Recreation Department counselor told the Washington Post: "They do everything the way they've seen it -- with the runners, the lookouts, the users, jumpout squads, everybody." What is most foreboding is that the regular police and the special anti-drug jumpout squads are the bad guys in the game.

These kids are not just playing a game -- they are rehearsing what all too often becomes real life. In the neighborhoods where "Hustler" is played, drug dealers -- often only teenagers themselves -- enjoy a perverse, misbegotten celebrity. It is the drug dealers who drive the fancy cars and carry big rolls of cash, while those who toil at honest jobs struggle to make ends meet.

Illegal drug use is not a "victimless" crime. Young people in our most distressed neighborhoods are drawn by the easy money, and often die for their misdirected ambition. Just two weeks ago I read about 11-year-old Enoch Thomas, who was shot point-blank in the head when a drug deal went bad. Young Enoch, it seems, had been working in New Orleans as a crack runner since age nine. In his last drug deal, he lost his shipment somewhere along the way. His bosses executed him and left him in a clear plastic bag two blocks from his home.

Drug related crimes of this sort are on the rise in virtually every major city. Here in Washington, about three-fourths of those arrested for major crimes test positive for illegal drugs. And about one-third of the murders committed in the Miami area are drug-related.

Innocent people often are caught in the drug culture cross-fire. Some of you may recall the January 1987 Conrail-Amtrak crash in Chase, Maryland, where a Conrail engineer under the influence of drugs rolled through several warning signals and collided with an Amtrak passenger train. Sixteen people died and another 178 were injured in that crash. Since January of 1987, there have been 54 major rail accidents in which one or more key employees tested positive for illegal drug use. Thirty-two people died and 357 were injured in those crashes.

The evidence is compelling. Drug use is just as much a social ill for the transportation industry as it is for society-at-large. Thus, I have proposed extensive testing rules for key personnel in the aviation, rail, pipeline, mass transit, maritime, and commercial motor carrier industries. We do not need to witness more tragic, drug-related accidents to know that drug testing is necessary.

We have had a civilian-employee drug-testing program at the Department of Transportation since last fall. All employees in safety or security-related positions, myself included, are subject to the same standard. Five years ago, the Coast Guard began random testing, and the percentage of those testing positive has dropped from 10.3 percent when the program began to 2.9 percent last year.

There are between 5 and 6 million cocaine users in this country, and another 18 million Americans use marijuana. Some people say that there are just too many drug users to stop them, so we might as well legalize drug use. That, they claim, would open the drug trade to free market forces, reducing the price of narcotics, and therefore reducing the incentive to commit crimes to finance drug purchases. Proponents of legalization even claim that the societal benefit of reduced crime outweighs the damage that would be done by more widespread drug use.

What those legalization pushers fail to mention is that as a result we could wind up with tens of millions of new users of cocaine and other narcotics. Legal sanctions, if enforced, do have a deterrent effect as well as moral force. I'm not receptive to the idea that America will be a better country if we have a massive increase in drug use. For example, for many years we have killed more than 20,000 people a year and maimed another 500,000 to 600,000 annually because of our inability to get people to stop driving under the influence of drugs or alcohol. There is no salient argument in favor of legalization if the effects of such a radical step are considered.

If we wish to seriously reduce the damage drugs are doing to American society, we have to hit just as hard on the demand side as we do on the supply side. That means using random testing to discourage illegal drug use, and punishing those who use drugs just as surely as we seek to punish drug dealers. If the penalties are great enough, more young people will never smoke that first joint or buy that first vial of crack. That alone may be worth the effort.

Is this an expansion of the federal role? Of course it is. But it is also necessary. We conservatives are supposed to believe in preserving certain fundamental values for society and for future generations. And that is what the drug war is all about: preserving for our people an uncorrupted environment in which to raise their children, safe neighborhoods where they can go about their everyday business, and being able to get on board an airliner with the assurance that the pilot is not high on cocaine.

As President Reagan noted in his 1988 annual report to Congress on the economy, government regulation neither can nor should be viewed as a replacement for responsible individual action. But while the Reagan-Bush Administration has recognized the need to lessen regulation as much as possible, we also realize that there are instances in which government regulation is warranted. The challenge we will continue to face until January 20th, and our successors will face thereafter, is where to draw the lines.

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U.S. Department of Transportation

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STATEMENT BY SECRETARY OF TRANSPORTATION
JIM BURNLEY
REGARDING U.S. ATTORNEY INDICTMENTS OF
AIRLINE PILOTS, FLIGHT INSTRUCTORS AND PRIVATE PILOTS
SEPTEMBER 30, 1988
WASHINGTON, D.C.

Two years of hard work by the Department of Transportation's office of the Inspector General has led to the indictment in Florida today of 27 airline pilots, flight instructors and private pilots. I applaud the U.S. Attorney for the Middle District of Florida for vigorously pursuing these cases.

The Inspector General's office currently has investigations underway in all 50 states, and hundreds of further such indictments are expected.

These indictments are indicative of the serious problem of drug and alcohol abuse which has permeated all walks of life and all professions in our society. Achieving a drug-free transportation system has been one of my highest priorities. Because soundness of intellect and judgment are the key characteristics required by the people who maintain, operate and safeguard our transportation systems, I have proposed strict drug testing rules for commercial aviation, railroads, mass transit, trucking and maritime workers.

This is just one more example which demonstrates why I am moving rapidly to implement these drug testing rules throughout the transportation industry. We need to guarantee for all Americans a drug free transportation system.

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