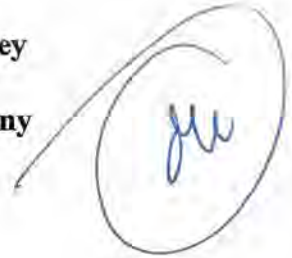


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Remarks prepared for
Deputy Secretary of Transportation Mortimer L. Downey
for delivery during the
Seward Highway All-American Road Dedication Ceremony
McHugh Creek Wayside, Alaska
Tuesday, July 11, 2000



Thank you, Commissioner (Joe) Perkins. Thank you, Governor Knowles, and to all of you for being with us this morning as we celebrate the designation of the Seward Highway as one of only 15 All-American Roads in this nation.

Last month, we announced 30 new designations in 20 states under the Department's National Scenic Byways Program.

These are the best travel opportunities America has to offer. They weave new enjoyable experiences into the fabric of American life, and they enhance and promote tourism. More and more people are driving for pleasure. Of some 800 million pleasure trips taken (each year) by domestic travelers, over 80 percent are along a highway.

People are taking to the highways because they expose us to all this country has to offer -- its color, its beauty, the unexpected insights we gain. They offer interaction with the history of America. They are doorways to the rich diversity and culture of our nation.

The road that we are dedicating today includes all of these factors. In fact, two years ago, the Seward Highway was designated as a National Scenic Byway in recognition of its magnificent natural and scenic qualities. Through your hard work, you have demonstrated that the Seward Highway is really much more than that --

to the vacationing tourist, it offers such beautiful overlooks as we see here at the McHugh Creek wayside;

to the historian, it offers a rich account of what took place during the Great Alaskan Gold Rush;

and to the outdoor explorer, the Seward Highway offers rock-climbing in the summer, ice-climbing in the winter as well as tremendous bicycle and pedestrian paths.

The Seward Highway truly is a “destination unto itself” or as the Anchorage Daily News said – “no matter how many times you take the trip down the Seward Highway, there will always be a moment that reminds you this is a place like no other.”

The National Scenic Byways Program has been a resounding success. Why? Because this program was built on cooperative partnerships at the federal, state and local levels. It is an engine for economic development. Economic development that shows how we can balance growth with respect for the environment. It grows communities while preserving their beauty and natural heritage. As we begin the 21st century and the new millennium -- let us be reminded of what President Theodore Roosevelt once said about our national landscape -- ,

The ages have been at work on it, and man can only mar it. What you can do is keep it for your children and your children's children.

On behalf of President Clinton, Vice President Gore and Secretary Slater -- thank you for doing your part to preserve our nation's resources and tell America's stories. You should be proud of your accomplishments -- the fact that the Seward Highway has been upgraded from a National Scenic Byway to its new designation as an All-American Road. Congratulations and keep up the good work.

Thank you very much.

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Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

Environmental Justice/Title VI Summit

The Ritz Carlton Hotel at Pentagon City

Arlington, VA

Monday, July 17, 2000

8:30 am

Thank you (MC = Kojo Nnamdi, pronounced KO-JO NOM-DEE),
and good morning everyone. *Welcome - Air Traffic Delays*

I want to commend our conference organizers – including Danyell Diggs, David Kuehn, Arthur Andrew Lopez, Sandra McCrea, Gloria Shepherd, Wendell Stills -- and many others in FTA and FHWA for gathering together such a diverse mix of talented participants for today's Summit. We are indeed fortunate to have representatives from community-based organizations, environmental justice and civil rights advocacy groups, the private sector and academia.

We have 3 major goals in mind for this conference. First, we want to increase communication and understanding about the issues surrounding Environmental Justice.

Second, we want to encourage planning that protects the environment and enhances communities. And, third, we are seeking to improve equity in transportation decision making for low income and minority communities.

Although this is our first-ever Environmental Justice Summit, DOT -- in partnership with state and local officials and communities -- began to reach out and take action on the issue soon after President Clinton and Vice President Gore came into office.

What is Environmental Justice?

Before I talk about the work we've been doing to ensure that Environmental Justice is served, I would like to clarify what "Environmental Justice" means for our transportation projects and responsibilities.

Environmental Justice means that all environmental and other impacts should be taken into account, and that communication with communities about these impacts should be open and honest.

Environmental Justice means equitable treatment -- laws, policies, rules, regulations and evaluation criteria applied in a nondiscriminatory manner. It means treating people fairly regardless of race, color, ethnicity or income when the benefits and the burdens of environmentally related programs, policies and activities are allocated.

In the transportation sector, actions that could harm the environment should be avoided. And, when a project is determined to be necessary, it should be planned with meaningful opportunity for full participation of the communities to be impacted. And, of course, we must keep safety -- DOT's #1 priority -- in mind at all times.

From our inner cities to rural parts of our country, President Clinton and Vice President Gore have worked hard to ensure that every American has a clean and healthy environment. They believe that ensuring Environmental Justice is the right thing to do and that it should be a standard for doing business with -- and receiving funding from -- the federal government.

Environmental Justice -- Progress To Date

I'm glad to report that we're making progress in meeting these objectives. For example:

- In 1994, President Clinton issued the Executive Order (12898) calling on all agencies to take expeditious action to address Environmental Justice issues and complaints.
- This Administration has strongly encouraged Smart Growth strategies. Vice President Gore launched a nationwide Livable Communities initiative to help communities across America grow in ways that ensure a high quality of life and strong, sustainable economic growth. The initiative provides communities with new tools and resources to preserve green space, ease traffic congestion, and pursue regional "smart growth" strategies.
- We are working to revitalize communities that may not have benefitted as much as others from our robust economy through the President's New Markets and Delta Initiatives.

And, I'm proud to say that DOT has played an important role in the Administration's efforts to improve Environmental Justice:

- In 1995, the Department held a conference, "Environmental Justice and Transportation: Building Model Partnerships" in Atlanta, GA to begin the dialogue with our partners--including some of you that are here today.

- In 1997, we issued an Order on Environmental Justice stating that the Department's policy is to promote the principles of Environmental Justice by putting those principles into action in all DOT programs, policies and activities.

DOT's goal is to avoid "disproportionately high and adverse" impacts of decisions on low-income and minority groups and to ensure that low-income and minority groups receive equitable transportation benefits.
- In 1998, DOT held listening sessions and community-based workshops in cooperation with the Environmental Justice Resource Center in Atlanta, the West Harlem Environmental Action Coalition in New York, the Tulalip Tribe in Marysville, and Urban Habitat in San Francisco.
- In March 1999 Secretary Rodney Slater met with environmental justice advocates, which resulted in a renewed focus on incorporating Environmental Justice/Title VI into transportation decision making.

- As Ken Wykle will tell you in more detail, one of our most significant efforts is that Environmental Justice language has been included in both the draft Planning and NEPA regulations consistent with DOT and FHWA Orders. This has been a joint effort of FTA and FHWA.
- FTA and FHWA issued a memorandum that offers guidance to field offices on how to ensure Environmental Justice is considered during current and future planning certification. Our goal is to gather information about how benefits and burdens of transportation improvements are distributed across provider's service areas, as well as their balance across modes at the metropolitan, state and regional levels.
- DOT, the Georgia Department of Transportation, the Atlanta Regional Commission, and a coalition of environmental and community groups are undertaking an assessment of Environmental Justice issues relating to transportation in the Atlanta Region. I believe we will make real progress with a new focus on that region's transportation issues, and the assessment may serve as a useful "best practices" guide for other regions.

- DOT's General Counsel and our Office of Civil Rights, along with FTA's and FHWA's Offices of Planning, Legal and Civil Rights have formed a Senior Policy Group to coordinate the effective implementation of Environmental Justice and Title VI in the planning process, with a focus on resolving complaints and creating a consistent system of joint certification reviews.

This is just some of the significant progress we've made. It's important that we follow through on educating people and incorporating Environmental Justice principles into transportation planning and decision making.

Why Environmental Justice is Important

That all citizens are included in and treated fairly in the planning and development of transportation projects is consistent with the principles our nation was founded on – freedom, equality and justice. And, we must continue working to ensure that justice is served in the transportation sector.

One way to do that is to communicate with each other about the best ways to include the public at the beginning of the planning process. Too often, the public is not fully informed or brought into the process during the middle stages and, frankly, that's not soon enough. It benefits everyone -- state DOTs, MPOs, planners and contractors -- if the public is brought in early and allowed to weigh in with their opinions and ideas.

Conclusion

In closing, I'd like to put a human face on why Environmental Justice is an important issue. I recently read about a Hispanic mother of two living in LA whose commute to work involved 4 buses and took 3 hours.

She drops her school-age child off using one bus, then takes her toddler to daycare on another bus, and then gets to work via 2 other buses with a long wait between them. I'd be willing to bet that there's a way our transportation system could serve this mother and her community better.

We need to find ways to assist the working poor and those trying to transition off of welfare in reaching decent jobs. While two-thirds of all new jobs in the nation have sprouted in the suburbs, three-quarters of welfare recipients live in central cities or in rural areas and do not own a car. We need to put transportation where it's needed and to think strategically about making the system work effectively for all of our citizens, particularly if we want them to be self-sufficient. This is just one aspect of Environmental Justice.

We all need to take on the challenge of making transportation planning fair and effective – and to make it a collaborative process that gives all people who need decent transportation a voice.

Thank you. (Back to Moderator Kojo Nnamdi)

Monday, July 17, 2000
8:30 am

Environmental Justice/Title VI Summit
The Ritz Carlton Hotel at Pentagon City
Arlington, VA

Briefing Paper

Event Contact: Arthur Lopez, FTA, at 6-4018 and Gloria Shepherd, FHWA, at 6-0106.

MEDIA: Kojo Nnamdi, host of Public Interest on WAMU-FM (88.5, the old Derrick McGinty show) and Evening Exchange on WHUT-TV, will be facilitating this event.

YOUR ROLE: 7 to 10 minutes of remarks during the opening plenary session. Kojo Nnamdi will introduce you.

Your remarks should focus on current progress as well as continuing challenges. The tone should be both positive and serious.

EVENT: From July 17 –18, 2000, FTA and FHWA will be hosting the EJ Summit. The EJ Summit is designed as a roundtable discussion for MPOs, States, Transit, and Community/Civil Rights advocates to meet one-on-one to discuss EJ and Title VI. The discussion during the roundtable will only include those participants without any Federal involvement. Kojo Nnamdi, current host of *Public Interest* on WAMU-FM 88.5 and *Evening Exchange* on WHUT-TV will be facilitating this event.

MESSAGE: The goal of the Summit is to increase communication with the traditional recipients of FTA/FHWA funding and to convey the message that the Department expects local communities to have an opportunity to participate in the decision making process for all federally approved transportation projects.

This will be accomplished by bringing the parties together and establishing a dialogue in a unique setting. The EJ Summit will assist the Department in meeting the DOT Strategic Plan Goal 9: Human and Natural Environment: *Protect and Enhance Communities and the Natural Environment Affected by Transportation*; and Outcome Goal 5: "Improve equity for low income and minority communities concerning the benefits and burdens of transportation facilities and services."

Other

Speakers:

Kenneth Wykle, Administrator, FHWA
Patrick Reilly, Chief Counsel, FTA
Professor Ed Lloyd, Columbia University
Nancy McFadden, General Counsel

(See Final Agenda for other speakers)

AUDIENCE:

About 70, including 40 participants from state and local DOTs, MPOs, academia, the NAACP and other civil rights and organizations involved in Environmental Justice advocacy, and the private sector. (See Participants List)

**AUDIENCE
ISSUES:**

The problems/challenges related to public participation in transportation planning. How can we ensure that all communities share transportation burdens and benefits equitably?

What actions are needed to ensure full participation of the community in transportation decision making?

How can we communicate the pros, cons and benefits of transportation projects more effectively?

SETUP:

Hotel meeting room with a large conference table for participants with about 40-50 federal government observers seated around the room.

**Remarks to the International Aviation Club
July 18, 2000**

In February 1993, on his first trip outside of Washington, DC, President Clinton traveled to a Boeing plant near Seattle to meet with airline leaders about the economic crisis gripping their industry. Out of that meeting came the Commission to Ensure a Strong Competitive Airline Industry. As that early trip reflected, the President felt that the recovery of the airline industry was key to the recovery of the economy overall.

Seven years later, the airline industry is strong and, if anything, it has become even more important to the health of our economy. Which is why the industry remains a high priority to the Administration.

To promote aviation, the Administration has followed a three-part strategy. One, preserve and enhance domestic competition, so that Americans continue to reap the benefits of airline deregulation. Two, open foreign markets, so that U.S. airlines can compete and win internationally. And three, improve the efficiency of our aviation infrastructure to keep pace with the phenomenal growth in air travel.

Let me discuss the first two briefly and then talk about the third in more detail.

Promoting Domestic Competition. Our first goal has been to preserve and enhance domestic competition. Deregulation of the airline industry continues to be a resounding success for the vast majority of American consumers:

Since 1978, average fares have dropped 35-40% (adjusted for inflation), daily departures have more than doubled, and the number of passengers has more than tripled. Economists estimate that airline deregulation brings consumers \$20 billion a year in savings.

Low-fare carriers, particularly Southwest Airlines, have played a particularly important role, both directly, and indirectly, by spurring the major carriers to offer low fares as well.

Airline deregulation was, in many respects, a triumph of economics over politics. Economists first championed the idea in academic journals. They joined the government to push for it from the inside. And with President Carter's strong support, they succeeded in making it law, despite the opposition of most major stakeholders.

In this respect, airline deregulation (like trucking deregulation, which followed by a year) is an exception to "Murphy's Law of Economic Policy." Murphy's Law of Economic Policy, formulated by Princeton economist Alan Blinder, says that "Economists have the least influence on policy where they know the most and are most agreed. They have the most influence on policy where they know the least and disagree most vehemently." It is a somewhat cynical observation but often true, and it is a theme I will return to.

To maintain the benefits of deregulation, the Administration has tried to enhance competition in a number of ways. Let me mention the most important.

- We pushed to eliminate the slot rule at LaGuardia, JFK and O'Hare, which Congress agreed to this year as part of the FAA reauthorization bill, FAIR-21; the immediate statutory exemption for RJs and new carriers is already promising benefits to underserved areas.
- We supported an increase in the Passenger Facility Charge (PFC), which is also in FAIR-21, so that airports could add needed facilities, and in other ways encouraged airports to provide access to new entrant carriers.
- We have supported enforcement of the antitrust laws: The Antitrust Division has sued American Airlines for monopolizing its Dallas hub, and challenged Northwest's acquisition of a controlling interest in Continental. The Antitrust Division is currently reviewing the proposed merger of United Airlines and US Airways.
- And DOT is continuing to review its proposed competition guidelines, based on thousands of comments it received. Last July, a blue-ribbon panel convened by the National Academy of Sciences' Transportation Research Board (TRB) concluded that the guidelines as proposed were flawed, although the members were divided on the broader question: Should DOT have a role (in addition to that of DOJ) in regulating predatory pricing? (I'll say more about the TRB panel later.)

Recent discussion about airline competition has focused largely on the issue of consolidation. Let me say at the start that the White House does not comment on, or in any way get involved in, individual merger transactions while they are under review by the Antitrust Division or the FTC. Few other countries have that strict separation between political officials and competition authorities.

That said, to do my job, I have to understand the competitive structure of the airline industry. In recent months, I have repeatedly heard or read statements to the effect that the airline industry is a "mature industry," like steel or autos, and would therefore necessarily be more efficient -- and no less competitive -- with just a few big players. Setting aside the merits of any particular merger, I want to question play devil's advocate with regarding the assumption that massive consolidation is either inevitable or desirable.

First, because regulatory barriers to geographic expansion in the U.S. disappeared long ago, most major airlines have pretty well exhausted the economies of density of their hub-and-spoke networks. More generally, financial success in the airline industry appears to stem from a combination of factors, few of which have anything to do with size. Finally, airlines are notoriously hard to merge, because of the difficulties of combining union lists, fleets and other assets. For all of these reasons, one should question whether a massive consolidation would produce corresponding efficiency gains.

Balanced against the prospect of greater efficiencies from massive consolidation is the risk of reduced competition, particularly for business travelers. Because the major airlines have the high frequencies and broad geographic scope that corporate travelers value, they are the principal competitors for their business. Corporations rely on competition among the majors to get the best deal (often in the form of an exclusive contract with one airline that provides for significant discounts). If consolidation were to eliminate all but a few major airlines, many corporations might have fewer alternatives for air travel.

In sum, airline consolidation, unlike airline deregulation, is an issue about which economists do not all think alike. To be sure, individual mergers may make sense. But a massive consolidation would be, at the very least, highly controversial.

Opening Foreign Markets. The second plank in the Administration's aviation policy has been to open foreign markets. Since 1993, and working closely with industry, we have negotiated Open Skies Agreements with 45 countries (15 of them in Europe), and the result has been significantly increased traffic, lower prices and more service options.

Still, there's a lot left to do. At the top of our list is Bermuda 2, the highly restrictive bilateral agreement between the U.S. and the UK that limits access to Heathrow, the world's biggest and most lucrative international hub, to a small club of airlines known as the Heathrow Four. Bermuda 2 is an anomaly in the otherwise strong economic relationship between the United States and Britain, two of the staunchest free-trading countries on earth.

Let me reiterate what Secretary Slater said on Friday, in reference to a possible merger between British Airways and KLM. The U.S. will not allow British Airways to use a merger with KLM as a "back door" to achieve greater access to our market. Moreover, if KLM comes under effective control of British Airways while Bermuda 2 still governs US-UK air services, KLM will immediately lose the benefits of the US-Netherlands Open Skies Agreement. KLM's chief executive, Leo van Wijk, appeared to acknowledge that in a statement in Friday's *Financial Times*. He said "a US-UK open skies agreement is a prerequisite" for a merger deal between KLM and British Airways.

Let me also say for the record that the United States has no interest in any kind of "mini-deal" with the UK. A mini-deal would only serve as a "steam valve" to ease the growing pressure on the UK government for full liberalization. That is not in our interest.

Improving the Efficiency of Aviation Infrastructure. The Administration's third goal has been to improve the efficiency of our aviation infrastructure -- particularly the air traffic control system. The Vice President made this issue a priority for the Administration early on, and we have made significant progress working with the Congress. But it has not been nearly enough, as the horrendous delay statistics demonstrate.

I want to argue today that this is a "predictable predicament." It reflects a mismatch between the nature of the services -- both air traffic control and airport landing services -- and the way we provide those services. The predicament also illustrates Murphy's Law of Economic Policy.

Economists know how to fix it, at least in part, but no one is listening. Let me talk about predicament we're in and the (partial) fix that only economists want to discuss.

Let me start by saying that the FAA is an extraordinary organization, and the team at the top is as good as they get. Jane Garvey and David Traynham and the thousands of dedicated controllers and engineers who work for the FAA operate the largest, busiest and safest air travel system in the world. They orchestrate 100,000 flights a day -- more than one every second. They also oversee the safety of the entire system, which has an exceptional record.

But despite the efforts of these talented people, the rapid growth in air travel is bumping up against the limits of the FAA's aging infrastructure. Flight delays in the last five years have increased by 50%, cancellations by 130%. The cost to airlines and passengers is more than \$5 billion a year, according to the ATA. And these statistics understate the real costs, because airlines increasingly "pad" their published schedules to accommodate routine delays.

Moreover, delays are almost certain to get worse. One reason is traffic growth. The FAA predicts a 50% increase in passengers and a doubling of cargo by 2010. Reason two is regional jets, which fly at the same altitude as larger planes but not as fast. With several hundred RJs coming into the fleet each year, these popular planes will be a growing source of delays.

Ultimately, new technology will expand the amount of available air space, through the use of "free flight," curved approaches to landings, and other technological innovations. But modernization of our air traffic control system is a long-term effort.

If delays are the symptom, the underlying problem is that the FAA, as a traditional government agency, is not structured to manage a high-tech operational service like air traffic control. It is a command-and-control regulatory organization that is constrained by federal budget rules and subject to detailed oversight from Congress and the Executive Branch. This environment is poorly suited to operating an ATC system that has many of the features of a business. The last point is key: in fundamental respects, the ATC system is more like a commercial business than a typical government activity.

First, ATC activities are purely operational. Although air traffic control must be regulated for safety, most experts agree that the operational activities are distinct and separable from the regulatory oversight.

Second, precisely because ATC is purely operational, the mission of an ATC service provider is clear and its performance is measurable.

Third, the direct customers of the ATC system -- commercial airlines and general aviation -- are identifiable, and most of the benefits and costs of ATC services accrue to those who are already paying the costs.

Because ATC has these fundamental characteristics, more than 20 countries have entrusted its provision to autonomous, not-for-profit organizations that are outside of the traditional government bureaucracy and that possess a degree of commercial freedom.

In 1993, the Vice President called for moving the FAA's air traffic control operation into an independent government corporation, so that it could use the tools available to the private sector to provide services more efficiently. In the words of his National Performance Review:

America needs one seamless air traffic control system from coast to coast -- able to borrow on capital markets, to do long-term financial planning, to buy the equipment it needs when it needs it, and to hire and fire in a reasonable fashion.

In 1995, the Administration followed up with legislation to create a not-for-profit government corporation -- USATS -- which would be governed by a board of directors and a chief executive officer, and financed with cost-based charges on commercial airlines (GA was exempt). The FAA would continue to regulate safety.

USATS was dead on arrival in Congress. Some Members felt it went too far, others not far enough. The one thing everyone agreed on was that they didn't like our user fee proposal, in large part because it was contained in an Administration budget plan that eliminated the \$2 billion general fund contribution to the FAA.

Although Congress rejected USATS, it subsequently adopted key elements of our proposal, such as acquisition and personnel reform. This year's FAA authorization act adopted still more reforms, some from our 1998 proposal to make ATC a performance-based organization within the FAA. FAIR-21 creates a five-member Air Traffic Services Subcommittee, comparable to a board of directors; and it establishes the position of Chief Operating Officer for air traffic services.

As important as these reforms are, they will not be enough.

What FAIR-21 did not do was alter the mechanism for financing air traffic control. Under the current system, the ticket tax on passengers, there is no necessary correlation between what users pay and the services they use. To remedy this, the Administration and the National Civil Aviation Review Commission both urged Congress to substitute cost-based charges on commercial airlines for the ticket tax; general aviation would continue to pay a fuel tax. We argued that the ATC system must have the ability to price its services, in order to balance supply and demand in the short run and meet customer demand in the long run.

The current approach leads to inefficiencies in both the provision and the use of air traffic control.

First, consider the provision of ATC. Unlike a commercial firm that charges customers for its products, the FAA cannot compare its costs and revenues in order to learn how customers value its various services, where it needs to reduce costs, which particular services to develop or improve, or where to invest new capital.

To illustrate, NCARC faults the FAA for focusing its investments on items that would allow the agency to reduce its costs, while ignoring potential investments that would provide more and better services to users. Why this bias? For the simple reason that the FAA has no way to charge users for those new services.

If the provision of ATC is inefficient, so too is its consumption. Reliance on the ticket tax means that airlines pay for ATC services indirectly, rather than directly. As with any free good, users consume more of it than if they had to pay for it. This takes the form of airlines scheduling more frequent flights on smaller planes. It also takes the form of airlines all wanting to fly in the most expensive airspace.

To illustrate, United and American Airlines recently agreed to have some of their short-distance flights use lower-altitude flight paths out of O'Hare. Until recently, the major airlines resisted lower-altitude flights because the thicker air creates more drag, which requires more fuel. But because of the long delays to get an open flight path at the higher altitude, the two airlines have finally decided to incur the additional fuel costs. If the FAA could charge market prices for use of the airways, lower-altitude air space would be less expensive and airlines would have an economic incentive to use it, even before delays reach the breaking point. But without pricing, everyone's incentive is to use the most expensive airspace.

Airport landing systems face the same problem. They operate on a first-come, first-served basis, and landing fees, which rarely cover more than wear and tear on runways, do not rise during peak periods. Thus, they provide little incentive for low-value users to shift activity to less congested airports or off-peak hours. This guarantees a chronic mismatch between demand and supply, accompanied by congestion and delays.

For example, United offers 38 flights a day from Los Angeles to San Francisco, most on Boeing 737s. The frequent flights are a competitive response to Southwest, which offers similar service from LA to Oakland. Recently, the San Francisco Airport, which has a terrible congestion problem because of fog, asked the FAA to require United to offer fewer flights using larger aircraft. United eventually reached a voluntary agreement with the airport to do just that. But if the airport had used congestion pricing, it could have achieved the same result with a lot less hassle.

If pricing of airspace and airports seems arcane, consider that it was the major recommendation that came out of last summer's TRB report. The panel of all-star economists and other aviation experts concluded that "Chronic air traffic delays are not only indicative of demand that is stressing insufficient capacity, but also of an inefficient means of rationing infrastructure use."

While airport runway expansions and air traffic control modernization could increase capacity, it is important to take advantage of the underutilized parts of the system. For instance, secondary airports in many major metropolitan areas have idle capacity, and even many hubs have extra capacity between connecting banks. Regarding this as an opportunity, Southwest Airlines concentrates its operations at secondary airports and during lulls in hubbing activity at the primary airports where it chooses to operate. Given the expense and practical difficulties of expanding runways and terminals at many

congested, major airports - partly because of limited space and community opposition to noise - the importance of using existing capacity more intensively and wisely is apparent.

Like the TRB report, a forthcoming study from the Brookings Institution looks at the evidence for predation, hub premiums, and other ways in which airlines' behavior may affect competition. Although it reaches a different result from TRB on some of those issues, the overall conclusion is similar:

The industry's primary inefficiencies stem from government management of airport and airspace capacity, which limits competition and compromises service.

In short, the leading economists in the country have concluded that pricing of ATC and airports is perhaps the single most important thing the federal government could do to promote competition in aviation, improve service and reduce congestion. And yet this idea is not even under serious debate here in Washington. You are seeing Murphy's Law of Economic Policy in action.

I will not go through the litany of arguments made for why we should not price airspace and airports. Suffice it to say there is considerable fear of the unknown and concern by some that change will make them worse off. These concerns are legitimate issues for debate. But we should deal with them as part of a serious debate about pricing rather than avoiding the debate altogether.

Conclusion. Seven years after the Commission to Ensure a Strong Competitive Airline Industry, the airlines are strong and competitive, reflecting an unflagging economy and the continued success of airline deregulation. However, all of this good news has stretched the capacity of our aviation infrastructure nearly to the limit.

The Congress and the Administration have made significant progress: Acquisition and personnel reform. A near-complete comprehensive cost accounting system. The Spring/Summer 2000 Plan and the extraordinary partnership it represents. And the excellent provisions in FAIR-21 on slot controls and air traffic control governance.

But we still use a system for allocating airspace and airports that was designed for the pre-1978 era, when government decided which markets carriers could serve and what prices they could charge. While airlines have developed the most sophisticated pricing models of any industry, we have not introduced basic market-based pricing for allocating air traffic control and airports. The predictable result is congestion, delays and unhappy passengers.

We can continue on our current course until our air travel system is significantly compromised by its infrastructure. Or we can take the advice of the people who fought to bring us airline deregulation. John Meyer, the legendary transportation economist who chaired the TRB panel on aviation, said it best in a recent article that summed up the work of that group:

The laggard performance of the public sector in allowing more efficient development and use of critical aviation infrastructure is a serious deficiency that will become more troublesome as air travel expands. Crowded airports, flight delays and passenger discontent over fares and services should not be seen as shortcomings of deregulation -- but rather as clarion calls to complete the deregulation process by instilling market incentives wherever sensible and feasible.

Remarks prepared for
Deputy Secretary of Transportation Mortimer L. Downey
for Delivery during the

**First Intelligent Vehicle Initiative National
Showcase and Meeting**

Panel: ***Government's Role in the IVI***
Ronald Reagan Building and International Trade Center
Washington, DC
Wednesday, July 19, 1:30-2:30 p.m.

Message: IVI Partnerships -- Moving in the Right Direction

Thank you, Jeff (Paniati, ITS/FHWA, MC) . . . and thank you to all for sticking around after that informative and newsworthy keynote by Secretary Slater. (Your comments on Secretary Slater's speech / announcements, if any -- draft won't be ready until tomorrow, but the press release of the overview is attached)

All of us want to thank the Society of Automotive Engineers (SAE) for working in partnership with the Department to make this **First Intelligent Vehicle Initiative National Showcase and Meeting** possible.

This afternoon, we bring together the leaders of four DOT modal administrations – our FHWA, NHTSA, FTA, and FMCSA -- that are working together ^{as they do on so many things. In this case, it's the} on the Intelligent Vehicle Initiative (IVI). They are going to talk about the work we are doing, in partnership with the private sector, to develop ~~Intelligent Vehicles~~ the kind of driving machines that America and the world will need in the future to ensure safety, environmental quality and economic growth ~~(or prosperity)~~.

Before they begin their presentations, I'd like to clarify ^{what} our overall ^{is} rationale for and goals of the Intelligent Vehicle Initiative ^{and what the specific goals include.}

Over the last 50 years, America has built a world class transportation system. But, as we enter the 21st Century, those systems are increasingly strained ^{as they bump up against real-life and constraints.}

People in metropolitan areas are spending several hours a day stuck in traffic, and vehicle crashes are commonplace. While transit ridership is up in many parts of the country and expected to grow, older metro and bus systems are in dire need of upgrading. The number of cars on our roads and highways is expected to increase by 50% in the next decade while highway mileage is expected to increase only slightly.

— a fact to its highest levels since 1961 —
it's
our
to meet that demand

We need to consider these trends and to create a transportation system that can handle the growth we expect in the near and long term as well as one that is intermodal, moving people and goods seamlessly and efficiently. The car — especially in intelligent vehicles — is a key element in that intermodal ~~system~~ system.

Making Future Cars Safer

We have made progress in the area of safety, DOT's #1 priority and one of our 5 Strategic Goals. One of our favorite mottos is that "The crash that doesn't happen is the best kind!" In almost 33 years of work to improve safety, we have saved 1.5 million lives. But, we still have work to do.

as we have brought down the rate of fatal crashes from what was experienced in 1967.

The total number of people killed on our roads and highways declined to 41,345 in 1999 compared with 41,471 in 1998. While this is progress, ^{— moving in the right direction — the number is still} ~~it is in our opinion unacceptable~~. Our ultimate goal is to ^{fulfill this} eliminate all ~~crashes~~, and we believe ^{we can address this goal} this is possible with advanced technologies and public and driver education and outreach. And, I want to emphasize driver ^{related interventions} education because **Driver error is cited as the leading cause of about 90% of police-reported highway crashes.** For that reason, DOT is focusing more attention and resources to this aspect of crash avoidance.

If we're going to make more progress and meet new milestones in creating the vehicles of the future, we need to consider not only today's challenges, but those we expect 10 and even 25 years from now. And,

we need to **push the envelope** on technology development ^{that supports} ~~and do more~~ ^{driver behavior, enhances driver skills & avoids crashes.} to encourage and support positive driver behavior.

make the point that we have come a long way with strategies of crashworthiness and driver behavior change — but that the gains for these are starting to plateau. We need a new breakthrough strategy — and that can be technology

The Intelligent Vehicle Initiative

Research and development of advanced transportation technologies is crucial to meeting our national goals of improved safety, a cleaner environment, and continued economic strength. That's why the Clinton/Gore Administration proposed \$338 million -- 83 percent more than last year -- to fund Intelligent Transportation Systems, or ITS.

The Intelligent Vehicle Initiative (IVI) is a major component of the Intelligent Transportation Systems (ITS) program. An investment of \$1.3 billion is slated for the IVI under the Transportation Equity Act of the 21st Century (TEA-21).

The focus of IVI is to improve vehicle design and incorporate new technologies to enhance both the crash avoidance and crash worthiness potential of vehicles. A major objective of IVI is to deploy safer systems sooner.

How does IVI
help crash
worthiness?
or are you thinking
of AQW - which is
crash response?

The IVI is an especially positive way for government to contribute because we aren't ^{functioning as a} the regulator, but ^{as a} a partner. And, we are managing this effort effectively as ONE DOT, as reflected by this ONE DOT panel.

To illustrate what we think the potential of IVI is, let me mention one estimate our ITS professionals have some up with: If all vehicles ^{as he would} were equipped with only three primary crash avoidance systems ^{of reasonable effectiveness} – rear-end, roadway departure, and lane change/merge, we believe we could prevent 1 out of every 6 crashes. That would mean that 1 million crashes a year could be avoided, saving thousands of lives and \$26 billion in medical and other costs annually. We believe that such potential is well worth the \$1.3 billion we will invest in IVI over the 6-year life of TEA-21.

Conclusion

Honda + Toyota are partners, too

We are working in partnership with ~~American~~ automakers, parts manufacturers, information technology companies, universities, state and local governments and many others to make sure the most viable technologies are developed and commercialized.

Partnerships and collaboration, and of course, well-planned research and development are the best way to produce safer, more “Intelligent” vehicles that will save lives. And, I believe we’re moving in the right direction!

Thank you, and now we’re going to hear about that focused research and development from our panelists.

Note: You will be introducing each panelist: Mr. Wykle first, then Rosalyn Millman, Clyde Hart, and Ed Thomas.

Intro for Ken Wykle:

While IVI is primarily about creating smart cars, it is also about building smart highways. Our first panelist, Ken Wykle, has been administrator of FHWA since 1997.

Before coming to FHWA, Ken was deputy commander in chief of the U.S. Transportation Command, the military's unified management group for the Army Military Traffic Management Command, the Navy Military Sealift Command and the Air Force Air Mobility Command.

He will talk about how technology in vehicles and in the infrastructure can be integrated to prevent crashes and save lives.

Intro for Millman

Rosalyn Millman is the Acting Administrator of the National Highway Traffic Safety Administration (NHTSA). Prior to NHTSA, she served as a transportation economist for the Committee on Transportation and Infrastructure for the U.S. House of Representatives. While working for the committee, she developed many significant policy provisions of the Transportation and Equity Act for the 21st Century (TEA-21), including alcohol-impaired driving countermeasures grants and the Motor Carrier Safety Assistance Program.

Intro for Hart

Secretary Slater named **Clyde Hart** Acting Administrator of the Federal Motor Carrier Safety Administration (FMCSA) in May. Hart has led the new agency from the time it was created last January.

FMCSA is dedicated to significantly improving truck and bus safety on the nation's highways through targeted enforcement activities, increased use of technology, information and data systems, and through effective interaction with stakeholders. FMCSA's goal is to reduce the

number of truck-related fatalities by 50 percent by 2010. — and actually technological assets will have to be part of the strategy to get there. Prior to leading FMCSA, Clyde Hart served as the Administrator for the Maritime Administration (MARAD) as well as with the State Commerce Committee + ICC.

Intro for Thomas

Edward Thomas was appointed as FTA Associate Administrator for Research, Demonstration and Innovation in 1996. In this position he is responsible for research and technology programs in the areas of safety, security, fleet operations, equipment, and infrastructure.

He has over 24 years of professional and managerial experience in the Federal Government in a number of areas including planning, program management, policy development, research, and field operations.

Remarks prepared for

Deputy Secretary of Transportation Mortimer Downey

for Delivery during the

U.S. Department of Transportation
ADA 10th Anniversary Celebration
Nassif Courtyard
Friday, July 21, 2000
1 - 2 pm

Thank you, Nancy (McFadden).

It's an honor to be here with you all today to celebrate the 10th anniversary of the Americans with Disabilities Act (ADA). We are *indeed* fortunate to have ^{*this*} ~~the~~ ^{*which*} Act ~~because it~~ gives the Department of Transportation and federal agencies throughout the Executive Branch ^{*and the responsibility*} the ability to ensure equality of opportunity and access for the disabled ~~or impaired~~ so that they can live active, independent and productive lives.

We know

The fact that transportation has played a central role in the civil rights movement ^{and that's} is ~~but~~ a reflection of its importance in all of our daily lives. ^{Trespasser's} The key function of ~~transportation~~, at its most fundamental level, is to provide this basic mobility that makes for a more productive society. ^{It's} It ~~provides~~ the critical link ^{that} ~~allowing~~ ^s each of us to ~~participate~~ ^{be part of} in the full range of ~~societal~~ ^{from} activities, including work, school, commerce, ^{to} and recreation. ^{to}

Yes, we've accomplished a lot in the last 10 years -- ~~making~~ ^{are} transportation facilities and vehicles more accessible, ~~improving~~ ^{improved,} sidewalks and paths, ^{and} ~~improving~~ ^{are there} airport services for the disabled and elderly throughout the nation -- but there is always room for improvement.

Much of the emphasis to date has been on reducing physical barriers to transit use. ^{But in an} ~~A growing need is to make transit available to~~ ^{infant-dependent society, it's also important} ^{to make} ^{services} persons whose disabilities are sensory, such as ~~being~~ sight or hearing impaired. Research and technology development in this area goes ^{the} beyond removal of physical barriers ^{to} but also ~~must~~ address how

information about transit services is made available.

Installing audible street-crossing signals where they're needed is an excellent example of using technology to make transportation -- and people's lives -- better.

Last summer, the U.S. DOT unveiled a new website that focuses on transportation access issues, and I encourage you to visit the site and to give us your comments.

Q- (Is it a website that would meet the new 508 standard for web-site accessibility?)

These successes in making transportation fully accessible and considerate ^{all} of the needs of the disabled ^{show} demonstrate how far we've come. They also serve as an example of how transit and other transportation providers, government and the disability community can work together to ensure that transportation is an enabler of opportunity, not a barrier.

In recognizing these successes, however, we also need to remember that the ADA is more of a journey than a target. Full access requires continued vigilance to deliver this promise. Transit providers nationwide are continually improving their efforts to deliver accessible service to people with mobility, hearing or vision disabilities. — and it's

*a pleasure to find them at our side
only how we can do better, - also
have debates over whether we should try.*

Long joint efforts

As a result, the United States has become a world model for accessible transit service. Japan will pass legislation in the next few days called the "barrier free access law." It is modeled on the *ADA's* transportation provisions *of the ADA.*

Similar anti-discrimination laws are under consideration in the United Kingdom, Australia, and other nations worldwide. The ideas of the ADA – *not to mention* ~~and~~ the transportation technology innovations it has encouraged – have become a valuable U.S. export.

As President Clinton has said, we must "ensure that our policies create independence instead of dependence ... inclusion instead of exclusion ... and integration instead of segregation."

On this 10th Anniversary of the Americans with Disabilities Act, I *have a lot of insight + vision* thank President Clinton and Vice President Gore, Secretary Slater, [^] Senators (Dole, other Senator/Members of Congress to be added), former Secretary of Transportation Elizabeth Dole, Administrator Fernandez and her staff and everyone responsible for working so hard

put the Act in place, as well as how also work so hard every day to accomplish its ends - really

and well together to bring the promise of the ADA to life.

Introduction of
Dr. Anthony Janetos, Senior Vice President
and Chief of Programs/ World Resources Institute
for the
Eno Global Climate Luncheon
Monday, July 31, 2000

We are fortunate to have Dr. Anthony Janetos (pronounced JAN-ET-US), Senior Vice President and Chief of Programs at World Resources Institute, as our featured speaker today. ~~Not only does Dr. Janetos possess a wealth of experience, but he is also passionate about his work.~~

He is currently co-chairing the U.S. National Assessment of the Potential Consequences of Climate Variability and Change. The Assessment will be published this fall, and we look forward to learning what the future could hold for our global environment based on this scientific assessment.

Today, Dr. Janetos will discuss the science and accounting of carbon sinks. *as they affect the global climate change process.* Land use changes, re-forestation and protecting existing forests all have the potential to contribute to reducing greenhouse gas concentrations and slowing global climate change. Dr. Janetos will discuss the carbon cycle and the issues surrounding the science of carbon sequestration.

Hopefully, his remarks will help us understand the place of such strategies in the calculation — and the negotiation — of global warming responses.
Before joining WRI, Dr. Janetos served as Senior Scientist for the Land-Cover and Land-Use Change Program in NASA's Office of Earth Science, and was Program Scientist for the Landsat 7 mission.

Dr. Janetos brings to WRI many years of experience in managing scientific research programs on a variety of ecological and environmental topics, including air pollution effects on forests, climate change impacts, land-use change, ecosystem modeling, and the global carbon cycle.

Dr. Janetos graduated Magna cum Laude from Harvard College with a bachelor's degree in biology, and earned a master's degree and a Ph.D. in biology from Princeton University.