REMARKS BY DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
11TH ANNUAL FAA/JAA HARMONIZATION MEETING
BOSTON, MA
JUNE 6, 1994

Thank you.

- It is a pleasure to welcome you to the 11th meeting of the Federal Aviation Administration and the European Joint Airworthiness Authorities.

- Harmonization seems to be on everyone's minds these days. A few days ago I read that the United Kingdom is trying to estimate the expense of changing over to the standard European type of electrical plug and socket...using two pins instead of three. Every house in the UK would need to be rewired, of course, and one guess is that it would cost 78 million pounds a year for the next 40 years.

- That story underscores the fact that harmonization takes a long time to achieve...and a great deal of cooperation and a heavy investment of resources. It's a major undertaking which... fortunately...can be expected to yield major benefits in the end.

- We can take pride in the fact that the FAA and the JAA were far-sighted enough to begin the long, slow work of harmonization more than a decade ago.

- From the time this group was formed in 1983, our common goal has been to improve aviation safety throughout the world.

- With few exceptions, we have achieved this goal.

- Everywhere in the world, aviation increasingly must conform to a single set of international standards and procedures -- for reasons of safety first and foremost -- but for economic reasons as well.

- Even for small business jets, the cost of one additional type certification can easily exceed one million dollars. In countries with mature aviation authorities like those represented here, these multiple standards add a lot to cost, but very little to safety.

- Taking the long view, harmonization will be a big step toward an integrated global economy -- because it creates an expanded worldwide market for ~~aircraft~~ Aviation products in which no nation or company holds an unfair advantage.

- Over the past ten years, we've made great strides in achieving harmonization -- in maintenance procedures, in the certification of airworthiness, and in shortening the rule making process.

- We've made significant progress on engines and propellers. Uniform standards for

- And, after an intense two and a half year effort by industry representatives and the technical staffs of the FAA and JAA...we are preparing to release new harmonized rules for small airplanes certified in the United States and Europe. This long-awaited action removes the double standard that has been so costly to manufacturers.

- Global harmonization is a key objective of the Clinton Administration. And I can assure you that it will remain high on the FAA's agenda.

- Let me thank you once again for your participation. And I wish you a pleasant stay in our country.

REMARKS BY DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
11TH ANNUAL FAA/JAA HARMONIZATION MEETING
BOSTON, MA
JUNE 6, 1994

Thank you.

- It is a pleasure to welcome you to the 11th meeting of the Federal Aviation Administration and the European Joint Airworthiness Authorities.

- Harmonization seems to be on everyone's minds these days. A few days ago I read that the United Kingdom is trying to estimate the expense of changing over to the standard European type of electrical plug and socket...using two pins instead of three. Every house in the UK would need to be rewired, of course, and one guess is that it would cost 78 million pounds a year for the next 40 years.

- That story underscores the fact that harmonization takes a long time to achieve...and a great deal of cooperation and a heavy investment of resources. It's a major undertaking which... fortunately...can be expected to yield major benefits in the end.

- We can take pride in the fact that the FAA and the JAA were far-sighted enough to begin the long, slow work of harmonization more than a decade ago.

- From the time this group was formed in 1983, our common goal has been to improve aviation safety throughout the world.

- With few exceptions, we have achieved this goal.

- Everywhere in the world, aviation increasingly must conform to a single set of international standards and procedures -- for reasons of safety first and foremost -- but for economic reasons as well.

- Even for small business jets, the cost of one additional type certification can easily exceed one million dollars. In countries with mature aviation authorities like those represented here, these multiple standards add a lot to cost, but very little to safety.

- Taking the long view, harmonization will be a big step toward an integrated global economy -- because it creates an expanded worldwide market for ~~aircraft~~ aviation products in which no nation or company holds an unfair advantage.

- Over the past ten years, we've made great strides in achieving harmonization -- in maintenance procedures, in the certification of airworthiness, and in shortening the rule making process.

- We've made significant progress on engines and propellers. Uniform standards for

- And, after an intense two and a half year effort by industry representatives and the technical staffs of the FAA and JAA...we are preparing to release new harmonized rules for small airplanes certified in the United States and Europe. This long-awaited action removes the double standard that has been so costly to manufacturers.

- Global harmonization is a key objective of the Clinton Administration. And I can assure you that it will remain high on the FAA's agenda.

- Let me thank you once again for your participation. And I wish you a pleasant stay in our country.

REMARKS PREPARED BY DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
DISADVANTAGED BUSINESS ENTERPRISE
AIRPORT COMPLIANCE CONFERENCE
CLEVELAND, OHIO
JUNE 6, 1994

One of the jobs of an FAA Administrator, I've discovered, is to make the rounds of conferences and conventions. I have a chance to catch up with old acquaintances and make new ones. But almost everywhere I go, I get asked a lot of worried questions. Given our industry's economic difficulties, people are very concerned about what the future holds for them.

So it's a pleasure to come to a conference where the talk can be genuinely optimistic.

One reason is that late last month President Clinton signed an interim funding bill which allocates 800 million dollars for airport improvement projects this year. We'll begin to award these grants immediately, resuming where we had to leave off last October.

As you know, President Clinton has been a consistent backer of airport funding and we're hopeful that Congress will soon be able to pass the Administration's proposal for a 7 billion dollar airport improvement program which would cover the next four years.

You have a second reason to be optimistic. For you can look forward to continued success in a program which has already built a solid record of achievement.

Since 1988, when the DBE legislation was first put in place, the airport sponsors have surpassed the statutory goal every year -- a goal of not less than ten percent for federally assisted projects.

And not just barely over target, but by a substantial margin. For example, in the most recent year, over 18 percent of the contract dollars awarded under AIP projects went to DBE firms.

Nation-wide statistics on the concession program will soon be available. But we already recognize that a large number of airports have a legitimate difficulty in meeting the set goal for DBE participation.

But now, with the significant changes we're considering in the rules for administering the program, I expect we'll do even better.

The proposed rule will not only make it easier to achieve the minimum ten percent level, but it will broaden the range of businesses which can qualify as DBE firms.

Airports would be allowed to count new forms of DBE participation. Disadvantaged enterprises can become involved in more facets of the airport business...gaining a greater foothold in such activities as management contracts and sub-contracts and in providing a full range of goods and services to airport concessionaires.

By expanding the definition of DBE participation we will extend the opportunity to a host of new businesses.

The FAA is also hoping to open the door a little wider by cutting down on the amount of paperwork which is necessary for a firm to be certified as a DBE.

Burdensome red-tape adds to the cost of a program, while doing little or nothing to enhance its benefits. And the ratio of cost to benefit is upper-most in our minds in Washington these days.

Every aspect of the DOT's program for disadvantaged businesses has been subjected to stringent cost/benefit analysis. And the DBE program is not in any way an exception to these principles.

For the FAA, like all federal agencies, must begin to cope with contracting budgets and competing priorities. For the first time that anyone can remember, we actually have fewer real dollars to spend than we did the year before. There will be hard choices to make. And they must be made in the context of our nation's overall transportation objectives.

Airport spending decisions will be among the hard ones we have to make.

And to adjust to the new budget realities, we are planning some significant changes in the evaluation of AIP grant proposals and in our approval of Passenger Facility Charge applications.

Across the board, there is going to have to be a much stronger emphasis on rigorous investment-based criteria.

Beginning this year, we are screening every AIP application more closely to make sure it is properly documented. We are strengthening the review process to confirm that first priority goes to safety and security projects.

And we are requiring that any proposal to enhance capacity which exceeds 10 million dollars will have to demonstrate merit on a strict cost-benefit basis. The proposal must show a high cost-benefit score...in comparison with competing projects.

We're also proposing that PFC applications must meet the same needs test that we apply to AIP funding.

I know that these procedures won't please everybody -- but we simply must use our scarce funds where they will do the most good. And we must take up the slack by looking for new, more creative ways to meet the funding needs of our airports.

One possibility which we're exploring is the feasibility of using the projected revenue from passenger facility charges as the collateral for unrated airport bonds.

We need such innovative thinking about how to finance airport development, because the need for continuous investment is not going to diminish.

This is true for airports. And it is also true for our air traffic control system. We must continue to invest in modernizing ATC because the steady stream of innovative technology is always creating new opportunities for enhanced safety and enlarged capacity.

And we must find a new form of government organization which has the financial resources to move quickly and decisively to take advantage of these opportunities.

If we fail to invest now to meet the expected growth in aviation, the cost of catching up later will be enormous. It may even be unsupportable.

Since the introduction of the jet plane in the mid-fifties, air travel has doubled...re-doubled....and then more than re-doubled again -- rising from 37 million passengers in 1955 to almost 500 million last year.

Right now we're in a lull -- a short time-out -- after the very rapid growth in aviation which we've seen over the last four decades.

But our FAA forecasts -- which have proven remarkably accurate -- our forecasts predict that, in the United States, air travel will rise from 500 million to 800 million passengers between now and the year 2005. That's a hefty 60 percent increase -- surprising vigor for an industry which Wall Street types tend to dismiss as mature and unexciting.

I believe the exact opposite is true. Aviation is still one of America's premier industries and a prime stimulus to economic growth. Your involvement in the airport sector of the industry puts all of you in a good position to participate in this coming growth. That's the good news.

But, unfortunately, there's a worrisome side to this forecast. I worry that we will not be ready to handle the growth when it occurs.

Twenty of our larger airports already experience costly delays due to congestion -- and we are fast running out of gates and runways at many others.

Our air traffic management system and infrastructure -- even with all the improvements we have planned -- will have to struggle to accommodate more passengers and more planes. This new demand could overwhelm us.

There is urgent need to act now...while the U.S. air traffic control system is still the best in the world...to act now while there is sufficient time to prevent a costly rupture in this vital public service.

President Clinton addressed this very real danger during his very first days in office and has moved quickly and decisively to find a solution.

Just as his administration's budgets have made the first serious attack on the deficit in nearly a generation,

...and the Clinton health reform initiative attempts to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health,

...in aviation, too, the President and Vice President have not dodged the tough issues which have been so long neglected.

This month, the Vice President...Secretary Pena...and I released a report which recommends the formation of government-owned corporation which would take over the responsibility for managing our air traffic control system.

This idea has been debated for years without anyone taking the initiative to push it through. There have been no fewer than two dozen separate studies. And time and again these studies made a persuasive case for the corporation.

This will be a new form of specially chartered organization <u>inside</u> the federal government but <u>outside</u> the federal system of procurement and personnel regulation -- an organization which would have both the flexibility and the financial resources to build and manage the air traffic control system of the next century...with maximum safety and efficiency.

I'll mention a few key provisions of the proposal. Keep in mind that the specifications are all tentative. We're still working on draft legislation and there are certain two be differences between the two.

But here is how we see it now.

o This will be a non-profit corporation, wholly-owned by the federal government and located within the Department of Transportation.

o The U.S. Air Traffic Services Corporation will have responsibility for air traffic control, system maintenance, modernization of ATC facilities and equipment, and the conduct of research into future systems.

o But while the new corporation will have responsibility for operating air traffic using best business practices ... it will never be free to compromise on safety or economize on compliance.

It will be subject to the strict regulatory authority of the FAA ... which will regularly monitor its performance with the same rigorous scrutiny with which the Agency now enforces compliance by airlines and aircraft manufacturers.

o The corporation will be governed by an eleven member board of directors ... appointed by the President and confirmed by the Senate ... and chosen to represent a cross-section of system users: civilian and military, commercial and general aviation, consumers and airports.

o The board will select a CEO who will have the day-to-day responsibility for running the corporation. Job tenure in this top post will not depend on the four-year cycle in presidential elections. As long as the board is satisfied, the CEO keeps the job....providing continuity of leadership which the FAA now lacks.

o The corporation will be entirely self-supporting, paying its own way with fees levied on commercial aviation. The costs of services would be borne directly by the commercial users of the system -- not by the taxpayers, who this year alone are providing a subsidy of more than two billion dollars.

The steady, predictable in-flow of users' fees will permit a dollar-for-dollar reduction in current indirect aviation taxes, so that there will be no net increase in the total financial burden to commercial users.

o The corporation will have borrowing authority which will enable it to finance its purchases of new technology and other improvements with funds raised in the private markets.

This provision is critical if we are to avoid technological obsolescence. For the FAA's current method of making major purchases of equipment almost defies description. And it often defeats our best attempts to manage it in a business-like way.

Imagine, if you can, that you run the frozen yogurt concession at an airport and you want to buy a new machine -- following the same regulations with which the FAA must comply.

You start by writing lengthy, detailed specifications and distributing these to every dealer who asks for them. Then you laboriously evaluate each proposal you receive, using a formal screening procedure which gives those who lose out a chance to submit revised bids.

This entire process can consume two to five years. And in the meantime, a newer, better machine has come on to the market. But to buy it, you now have to start all over again.

That's what it's like in the FAA today. Companies trying to win a contract can spend two or three million dollars just to prepare a bid. And some of the proposals we receive are so bulky that they're delivered by forklift.

The whole procedure has become less and less rational over the years as it has grown more and more complicated. The situation demands radical reform and drastic simplification. This is the reasoning behind our proposal for a corporation.

With the re-location of the air traffic control function, the FAA will be free to concentrate its energies on fulfilling its long-standing role in safety and security. The Agency will still set and enforce standards of airworthiness ... still certify and inspect ..still oversee aviation security programs.

And the FAA will continue its long association with our nation's more than one thousand airport authorities -- issuing LOIs, awarding AIP grants...and approving PFCs.

I suspect that the FAA will also continue to be responsible for administering the DBE program...although this is an issue which is still up for discussion. No one yet knows for sure where it will go.

But I do know that the program will not be an orphan, a cast-off, the kid that no one picks for their team.

On the contrary...in the few months that I've been in Washington, I've learned that everyone wants to grab a program that's a proven success. So you can be sure that the DBE will be a prize for whichever agency is able to capture it.

And wherever it goes, the Disadvantaged Business Enterprise program will continue to create jobs and enrich our national economy by nurturing the next generation of entrepreneurial talent.

Thank you very much.

REMARKS PREPARED FOR
FAA ADMINISTRATOR DAVID R. HINSON
GULFSTREAM OPERATORS' WORKSHOP
SAVANNAH, GA
JUNE 7, 1994

Thank you.

It's a great pleasure for me to take part in this gathering. One pleasant side of being the FAA Administrator is that I'm invited to forums like this. I have a chance to catch up with old acquaintances and make new ones.

But these meetings have a serious purpose as well. When you work in Washington long enough, you begin to think that it's the only place where anything important can happen. We need to be reminded from time to time that much of the creative thinking about the problems which confront us goes on in places like Savannah, Wichita, and Vero Beach.

I look to conferences like this for ideas which will help shape our agenda in the decisive months ahead. We rely on you for critical perspective and innovative thinking -- qualities of mind which are certainly not the sole preserve of Washington.

Today I would like to speak with you about three topics. The first is my agenda for general aviation (G-A). I have many old friends in this audience who know that my interest in this matter is, by no means, an expression of newly-hatched bureaucratic rhetoric. I've been flying airplanes -- of all sizes and types -- for nearly 40 years. I've been a fixed base operator and I once owned a Beech distributorship. So general aviation is something I know about and care about.

The second topic I plan to discuss is the technologies that are shaping the future evolution of aviation. In particular, I'll describe the aggressive program we have underway to integrate satellite technology into the U.S. air traffic control system.

The third and final topic I want to address is the Clinton Administration's proposal to create a corporation to manage the air traffic control system. I know there are concerns in the general aviation community about the corporation. I believe our proposal addresses them all.

You will hear from me today why I believe we need the corporation and why I feel it's a good deal for general aviation. That's one reason why I support it. For as I have said many times, I plan to be out flying as a GA pilot after I leave the government.

While I am at the FAA, I intend to do all I can to rebuild general aviation.

We all know that for the past decade or more, GA has endured crippling losses which seemed, at times, to threaten its very existence.

In 1980 there were 29 U.S. manufacturers of piston aircraft and 15 foreign manufacturers. Today the numbers are reversed -- only 9 U.S. firms and 29 foreign. Sales have fallen from 17,000 in 1978 to fewer than 600 in 1993. In last ten years, the number of active pilots dropped 15 percent. Recently, we've been losing around 9,000 a year. The size of the GA fleet, and the number of hours flown has also declined -- a trend which our forecasters say could continue until well into the next century.

I'm told that, that for the last decade or more, this nation has lost an average of one public landing area per week. Close to one-half of our fixed base operators lost money in 1992. When flight services aren't available, airfields die and turn into shopping centers and parking lots.

You may not be as affected by this as the person who operates a Cessna or a Mooney. But you are affected nonetheless. This is something we all need to be concerned about -- whatever type of aircraft we fly or maintain.

I signed on with this Administration because President Clinton, Vice President Gore, and Transportation Secretary Peña have made it clear that they are willing to act to support the recovery and future growth of U.S. aviation.

The President's budgets have made the first serious attack on the deficit in nearly a generation -- and his health reform initiative attempts to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health.

The economy is strengthening. Along with this recovery, there have been modest gains in the sale of business jets and turboprops. According to GAMA, both had a very good first quarter. So we are beginning to see signs that this industry is stirring again.

We will never have a better chance to stop the forces that are slowing robbing general aviation of its economic vitality -- than we have right now.

This optimism is not based on any single event, but on the momentum we have seen building throughout the past year to re-energize this industry. But best of all are the improvements that have been made in safety.

When I arrived at the FAA last August, one of my first actions was to issue a policy stating my goals for general aviation. The very first objective is to preserve our recent gains in accident prevention and to aim for even higher levels of safety.

The NTSB reports that, in 1993, the number of general aviation accidents, fatal accidents, and total fatalities all registered historic new lows. Within this category, corporate planes have the lowest accident rate by far.

This record is a tribute to the dedicated efforts of thousands of pilots and mechanics, to organizations like NBAA, GAMA, and AOPA. And to the FAA's flight inspection and safety people.

But we cannot afford to become complacent -- or take for granted what we have achieved.

The average accident rate for all segments of general aviation is 8.79 accidents for each 100 thousand hours flown. Even at last year's record lows, this equates --on average--to six accidents every day. Six a day.

The accident rate for personal flying is significantly higher -- 15 accidents for each 100 thousand hours flown.

Every morning I get daily summary reports of what has happened around the country. They can be very depressing -- especially around the holidays or on Monday after a weekend of good weather.

Last year, there were over two thousand general aviation accidents, in which 712 people lost their lives. Fourteen of these accidents involved corporate planes. Four of them resulted in 13 fatalities.

We know that the overwhelming majority of these accidents are caused -- not by mechanical failure -- but by human error. We can fly the most advanced aircraft. We can have the most sophisticated avionics. We can have thousands of hours in the air. But what counts is how we perform each and every time we take the controls.

Within the past five years, 79 percent of all corporate accidents -- and 96 percent of all fatal accidents -- 96 percent -- were caused by human error. One of the key research priorities at the FAA -- and at NASA as well -- is directed toward preventing these kinds of accidents.

Just about everything we do at the FAA is related to safety in one way or another. But we are also aware of the important contribution that GA makes to the economy.

Two months ago, we released our latest General Aviation Action Plan.

Right about now most of you are probably thinking "what we need is less planning and more action."

That's exactly what this plan creates. It spells out what the people who use the system told us we need to do to support GA. And we have established clear and precise schedules for achieving these objectives.

They told us we needed to make it easier to certify small, low performance aircraft. So

we issued new rules to do this.

And, after an intense two and a half year effort by industry representatives and FAA engineers, we are preparing to issue harmonized rules for small airplanes certified in the United States and Europe. These new rules will remove the double standard that has been so costly to manufacturers.

NASA Administrator Dan Goldin and I have agreed to combine technical resources and to increase our investments in research and development for small planes. Between our two agencies, we have the strongest program that we have had in years.

The push is also on to design advanced cockpit technologies for GA, including an affordable data link. And to develop quieter propulsion systems and clean, low-cost fuel.

I talk regularly with Administrator Goldin about these programs. And I am working with Environmental Protection Agency director Carol Browner to create policies which are both fair and responsible for the aviation sector. I'm hoping to avoid misunderstandings like red dye in diesel fuel -- and to prevent slot controls or other restrictions on general aviation aircraft.

The agenda that we have adopted defines an active role for the FAA in the recovery and growth of general aviation. Not simply as a regulator or enforcer, but as a partner.

These projects show that we still have a lot of good ideas about what can be done to assure a future for general aviation. But the hard truth is that many of our problems reflect long-term trends which are having a powerful and sustained impact -- not just on GA -- but on all aviation. And not just on the U.S. economy, but the global economy.

One such trend is the failure of many countries to provide adequate infrastructure to support global operations. I'm aware that in places like Japan, Hong Kong, Mexico, and the United Kingdom, general aviation planes are virtually shut out of the larger airports. This is especially frustrating when you have a plane like the new Gulfstream-Five that will carry eight passengers 63 hundred miles nonstop.

I see an increasingly important role for the Federal government to work with those countries to help solve the problems of limited access and capacity.

We must also keep up the pace of our modernization programs here at home.

The U.S. air traffic control system is the safest and most efficient in the world -- bar none. And it sets the performance standards against which all other ATC systems are judged.

Between 1982 and the year 2005, the FAA will invest some $32 billion dollars in a capital investment plan -- to replace aging equipment -- to upgrade and improve the entire air traffic control system -- and to squeeze out as much capacity as we can from our existing

airports.

We will invest an additional one and a half to two billion dollars each year in airport grants:

-- to build new runways, taxiways, and aprons,

-- for better security systems to thwart terrorist and others who would seek to endanger passenger safety,

-- and to combat the problems of aviation noise and pollution around our airports.

The Dallas-Fort Worth Metroplex Plan is an example of our modernization program at its best. We are investing about 166 million dollars in equipment and construction to greatly expand the capacity of DFW Airport. We're building two new towers, expanding the terminal approach control facility, and installing additional navigational aids and radar.

And construction is underway on two new runways -- where we will be able to execute triple and quadruple simultaneous approaches.

This program takes a fresh look at how we can apply our dollars to get greater utility from DFW and the dozen or more airports in the surrounding area. And while it focuses on making better use of what we have today -- much of the FAA's capital investment program focuses on new technologies: most notably, satellite navigation, higher levels of automation, and digital data link communications.

These three new technologies are changing the way we traditionally think of air traffic management -- shifting us away from the purely ground-based perspective that we've had for the past 60 years -- to one which places increased emphasis and reliance on airborne participation and decision making.

In the system of the future, air traffic control will move from active to passive. Flight information will be exchanged by means of digital transmissions, rather than voice communication. And most functions will be automated, leaving pilots and controllers free to concentrate on matters which call for human judgment.

In the coming years, automation and digital data link communications will be as important to aviation as radar was forty years ago.

But perhaps no technology in this and the coming century offers more promise for civil aviation than satellite navigation.

We are moving swiftly to clear the way for large scale use of GPS. Over the past few months, we have certified the first GPS receivers and allowed pilots to navigate by GPS.

We have set milestones to approve differential GPS for Category One approaches and to study its feasibility for Category Two and Three operations. In fact, we are restructuring the program now to advance the date for implementing wide area augmentation.

With GPS, we will be able to make much more efficient use of our existing airport facilities. Operations will be less hampered by bad flying conditions or heavy backups in air traffic. There will be fewer delays due to weather and congestion, and pilots will be able to instantly re-route their flights to bypass trouble ahead, saving both time and fuel.

We're committed, as an agency, to bring the benefits new technology to users as quickly as we can.

We're painfully aware that much of the advanced capabilities built into the flight deck of the Gulfstream Four is still unavailable to the pilot. Our current air traffic control system isn't equipped to handle it. Right now, we estimate that we're only able to take advantage of about 30 percent of it. And this is true for the new Boeing 777, the MD-11, and many other aircraft that have been retrofitted with new technology.

Such a lag seriously handicaps our best efforts to provide timely technological solutions to the pressing problems of capacity and congestion.

And the reasons for this lag are clearly understood.

Because we are part of the federal bureaucracy, the FAA is required to follow rigid and maddeningly complex procurement regulations which constantly thwart our efforts to buy the best and latest technology.

Whenever the subject of procurement comes up, someone is sure to mention the 11 foot stack of rules which govern our acquisition process.

That legendary stack is 11 feet of good intentions, built inch by inch over the years. They originated, I'm told, to keep the U.S. Cavalry from getting the bad end of a horse trade.

But over time, in our zeal to guard against malfeasance and abuse, we've layered one regulation on top of another. Now, we're suffocating under them.

It can take two to five years -- sometimes longer -- to award a contract for a new piece of equipment. By the time we take delivery and get it installed, the technology may be obsolete.

And the Federal personnel system makes it just as hard to move people where we need them, when we need them.

The result is that the FAA, as it is presently structured, is finding it more and more difficult to exploit new technology or sustain the new growth which will be necessary to meet

future demands of our industry. And if we fail to do so, the cost of catching up later will be enormous. It may even be unsupportable.

Since the introduction of the jet plane in the mid-fifties, air travel has doubled -- re-doubled -- and then more than re-doubled again -- rising from 37 million passengers in 1955 to almost 500 million last year. Shortly after the turn of the century, that number will climb to 800 million. We're forecasting a greater than 60 percent increase in air travel over the next decade or so.

Right now we're in a lull -- a brief time out -- after the very rapid growth in aviation which we've seen over the last four decades. But within our lifetimes, we are certain to see a spectacular increase in air travel. We know this just on the basis of some straight-forward demographics.

The United Nations reports that by the year 2050 -- the world's population will number eleven and a half billion. About twice what it is today. Worldwide, we are adding a billion people a decade -- or the equivalent of one New York City every month.

Even if a tiny fraction of these people ever buy an airline ticket, we have a vastly expanded global market.

This is good news, of course. But there's a worrisome side to this forecast. I worry that we will not be ready to handle the growth when it occurs.

Our air traffic control system -- even with all the planned improvements -- will have to struggle to accommodate this growth. This new demand could overwhelm us.

There is an urgent need to act now -- while the U.S. air traffic control system is still the best in the world -- to act now while there is sufficient time to prevent a costly rupture in this vital public service.

President Clinton addressed this very real danger during his very first days in office and has moved quickly and decisively to find a solution.

Last month, Vice President Gore, Secretary Peña, and I released a proposal recommending the formation of government-owned corporation to manage the air traffic control system. This is the third and final topic I would like to discuss today.

In proposing the corporation, the Clinton Administration is acting to adopt an idea which has been discussed for the last ten years.

Throughout the aviation industry, there has been long-standing criticism of the FAA's capacity to keep up with its rapidly changing needs in an increasingly competitive business environment.

In recent years, no less than two dozen separate studies have looked at the FAA.

We always get excellent marks for safety. But consistently we are criticized for the way we manage change.

The diagnoses rendered by these studies are always very similar:

We lack control over our own finances and autonomy in making decisions;

We are bound by inflexible procurement and personnel procedures;

We are thwarted by too frequent turnover at the top, disrupting continuity of leadership;

We suffer from bureaucratic inertia and from an organizational culture which is difficult to change.

Time and again, these studies have reached the same conclusions...and repeatedly they have made the same recommendation. All have urged the formation of a corporate structure to run the air traffic control system.

So this is an idea whose time has finally come -- a new form of specially chartered organization inside the federal government but outside the federal system of procurement and personnel regulation -- an organization which would have both the flexibility and the financial resources to build and manage the air traffic control system of the next century...with maximum safety and efficiency.

Here is what we are recommending. Keep in mind that we're still working on draft legislation. There are certain to be changes as we go along.

o The proposal calls for a fundamental restructuring of the air traffic control system, taking it out of the FAA and establishing a wholly-owned government corporation located within the Department of Transportation.

o The U.S. Air Traffic Services Corporation will have responsibility for operating the system. The FAA would retain the authority to regulate and regularly monitor its performance -- with the same rigorous scrutiny with which it now enforced compliance by airlines and aircraft manufacturers.

o The corporation will be governed by an eleven member board of directors -- appointed by the President and confirmed by the Senate -- and chosen to represent a cross-section of system users: civilian and military, commercial and general aviation, consumers and airports. It will not be dominated by the airlines or any other special interest.

o The board will select a CEO who will have the day-to-day responsibility of running

the corporation. Job tenure in this top post will not depend on the four-year cycle in presidential elections. As long as the board is satisfied, the CEO keeps the job.

o The corporation will be entirely self-supporting, paying its own way with fees levied on commercial aviation. The costs of services would be borne directly by the commercial users of the system -- not by the taxpayers, who this year are providing a subsidy of more than two billion dollars.

o There will be no user fees for general aviation. You will pay only the tax on av-gas.

o The users will have a say in deciding what services are provided -- and at what cost -- subject to disapproval by the Secretary of Transportation.

o The corporation will have borrowing authority which will enable it to finance its capital improvement program using funds raised in the private markets.

These are the highlights of the proposal.

Let me say in conclusion, that I believe the corporation will provide the organization best suited to meet the growing needs of our industry.

Not just of the air carriers. But the growing needs of general aviation, as well.

I know there is skepticism about the federal government's resolve to protect and promote the interests of general aviation.

But it should be transparently clear that one of the first to benefit from expanded airport and airspace capacity is the general aviation segment of the industry.

If capacity grows in phase with expanding need, we can avoid what otherwise must become inevitable: the rationing of access -- especially at those places which are already heavily congested.

In the brutal competition of scarce space, an airplane carrying a hundred passengers will clearly have an advantage over one which carries only one or two.

Under these circumstances, general aviation stands to be a clear loser.

But we will all lose in the end.

For with the continued attrition of general aviation, we lose a vital economic resource.

--We lose a reliable source of trained and experienced pilots.

--We lose a testing laboratory for exciting new ideas in technology.

--We lose a valuable part of our heritage.

For the extinction of general aviation would mark the loss of the founding spirit of American aviation.

This, to me, is the great intangible benefit of the idea for the ATC corporation: by freeing air traffic technology from the repressive grip of bureaucratic control, we will go a long way in preserving the creative, entrepreneurial edge which has made this industry so dynamic and open to change.

It is in the vital interests of our entire industry to commit itself to the support of this proposal.

If there is time, I would be happy to respond to your questions.

But I ask that you grant me a brief time-out. I have a presentation I wish to make. And I would like to ask Charles Coppi to join me here, on-stage.

(Add presentation)

DISTINGUISHED SERVICE AWARD PRESENTATION TO CHARLES COPPI

(Suggested remarks for FAA Administrator, for presentation of plaque following question and answer session, or at end of Gulfstream Operators' Workshop address)

Back when Charlie Coppi started designing for Gulfstream, the ultimate compliment anyone could pay a product was to say that it was the "Cadillac" of its type.

Well, history moves on and that's an expression that nowadays you're likely to only hear from a few old timers.

A better comparison today would be to say that something is the Gulfstream of its type. For aviation is America's premier industry and Gulfstream engineering is top-of-the-line.

Charlie Coppi -- more than anyone -- put it there.

For forty years, he has been responsible for some of the most advanced and sophisticated aircraft design in the world ... ideas which have enabled each succeeding generation of Gulfstreams to fly faster and farther, with ever higher standards of safety and reliability.

The aircraft has set over 35 world speed records. And it has certainly challenged the FAA to keep up.

The flight deck of the Gulfstream-Five is the latest challenge to us. It clearly defines the gap between our existing air traffic control technology and what a future system must be able to provide to pilots.

Closing that gap is one of our most important tasks, as a government agency. It won't be easy. But the work of Charlie Coppi and his group points us in the right direction...defines the standards...and sets the pace.

No innovation is a better measure of his impact on our industry and our science.

It's an honor to present the FAA's Distinguished Service Award to Charles N. Coppi for his lifelong contribution to American aviation.

REMARKS PREPARED FOR
FAA ADMINISTRATOR DAVID R. HINSON
GULFSTREAM OPERATORS' WORKSHOP
SAVANNAH, GA
JUNE 7, 1994

Thank you.

It's a great pleasure for me to take part in this gathering. One pleasant side of being the FAA Administrator is that I'm invited to forums like this. I have a chance to catch up with old acquaintances and make new ones.

But these meetings have a serious purpose as well. When you work in Washington long enough, you begin to think that it's the only place where anything important can happen. We need to be reminded from time to time that much of the creative thinking about the problems which confront us goes on in places like Savannah, Wichita, and Vero Beach.

I look to conferences like this for ideas which will help shape our agenda in the decisive months ahead. We rely on you for critical perspective and innovative thinking -- qualities of mind which are certainly not the sole preserve of Washington.

Today I would like to speak with you about three topics. The first is my agenda for general aviation (G-A). I have many old friends in this audience who know that my interest in this matter is, by no means, an expression of newly-hatched bureaucratic rhetoric. I've been flying airplanes -- of all sizes and types -- for nearly 40 years. I've been a fixed base operator and I once owned a Beech distributorship. So general aviation is something I know about and care about.

The second topic I plan to discuss is the technologies that are shaping the future evolution of aviation. In particular, I'll describe the aggressive program we have underway to integrate satellite technology into the U.S. air traffic control system.

The third and final topic I want to address is the Clinton Administration's proposal to create a corporation to manage the air traffic control system. I know there are concerns in the general aviation community about the corporation. I believe our proposal addresses them all.

You will hear from me today why I believe we need the corporation and why I feel it's a good deal for general aviation. That's one reason why I support it. For as I have said many times, I plan to be out flying as a GA pilot after I leave the government.

While I am at the FAA, I intend to do all I can to rebuild general aviation.

We all know that for the past decade or more, GA has endured crippling losses which seemed, at times, to threaten its very existence.

In 1980 there were 29 U.S. manufacturers of piston aircraft and 15 foreign manufacturers. Today the numbers are reversed -- only 9 U.S. firms and 29 foreign. Sales have fallen from 17,000 in 1978 to fewer than 600 in 1993. In last ten years, the number of active pilots dropped 15 percent. Recently, we've been losing around 9,000 a year. The size of the GA fleet, and the number of hours flown has also declined -- a trend which our forecasters say could continue until well into the next century.

I'm told that, that for the last decade or more, this nation has lost an average of one public landing area per week. Close to one-half of our fixed base operators lost money in 1992. When flight services aren't available, airfields die and turn into shopping centers and parking lots.

You may not be as affected by this as the person who operates a Cessna or a Mooney. But you are affected nonetheless. This is something we all need to be concerned about -- whatever type of aircraft we fly or maintain.

I signed on with this Administration because President Clinton, Vice President Gore, and Transportation Secretary Peña have made it clear that they are willing to act to support the recovery and future growth of U.S. aviation.

The President's budgets have made the first serious attack on the deficit in nearly a generation -- and his health reform initiative attempts to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health.

The economy is strengthening. Along with this recovery, there have been modest gains in the sale of business jets and turboprops. According to GAMA, both had a very good first quarter. So we are beginning to see signs that this industry is stirring again.

We will never have a better chance to stop the forces that are slowing robbing general aviation of its economic vitality -- than we have right now.

This optimism is not based on any single event, but on the momentum we have seen building throughout the past year to re-energize this industry. But best of all are the improvements that have been made in safety.

When I arrived at the FAA last August, one of my first actions was to issue a policy stating my goals for general aviation. The very first objective is to preserve our recent gains in accident prevention and to aim for even higher levels of safety.

The NTSB reports that, in 1993, the number of general aviation accidents, fatal accidents, and total fatalities all registered historic new lows. Within this category, corporate planes have the lowest accident rate by far.

This record is a tribute to the dedicated efforts of thousands of pilots and mechanics, to organizations like NBAA, GAMA, and AOPA. And to the FAA's flight inspection and safety people.

But we cannot afford to become complacent -- or take for granted what we have achieved.

The average accident rate for all segments of general aviation is 8.79 accidents for each 100 thousand hours flown. Even at last year's record lows, this equates --on average--to six accidents every day. Six a day.

The accident rate for personal flying is significantly higher -- 15 accidents for each 100 thousand hours flown.

Every morning I get daily summary reports of what has happened around the country. They can be very depressing -- especially around the holidays or on Monday after a weekend of good weather.

Last year, there were over two thousand general aviation accidents, in which 712 people lost their lives. Fourteen of these accidents involved corporate planes. Four of them resulted in 13 fatalities.

We know that the overwhelming majority of these accidents are caused -- not by mechanical failure -- but by human error. We can fly the most advanced aircraft. We can have the most sophisticated avionics. We can have thousands of hours in the air. But what counts is how we perform each and every time we take the controls.

Within the past five years, 79 percent of all corporate accidents -- and 96 percent of all fatal accidents -- 96 percent -- were caused by human error. One of the key research priorities at the FAA -- and at NASA as well -- is directed toward preventing these kinds of accidents.

Just about everything we do at the FAA is related to safety in one way or another. But we are also aware of the important contribution that GA makes to the economy.

Two months ago, we released our latest General Aviation Action Plan.

Right about now most of you are probably thinking "what we need is less planning and more action."

That's exactly what this plan creates. It spells out what the people who use the system told us we need to do to support GA. And we have established clear and precise schedules for achieving these objectives.

They told us we needed to make it easier to certify small, low performance aircraft. So

we issued new rules to do this.

And, after an intense two and a half year effort by industry representatives and FAA engineers, we are preparing to issue harmonized rules for small airplanes certified in the United States and Europe. These new rules will remove the double standard that has been so costly to manufacturers.

NASA Administrator Dan Goldin and I have agreed to combine technical resources and to increase our investments in research and development for small planes. Between our two agencies, we have the strongest program that we have had in years.

The push is also on to design advanced cockpit technologies for GA, including an affordable data link. And to develop quieter propulsion systems and clean, low-cost fuel.

I talk regularly with Administrator Goldin about these programs. And I am working with Environmental Protection Agency director Carol Browner to create policies which are both fair and responsible for the aviation sector. I'm hoping to avoid misunderstandings like red dye in diesel fuel -- and to prevent slot controls or other restrictions on general aviation aircraft.

The agenda that we have adopted defines an active role for the FAA in the recovery and growth of general aviation. Not simply as a regulator or enforcer, but as a partner.

These projects show that we still have a lot of good ideas about what can be done to assure a future for general aviation. But the hard truth is that many of our problems reflect long-term trends which are having a powerful and sustained impact -- not just on GA -- but on all aviation. And not just on the U.S. economy, but the global economy.

One such trend is the failure of many countries to provide adequate infrastructure to support global operations. I'm aware that in places like Japan, Hong Kong, Mexico, and the United Kingdom, general aviation planes are virtually shut out of the larger airports. This is especially frustrating when you have a plane like the new Gulfstream-Five that will carry eight passengers 63 hundred miles nonstop.

I see an increasingly important role for the Federal government to work with those countries to help solve the problems of limited access and capacity.

We must also keep up the pace of our modernization programs here at home.

The U.S. air traffic control system is the safest and most efficient in the world -- bar none. And it sets the performance standards against which all other ATC systems are judged.

Between 1982 and the year 2005, the FAA will invest some $32 billion dollars in a capital investment plan -- to replace aging equipment -- to upgrade and improve the entire air traffic control system -- and to squeeze out as much capacity as we can from our existing

airports.

We will invest an additional one and a half to two billion dollars each year in airport grants:

-- to build new runways, taxiways, and aprons,

-- for better security systems to thwart terrorist and others who would seek to endanger passenger safety,

-- and to combat the problems of aviation noise and pollution around our airports.

The Dallas-Fort Worth Metroplex Plan is an example of our modernization program at its best. We are investing about 166 million dollars in equipment and construction to greatly expand the capacity of DFW Airport. We're building two new towers, expanding the terminal approach control facility, and installing additional navigational aids and radar.

And construction is underway on two new runways -- where we will be able to execute triple and quadruple simultaneous approaches.

This program takes a fresh look at how we can apply our dollars to get greater utility from DFW and the dozen or more airports in the surrounding area. And while it focuses on making better use of what we have today -- much of the FAA's capital investment program focuses on new technologies: most notably, satellite navigation, higher levels of automation, and digital data link communications.

These three new technologies are changing the way we traditionally think of air traffic management -- shifting us away from the purely ground-based perspective that we've had for the past 60 years -- to one which places increased emphasis and reliance on airborne participation and decision making.

In the system of the future, air traffic control will move from active to passive. Flight information will be exchanged by means of digital transmissions, rather than voice communication. And most functions will be automated, leaving pilots and controllers free to concentrate on matters which call for human judgment.

In the coming years, automation and digital data link communications will be as important to aviation as radar was forty years ago.

But perhaps no technology in this and the coming century offers more promise for civil aviation than satellite navigation.

We are moving swiftly to clear the way for large scale use of GPS. Over the past few months, we have certified the first GPS receivers and allowed pilots to navigate by GPS.

We have set milestones to approve differential GPS for Category One approaches and to study its feasibility for Category Two and Three operations. In fact, we are restructuring the program now to advance the date for implementing wide area augmentation.

With GPS, we will be able to make much more efficient use of our existing airport facilities. Operations will be less hampered by bad flying conditions or heavy backups in air traffic. There will be fewer delays due to weather and congestion, and pilots will be able to instantly re-route their flights to bypass trouble ahead, saving both time and fuel.

We're committed, as an agency, to bring the benefits new technology to users as quickly as we can.

We're painfully aware that much of the advanced capabilities built into the flight deck of the Gulfstream Four is still unavailable to the pilot. Our current air traffic control system isn't equipped to handle it. Right now, we estimate that we're only able to take advantage of about 30 percent of it. And this is true for the new Boeing 777, the MD-11, and many other aircraft that have been retrofitted with new technology.

Such a lag seriously handicaps our best efforts to provide timely technological solutions to the pressing problems of capacity and congestion.

And the reasons for this lag are clearly understood.

Because we are part of the federal bureaucracy, the FAA is required to follow rigid and maddeningly complex procurement regulations which constantly thwart our efforts to buy the best and latest technology.

Whenever the subject of procurement comes up, someone is sure to mention the 11 foot stack of rules which govern our acquisition process.

That legendary stack is 11 feet of good intentions, built inch by inch over the years. They originated, I'm told, to keep the U.S. Cavalry from getting the bad end of a horse trade.

But over time, in our zeal to guard against malfeasance and abuse, we've layered one regulation on top of another. Now, we're suffocating under them.

It can take two to five years -- sometimes longer -- to award a contract for a new piece of equipment. By the time we take delivery and get it installed, the technology may be obsolete.

And the Federal personnel system makes it just as hard to move people where we need them, when we need them.

The result is that the FAA, as it is presently structured, is finding it more and more difficult to exploit new technology or sustain the new growth which will be necessary to meet

future demands of our industry. And if we fail to do so, the cost of catching up later will be enormous. It may even be unsupportable.

Since the introduction of the jet plane in the mid-fifties, air travel has doubled -- re-doubled -- and then more than re-doubled again -- rising from 37 million passengers in 1955 to almost 500 million last year. Shortly after the turn of the century, that number will climb to 800 million. We're forecasting a greater than 60 percent increase in air travel over the next decade or so.

Right now we're in a lull -- a brief time out -- after the very rapid growth in aviation which we've seen over the last four decades. But within our lifetimes, we are certain to see a spectacular increase in air travel. We know this just on the basis of some straight-forward demographics.

The United Nations reports that by the year 2050 -- the world's population will number eleven and a half billion. About twice what it is today. Worldwide, we are adding a billion people a decade -- or the equivalent of one New York City every month.

Even if a tiny fraction of these people ever buy an airline ticket, we have a vastly expanded global market.

This is good news, of course. But there's a worrisome side to this forecast. I worry that we will not be ready to handle the growth when it occurs.

Our air traffic control system -- even with all the planned improvements -- will have to struggle to accommodate this growth. This new demand could overwhelm us.

There is an urgent need to act now -- while the U.S. air traffic control system is still the best in the world -- to act now while there is sufficient time to prevent a costly rupture in this vital public service.

President Clinton addressed this very real danger during his very first days in office and has moved quickly and decisively to find a solution.

Last month, Vice President Gore, Secretary Peña, and I released a proposal recommending the formation of government-owned corporation to manage the air traffic control system. This is the third and final topic I would like to discuss today.

In proposing the corporation, the Clinton Administration is acting to adopt an idea which has been discussed for the last ten years.

Throughout the aviation industry, there has been long-standing criticism of the FAA's capacity to keep up with its rapidly changing needs in an increasingly competitive business environment.

In recent years, no less than two dozen separate studies have looked at the FAA.

We always get excellent marks for safety. But consistently we are criticized for the way we manage change.

The diagnoses rendered by these studies are always very similar:

We lack control over our own finances and autonomy in making decisions;

We are bound by inflexible procurement and personnel procedures;

We are thwarted by too frequent turnover at the top, disrupting continuity of leadership;

We suffer from bureaucratic inertia and from an organizational culture which is difficult to change.

Time and again, these studies have reached the same conclusions...and repeatedly they have made the same recommendation. All have urged the formation of a corporate structure to run the air traffic control system.

So this is an idea whose time has finally come -- a new form of specially chartered organization inside the federal government but outside the federal system of procurement and personnel regulation -- an organization which would have both the flexibility and the financial resources to build and manage the air traffic control system of the next century...with maximum safety and efficiency.

Here is what we are recommending. Keep in mind that we're still working on draft legislation. There are certain to be changes as we go along.

o The proposal calls for a fundamental restructuring of the air traffic control system, taking it out of the FAA and establishing a wholly-owned government corporation located within the Department of Transportation.

o The U.S. Air Traffic Services Corporation will have responsibility for operating the system. The FAA would retain the authority to regulate and regularly monitor its performance -- with the same rigorous scrutiny with which it now enforced compliance by airlines and aircraft manufacturers.

o The corporation will be governed by an eleven member board of directors -- appointed by the President and confirmed by the Senate -- and chosen to represent a cross-section of system users: civilian and military, commercial and general aviation, consumers and airports. It will not be dominated by the airlines or any other special interest.

o The board will select a CEO who will have the day-to-day responsibility of running

the corporation. Job tenure in this top post will not depend on the four-year cycle in presidential elections. As long as the board is satisfied, the CEO keeps the job.

o The corporation will be entirely self-supporting, paying its own way with fees levied on commercial aviation. The costs of services would be borne directly by the commercial users of the system -- not by the taxpayers, who this year are providing a subsidy of more than two billion dollars.

o There will be no user fees for general aviation. You will pay only the tax on av-gas.

o The users will have a say in deciding what services are provided -- and at what cost -- subject to disapproval by the Secretary of Transportation.

o The corporation will have borrowing authority which will enable it to finance its capital improvement program using funds raised in the private markets.

These are the highlights of the proposal.

Let me say in conclusion, that I believe the corporation will provide the organization best suited to meet the growing needs of our industry.

Not just of the air carriers. But the growing needs of general aviation, as well.

I know there is skepticism about the federal government's resolve to protect and promote the interests of general aviation.

But it should be transparently clear that one of the first to benefit from expanded airport and airspace capacity is the general aviation segment of the industry.

If capacity grows in phase with expanding need, we can avoid what otherwise must become inevitable: the rationing of access -- especially at those places which are already heavily congested.

In the brutal competition of scarce space, an airplane carrying a hundred passengers will clearly have an advantage over one which carries only one or two.

Under these circumstances, general aviation stands to be a clear loser.

But we will all lose in the end.

For with the continued attrition of general aviation, we lose a vital economic resource.

--We lose a reliable source of trained and experienced pilots.

--We lose a testing laboratory for exciting new ideas in technology.

--We lose a valuable part of our heritage.

For the extinction of general aviation would mark the loss of the founding spirit of American aviation.

This, to me, is the great intangible benefit of the idea for the ATC corporation: by freeing air traffic technology from the repressive grip of bureaucratic control, we will go a long way in preserving the creative, entrepreneurial edge which has made this industry so dynamic and open to change.

It is in the vital interests of our entire industry to commit itself to the support of this proposal.

If there is time, I would be happy to respond to your questions.

But I ask that you grant me a brief time-out. I have a presentation I wish to make. And I would like to ask Charles Coppi to join me here, on-stage.

(Add presentation)

DISTINGUISHED SERVICE AWARD PRESENTATION TO CHARLES COPPI

(Suggested remarks for FAA Administrator, for presentation of plaque following question and answer session, or at end of Gulfstream Operators' Workshop address)

Back when Charlie Coppi started designing for Gulfstream, the ultimate compliment anyone could pay a product was to say that it was the "Cadillac" of its type.

Well, history moves on and that's an expression that nowadays you're likely to only hear from a few old timers.

A better comparison today would be to say that something is the Gulfstream of its type. For aviation is America's premier industry and Gulfstream engineering is top-of-the-line.

Charlie Coppi -- more than anyone -- put it there.

For forty years, he has been responsible for some of the most advanced and sophisticated aircraft design in the world ... ideas which have enabled each succeeding generation of Gulfstreams to fly faster and farther, with ever higher standards of safety and reliability.

The aircraft has set over 35 world speed records. And it has certainly challenged the FAA to keep up.

The flight deck of the Gulfstream-Five is the latest challenge to us. It clearly defines the gap between our existing air traffic control technology and what a future system must be able to provide to pilots.

Closing that gap is one of our most important tasks, as a government agency. It won't be easy. But the work of Charlie Coppi and his group points us in the right direction...defines the standards...and sets the pace.

No innovation is a better measure of his impact on our industry and our science.

It's an honor to present the FAA's Distinguished Service Award to Charles N. Coppi for his lifelong contribution to American aviation.

REMARKS PREPARED FOR
DAVID R. HINSON
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION
PARTNERSHIP 21
UNIVERSITY OF OKLAHOMA, NORMAN
JUNE 13, 1994

"AVIATION GROWTH AND CHALLENGES IN THE REGION"

It's a pleasure to welcome you to the opening day of the Partnership 21 program. On behalf of the Federal Aviation Administration and the United States, it is an honor to to host this distinguished assembly of aviation leaders from throughout our hemisphere.

This is not just another international gathering. I believe that this meeting can...and will...be very different. It will stand out in our memories because it will mark a turning point.

I'm confident that we'll clearly remember these next five days in Norman because it was here that we were able to more clearly define the future of aviation in the Americas...and to more clearly understand its implications for the way each of us carry out our responsibilities.

What happens here in Norman will have a lasting imprint, I'm sure. But what sticks in our memories can often be surprising.

Some of us vividly recall the appearance of favorite old airliners -- how they were painted and the design of their insignia.

A British photographer named John Morton has published a fascinating book with the title "Faded Glory" -- which pictures some of these colorful planes from the past.

There are photographs of airliners belonging to Latin American and Caribbean carriers -- seven of which, sadly, no longer fly today.

We see a Belize Airways Boeing 720 with a tail emblem of a palm tree silhouetted against sea, sand, sea gulls and setting sun.

And there are the bold swirls painted on the Boeing 720s once flown by Ecuatoriana -- patterns which looked like the work of a tattoo artist.

The Latin American planes had style. They always caught your eye.

There's a real sense of nostalgia looking at those photographs. Because we're reminded that the airline business -- anywhere in the world -- is not what it was even a couple of decades ago.

There was a time when a nation's prestige was invested in its flag carrier. The state airline was a status symbol which gave a nation solid standing in the world.

But that's a romantic, unrealistic notion in the harsh competitive environment we're in today...where hauling passengers is about as glamorous as hauling air freight. In economic terms, both are commodities and the business tends to go to the carrier with the greatest efficiency and the lowest prices.

The proud heritage of our flag carriers is indeed a faded glory.

Today, a nation's prestige depends less on its airlines...and more on the calibre of its aviation infrastructure.

National reputations are now built by new airports and sophisticated air traffic control systems.

And, increasingly, a nation's standing in the world is based on its ability to meet international safety standards and its capacity to be fully integrated into the global air traffic control system which is now emerging.

Globalization and harmonization are two of the dominant trends which are shaping the future of aviation. And both of these trends compel a fundamental shift in perspective.

We can no longer think strictly in terms of our own nation's narrow requirements. We must think in terms of regional, even world-wide coordination.

This is the purpose of the Partnership 21 program -- to provide a framework for developing new, long-term cooperative arrangements which will insure an even safer, more efficient air traffic system in the coming decade.

Industry forecasts for the next ten years all agree that Latin America will see the most rapid growth in air travel of any region in the world. In less than a decade -- in eight years, to be exact, air traffic will double.

Both in travel within the continent, which now accounts for about 90 percent of all activity. And in travel to points in North America, Europe and the Pacific region.

But our forecasts, accurate as they have proven to be, assume that all the infrastructure will be in place to accomodate this growth.

In fact, this doubling of traffic is certain to put a severe strain on capacity throughout Latin America.

If we fall behind in expanding the capacity of our airports and our airspace, congestion could very well choke off the growth which is predicted.

If we fail to invest now to meet the expected increase in air traffic, the cost of catching up later will be enormous. It may even be unsupportable.

The result could do serious damage both to the aviation industry and to the overall economy of Latin America.

It is our responsibility -- as aviation officials -- to plan for the rapid expansion still to come. It is our obligation to create an environment in which aviation is free to grow...while attaining ever higher standards of safety and efficiency.

Every nation represented here today is currently commited to ambitious projects to modernize its air traffic control system and to enlarge its airports.

The FAA, for example, is spending some 32 billion dollars on its capital investment plan -- to replace aging equipment -- to upgrade and improve the entire air traffic control system -- and to squeeze as much capacity as we can from our existing airports

And we'll invest an additional one and a half to two billion dollars each year in airport grants -- to build new runways, taxiways and aprons -- for better security systems to thrwart terrorists and others who would seek to endanger passenger safety -- and to combat the problems of aviation noise and pollution around our airports.

But if our massive investment is to achieve its maximum yield, it needs to mesh closely with what other countries are doing...or planning to do. For careful coordination will bring all the benefits of synergy. Working with others, we gain more -- and at lower cost -- than would be possible if we go it alone.

That's a new idea for many of us. Especially when we're in the habit of thinking about air traffic control as something confined within national boundaries -- like the circulation of a country's currency. In fact, it's much more like modern telecommunications ... which knows no boundaries.

For the creation of a modern airspace management system must involve intensive regional cooperation and coordination. The trend in modern air traffic control technology is toward the evolution of an integrated, seamless system on a truly global scale.

Nothing defines this trend more clearly than the development of satellite technology.

The great advantage of navigation satellite systems such as GPS is the enormous savings which are possible over the long-run. GPS eliminates the need for all the extensive ground facilities which are expensive to buy and costly to maintain.

Countries which are modernizing and expanding their ATC systems would no longer need to invest in primary radar, VORs and Category One ILSs. As we shift from a ground-based to a space-based system, all this technology may become unnecessary...even obsolete.

And satellite navigation will also mean huge savings for air carriers as flights are able to follow more direct routings with less separation. We've calculated potential reductions of 300 thousand dollars per aircraft per year -- which add up to an annual savings of 120 million dollars for an air carrier with a fleet of 400 planes.

With the operating expenses of Latin American airlines estimated to run up to 25 percent higher than their major international competitors, GPS can play an important role in long-term cost reduction strategies.

Because of its great potential, the FAA has moved swiftly to clear the way for large scale introduction of GPS.

We have certified the first two GPS signal receivers and have allowed airline and general aviation pilots to use them for navigation.

We have set firm deadlines for ourselves to approve differential GPS for Category One approaches and to determine its feasibility for Category Two and Three operations.

From a technical standpoint, I believe that GPS will be the only system we will need to safely and efficiently manage the airspace.

From the standpoint of cost, I believe that it is the only system that makes sense.

And this is a view shared by a number of my colleagues in Latin America.

Throughout the region there has been widespread recognition of the enormous benefits of satellite-based navigation and communications. There are many exciting possibilities to apply this new technology -- for use with flights over Anarctica, the Andes, the Amazon Basin, and the South Pacific.

The FAA is now working with eight of the countries participating in this week's Partnership 21 program to explore ways of integrating GPS as a component in their air traffic control systems.

Our Agency has a standing offer to provide technical training and support to any other country interesting in using GPS as a civil navigation system.

We hope that, as an outcome of the Partnership 21 endeavor, there will be expanded opportunities for consultation and cooperation.

We hope to build on the already extensive network of relationships which the FAA has established with many of you over the years.

We've worked closely with civil aviation authorities throughout the hemisphere on issues of airport security.

We've actively negotiated bilateral aviation safety agreements which cover the certification of aircraft and foreign repair stations -- the qualification of aircraft simulator programs --and cooperation on programs of environmental testing and aircraft noise reduction.

We've encouraged the general adoption of maintenance FARS.

And we would hope to make progress on other issues requiring regional cooperation.

We recognize, for example, that many governments do not have the infrastructure necessary to exercise oversight of international carriers. The establishment of regional authorities with pooled resources might offer a practical solution.

And then, there is the recurring problem of aircraft which are licensed by one country but leased to operate in another. This kind of novel business arrangement did not exist at the time of the Chicago Convention in 1944, but now poses a potential threat to aviation safety which we need to address collectively. The FAA emphasizes again its support of ICAO Article 83.

A uniform approach to licensing, inspection and certification is critical to the future development of aviation because lack of uniformity breeds uncertainty -- both for passengers and for companies. And our industry is one which does not easily tolerate uncertainty.

In this day of code-sharing and airline alliances, passengers must be able to assume that one air carrier is just as safe as any other. There can be no variation in safety and maintenance standards from one airline to another...from one country to another.

Public uncertainty in the safety of aircraft and the dependability of the air traffic control system can seriously inhibit future growth in air travel. And a general perception of unairworthiness and unreliability can have a devastating effect on the fortunes of individual carriers. People will refuse to fly them.

Business, too, requires a comfortable level of certainty if it is to be willing to make long-term investments. Business needs the certainty of a predictable regulatory environment in order to avoid duplication of effort and to benefit from economies of scale.

The two trends of globalization and harmonization are essential if we are to create the conditions for future growth in aviation. But their impact extends far beyond the confines of our single industry.

With the rising hispanic presence in the United States, we can look forward to an ever closer cultural integration of our entire hemisphere. And with the spread of free trade zones -- such as NAFTA and Mercosol -- we can expect to see increasing integration of our national economies.

In fact, the 21st century may prove to be the century -- not of Asia Pacific or a united Europe -- but the century of the Americas.

If this is to happen, aviation must play a leading role in erasing boundaries and leveling barriers. That should be our common goal as we we work together to forge Partnership 21.

Thank you very much.

Speech was impromptu remarks

TALKING POINTS
DAVID R. HINSON
FAA ADMINISTRATOR
WOMEN'S TRANSPORTATION SEMINAR
JUNE 22, 1994

Thank you, Emily. It's a pleasure to have the opportunity to speak to the Women's Transportation Seminar.

Those of you who are taking part represent an impressive cross-section of the transportation industry in all its diversity.

BOUNDARIES ARE BECOMING BLURRED

The continued success of the Seminar is proof that it continues to serve a need -- to foster professional development, networking and communications across modal boundaries -- boundaries which are becoming increasingly blurred as transportation systems become more and more integrated.

And thanks to efforts of organizations such as yours, the disparities in career opportunities for men and women have become increasingly blurred, as well.

But sometimes all this blurring of boundaries can get a little confusing. The other day I heard someone tell about trying to fill out a job application form for one of the big Euro-bureaucracies based in Brussels.

The questions were all worded in strange and confusing ways. But the most puzzling was one right at the beginning.

There were two boxes...one labeled "Male," the other labeled "Female" ... and the applicants were asked to check their first choice.

We're not quite that flexible yet at the FAA.

MORE CHOICES AVAILABLE TODAY

But today ... from the perspective of career opportunities for women... there are many more choices available than there were in 1977, when WTS was founded.

Today ... more than ever before in the history of the Agency ... women are in high profile jobs with the power to make their positions count.

These are not people who got their jobs just because of government hiring policy.

Nor are these managers who have been shunted off into dead-end career slots with big titles but little real responsibility.

Starting with the Deputy Administrator, Linda Daschle, and working down through our executive ranks, women are involved in making many of the major decisions and the hard choices which confront our agency.

(Examples: FAA Chief of Staff Peggy Gilligan, Regional Administrators Arlene Feldman and Jackie Smith, Acting Executive Director for System Development Carolyn Blum.)

HARD CHOICES AHEAD FOR THE FAA

I'd like to take a few minutes to talk about some of these choices -- and their long-range significance for air transportation in our country.

Any action we take must be carefully thought-through because the health of our aviation industry is in a state of seemingly chronic peril.

And just as President Clinton has overcome the political paralysis which has so long crippled any effort to reform our nation's health care system...

...in much the same way he has moved to restore the economic fitness of our airlines and aircraft manufacturers.

Everyone knows that the President likes to cast a wide net when gathering information about an important issue. I saw this up close and first-hand when the Clinton Administration was deciding how government could most effectively help the aviation industry recover its vitality.

THREE RECOMMENDATIONS FOR CHANGE

The views of many different experts and industry observers were solicited...and a wide range of recommendations were received -- including those of the President's National Airline Commission and Vice President Gore's National Performance Review.

The recommendations represented a variety of economic interests and industry viewpoints. But amid all this diversity of opinion, three recommendations cropped up again and again.

These three clearly represent a strong consensus about what needs to be done most urgently.

The three recommendations urged...

a closer scrutiny of the true costs and benefits of our regulations;

the more rapid deployment of advanced technology into our air traffic control system;

and the formation of a new form of government corporation to take over the air traffic control function.

We're making progress in putting each of these recommendations into practice.

REVIEWING REGULATIONS

Government regulation is one of those subjects which everyone in business likes to gripe about, but which no one seriously wants to do without. Certainly, no one would want to fly in a completely unregulated airspace.

We see that situation in some countries today, where the growth of aviation has far exceeded the capacity of government to provide adequate oversight.

The newspapers carry horror stories all the time -- like the recent one about the pilot who made four failed attempts to land his rickety plane at an Asian airport -- once even scraping the wings on the runway -- before finally making it down with his load of terrified passengers.

In such chaos, aviation as an industry is as much at risk as the passengers themselves. Regulation is an essential condition for growth.

But it must always be done with a careful calculation of the costs. We need to try to understand all the economic implications of a proposed rule or regulation.

Because it might turn out to add just one more weight upon an industry already struggling to get back on its feet -- without making any significant contribution to aviation safety and the public good.

Not long ago I asked industry representatives to submit their suggestions for three regulations which could be eliminated without compromise to safety. We received a total of 167 replies and we're now in the process of evaluating each one. I'll announce the final selection sometime this fall.

That's just one example of the FAA's ongoing review. We're investing a lot of effort to improve our methods for measuring the actual benefits and costs of our rules and regulations.

It's a very tough job because of the complexity of our industry and its interconnectedness with so much of the rest of the national economy. A minor benefit here can prove to be a heavy burden somewhere else. And just a penny of added cost might set off an avalanche of price increases all across the economic landscape.

We've got to become much better at evaluating the total impact of our rule-making.

Environmental Regulation

One area in which we have developed considerable sophistication is in assessing and ameliorating the environmental impact of aviation. Under the leadership of Louise Maillett, who heads our office of Environment and Energy, and Cynthia Rich, the Assistant Administrator for Airports, the FAA has made significant progress in curtailing aircraft noise and emissions.

Success in reducing both is an example of how our regulatory initiatives can have ramifications far beyond their original narrow focus of concern.

For the public's strong objection to noise and air pollution often provokes community opposition to plans for airport construction and expansion.

But if we are unable to build new airports and enlarge old ones, we cannot hope to expand capacity to serve the expected future growth of aviation. And without continued expansion, the industry will stagnate.

By reducing the level of aircraft noise and pollution, we may also reduce the level of public antagonism to airport construction.

These are hard choices -- between environmental quality and economic vitality. But a sensible application of our rule-making and regulatory authority can make the task an easier one by rebalancing the cost-benefit equation.

ATC MODERNIZATION

A second difficult choice which confronts the FAA is its selection of a next generation of air traffic control technology.

Several years ago, the FAA set out on a massive, long-term project to replace its aging air traffic control technology -- much of which dated from the World War Two era -- with new, state-of-the-art systems.

It was a necessarily ambitious undertaking and it took a long time to plan. And, in typical FAA fashion, we did a painstakingly thorough job ... laying out all the specifications and defining each element in detail.

Every available option was considered, and we tried to design a system which would realistically anticipate and incorporate technologies which were still on the drawing board. We tried to plan for the future.

But the future caught up with us. Far faster than anyone imagined -- and far faster than we could buy and install the system we'd designed -- a new technology emerged which would quickly revolutionize air traffic control.

This technology is the Global Positioning System -- the GPS.

I can think of very few new technologies which are been adopted so quickly or enthusiastically.

The Development of GPS

The GPS was developed by the Defense Department. Even before all 24 satellites became fully operational last December...it was already finding many non-military applications.

As many of you are well aware, some of these applications are not only non-military. They are non-aviation, as well.

GPS is being used by surveyors to pinpoint sites within centimeters of accuracy. It is being used by mariners to place buoys and navigate across open water...by cars and trucks to find their way through congested city traffic...and by railroads to trace freight cars sitting on remote side-tracks.

The promise of GPS for ATC

For air traffic control, GPS offers enormous promise. It makes possible a level of precision and global availability which no other existing navigational system can provide. With GPS, aircraft can make curved approaches to airports, fly more time and fuel efficient routes, and obtain positional information anywhere in the world.

We already allow aircraft equipped with FAA-certified receivers to use GPS for enroute and terminal navigation and to conduct non-precision approaches to nearly 25 hundred airports around the country. Eventually, almost all of the nation's airports will have this capacity.

Right now, we're allowing the supplemental use of GPS on approaches to within 250 feet above the runway.

But tests now underway will likely allow us to lower this limit to 200 feet...and then for precision approaches right down to the runway surface.

All the evidence we've collected so far reinforces our view that GPS will someday be the sole means of navigation -- eliminating the need for our current ground-based system which is so costly to buy, operate and maintain.

There's no longer any serious question of whether to continue with the old technology or change over to the new.

That choice has already been made for us by the imperatives of technological advance, the demand for less costly government services, and the economic requirements of an airline industry which is increasingly cost-driven.

It's not a question whether GPS works. Now, it's a question of how rapidly we get it running.

ESTABLISHING THE CORPORATION

The smooth and efficient management of this shift to GPS confronts the FAA with its third hard choice -- what form of organization is best suited to guide us through this historic transition?

The FAA as it now exists? --an old-line federal bureaucracy, obligated to operate within the rigid constraints of government procurement and personnel regulations.

Or a new type of corporate organization? --one with the flexibility and resources to keep up with the rapid pace of technological development, and to create the new forms of management structure which will be necessary to operate the air traffic control system of the future.

Heeding the advice of many of the most experienced and respected leaders of our industry ... and falling in line with what has been happening in many other countries ... President Clinton and Vice President Gore have proposed the establishment of a new government corporation to take over the air traffic control function.

This new corporate entity would operate more like a business than a government agency. It would earn its income from fees, not receive it from Congressional appropriations. And it would have to live within its income. There would be no one to write a check at the end of each year to cover over-spending.

But it would also be able to make more efficient use of its resources...both financial and human.

It would be freed of the government red-tape which now complicates and delays even the simplest decision to purchase new equipment or assign personnel where they are most needed.

The new corporation would be cut loose from stifling federal regulation and control.

But it would not be free from strict regulatory oversight by the FAA to guarantee that there is never any compromise with aviation safety.

Air travel in the United States is the safest in the world. There is every reason to believe that this unsurpassed record will continue unchallenged in the future

-- as we shift to more advanced and reliable air traffic control technologies

-- and develop alternative forms of management better adapted to making the hard, complex choices which we know will confront us in the decades ahead.

EXCITING CAREER OPPORTUNITIES

The new air traffic services corporation should be an exciting place to work. And I recommend that you start polishing your resumes.

This will be a great career move for anyone looking for the opportunity to escape from overbearing bureaucracies and overly cautious companies.

It will be on the leading edge -- both of corporate management practice and of technological innovation.

It will be a fast-track environment where, I'm sure, we'll see women out there among the front-runners.

I've enjoyed spending these few minutes with you. Thanks for inviting me.

Speech was impromptu remarks

TALKING POINTS
DAVID R. HINSON
FAA ADMINISTRATOR
WOMEN'S TRANSPORTATION SEMINAR
JUNE 22, 1994

Thank you, Emily. It's a pleasure to have the opportunity to speak to the Women's Transportation Seminar.

Those of you who are taking part represent an impressive cross-section of the transportation industry in all its diversity.

BOUNDARIES ARE BECOMING BLURRED

The continued success of the Seminar is proof that it continues to serve a need -- to foster professional development, networking and communications across modal boundaries -- boundaries which are becoming increasingly blurred as transportation systems become more and more integrated.

And thanks to efforts of organizations such as yours, the disparities in career opportunities for men and women have become increasingly blurred, as well.

But sometimes all this blurring of boundaries can get a little confusing. The other day I heard someone tell about trying to fill out a job application form for one of the big Euro-bureaucracies based in Brussels.

The questions were all worded in strange and confusing ways. But the most puzzling was one right at the beginning.

There were two boxes...one labeled "Male," the other labeled "Female" ... and the applicants were asked to check their first choice.

We're not quite that flexible yet at the FAA.

MORE CHOICES AVAILABLE TODAY

But today ... from the perspective of career opportunities for women... there are many more choices available than there were in 1977, when WTS was founded.

Today ... more than ever before in the history of the Agency ... women are in high profile jobs with the power to make their positions count.

These are not people who got their jobs just because of government hiring policy.

Nor are these managers who have been shunted off into dead-end career slots with big titles but little real responsibility.

Starting with the Deputy Administrator, Linda Daschle, and working down through our executive ranks, women are involved in making many of the major decisions and the hard choices which confront our agency.

(Examples: FAA Chief of Staff Peggy Gilligan, Regional Administrators Arlene Feldman and Jackie Smith, Acting Executive Director for System Development Carolyn Blum.)

HARD CHOICES AHEAD FOR THE FAA

I'd like to take a few minutes to talk about some of these choices -- and their long-range significance for air transportation in our country.

Any action we take must be carefully thought-through because the health of our aviation industry is in a state of seemingly chronic peril.

And just as President Clinton has overcome the political paralysis which has so long crippled any effort to reform our nation's health care system...

...in much the same way he has moved to restore the economic fitness of our airlines and aircraft manufacturers.

Everyone knows that the President likes to cast a wide net when gathering information about an important issue. I saw this up close and first-hand when the Clinton Administration was deciding how government could most effectively help the aviation industry recover its vitality.

THREE RECOMMENDATIONS FOR CHANGE

The views of many different experts and industry observers were solicited...and a wide range of recommendations were received -- including those of the President's National Airline Commission and Vice President Gore's National Performance Review.

The recommendations represented a variety of economic interests and industry viewpoints. But amid all this diversity of opinion, three recommendations cropped up again and again.

These three clearly represent a strong consensus about what needs to be done most urgently.

The three recommendations urged...

a closer scrutiny of the true costs and benefits of our regulations;

the more rapid deployment of advanced technology into our air traffic control system;

and the formation of a new form of government corporation to take over the air traffic control function.

We're making progress in putting each of these recommendations into practice.

REVIEWING REGULATIONS

Government regulation is one of those subjects which everyone in business likes to gripe about, but which no one seriously wants to do without. Certainly, no one would want to fly in a completely unregulated airspace.

We see that situation in some countries today, where the growth of aviation has far exceeded the capacity of government to provide adequate oversight.

The newspapers carry horror stories all the time -- like the recent one about the pilot who made four failed attempts to land his rickety plane at an Asian airport -- once even scraping the wings on the runway -- before finally making it down with his load of terrified passengers.

In such chaos, aviation as an industry is as much at risk as the passengers themselves. Regulation is an essential condition for growth.

But it must always be done with a careful calculation of the costs. We need to try to understand all the economic implications of a proposed rule or regulation.

Because it might turn out to add just one more weight upon an industry already struggling to get back on its feet -- without making any significant contribution to aviation safety and the public good.

Not long ago I asked industry representatives to submit their suggestions for three regulations which could be eliminated without compromise to safety. We received a total of 167 replies and we're now in the process of evaluating each one. I'll announce the final selection sometime this fall.

That's just one example of the FAA's ongoing review. We're investing a lot of effort to improve our methods for measuring the actual benefits and costs of our rules and regulations.

It's a very tough job because of the complexity of our industry and its interconnectedness with so much of the rest of the national economy. A minor benefit here can prove to be a heavy burden somewhere else. And just a penny of added cost might set off an avalanche of price increases all across the economic landscape.

We've got to become much better at evaluating the total impact of our rule-making.

Environmental Regulation

One area in which we have developed considerable sophistication is in assessing and ameliorating the environmental impact of aviation. Under the leadership of Louise Maillett, who heads our office of Environment and Energy, and Cynthia Rich, the Assistant Administrator for Airports, the FAA has made significant progress in curtailing aircraft noise and emissions.

Success in reducing both is an example of how our regulatory initiatives can have ramifications far beyond their original narrow focus of concern.

For the public's strong objection to noise and air pollution often provokes community opposition to plans for airport construction and expansion.

But if we are unable to build new airports and enlarge old ones, we cannot hope to expand capacity to serve the expected future growth of aviation. And without continued expansion, the industry will stagnate.

By reducing the level of aircraft noise and pollution, we may also reduce the level of public antagonism to airport construction.

These are hard choices -- between environmental quality and economic vitality. But a sensible application of our rule-making and regulatory authority can make the task an easier one by rebalancing the cost-benefit equation.

ATC MODERNIZATION

A second difficult choice which confronts the FAA is its selection of a next generation of air traffic control technology.

Several years ago, the FAA set out on a massive, long-term project to replace its aging air traffic control technology -- much of which dated from the World War Two era -- with new, state-of-the-art systems.

It was a necessarily ambitious undertaking and it took a long time to plan. And, in typical FAA fashion, we did a painstakingly thorough job ... laying out all the specifications and defining each element in detail.

Every available option was considered, and we tried to design a system which would realistically anticipate and incorporate technologies which were still on the drawing board. We tried to plan for the future.

But the future caught up with us. Far faster than anyone imagined -- and far faster than we could buy and install the system we'd designed -- a new technology emerged which would quickly revolutionize air traffic control.

This technology is the Global Positioning System -- the GPS.

I can think of very few new technologies which are been adopted so quickly or enthusiastically.

The Development of GPS

The GPS was developed by the Defense Department. Even before all 24 satellites became fully operational last December...it was already finding many non-military applications.

As many of you are well aware, some of these applications are not only non-military. They are non-aviation, as well.

GPS is being used by surveyors to pinpoint sites within centimeters of accuracy. It is being used by mariners to place buoys and navigate across open water...by cars and trucks to find their way through congested city traffic...and by railroads to trace freight cars sitting on remote side-tracks.

The promise of GPS for ATC

For air traffic control, GPS offers enormous promise. It makes possible a level of precision and global availability which no other existing navigational system can provide. With GPS, aircraft can make curved approaches to airports, fly more time and fuel efficient routes, and obtain positional information anywhere in the world.

We already allow aircraft equipped with FAA-certified receivers to use GPS for enroute and terminal navigation and to conduct non-precision approaches to nearly 25 hundred airports around the country. Eventually, almost all of the nation's airports will have this capacity.

Right now, we're allowing the supplemental use of GPS on approaches to within 250 feet above the runway.

But tests now underway will likely allow us to lower this limit to 200 feet...and then for precision approaches right down to the runway surface.

All the evidence we've collected so far reinforces our view that GPS will someday be the sole means of navigation -- eliminating the need for our current ground-based system which is so costly to buy, operate and maintain.

There's no longer any serious question of whether to continue with the old technology or change over to the new.

That choice has already been made for us by the imperatives of technological advance, the demand for less costly government services, and the economic requirements of an airline industry which is increasingly cost-driven.

It's not a question whether GPS works. Now, it's a question of how rapidly we get it running.

ESTABLISHING THE CORPORATION

The smooth and efficient management of this shift to GPS confronts the FAA with its third hard choice -- what form of organization is best suited to guide us through this historic transition?

The FAA as it now exists? --an old-line federal bureaucracy, obligated to operate within the rigid constraints of government procurement and personnel regulations.

Or a new type of corporate organization? --one with the flexibility and resources to keep up with the rapid pace of technological development, and to create the new forms of management structure which will be necessary to operate the air traffic control system of the future.

Heeding the advice of many of the most experienced and respected leaders of our industry ... and falling in line with what has been happening in many other countries ... President Clinton and Vice President Gore have proposed the establishment of a new government corporation to take over the air traffic control function.

This new corporate entity would operate more like a business than a government agency. It would earn its income from fees, not receive it from Congressional appropriations. And it would have to live within its income. There would be no one to write a check at the end of each year to cover over-spending.

But it would also be able to make more efficient use of its resources...both financial and human.

It would be freed of the government red-tape which now complicates and delays even the simplest decision to purchase new equipment or assign personnel where they are most needed.

The new corporation would be cut loose from stifling federal regulation and control.

But it would not be free from strict regulatory oversight by the FAA to guarantee that there is never any compromise with aviation safety.

Air travel in the United States is the safest in the world. There is every reason to believe that this unsurpassed record will continue unchallenged in the future

-- as we shift to more advanced and reliable air traffic control technologies

-- and develop alternative forms of management better adapted to making the hard, complex choices which we know will confront us in the decades ahead.

EXCITING CAREER OPPORTUNITIES

The new air traffic services corporation should be an exciting place to work. And I recommend that you start polishing your resumes.

This will be a great career move for anyone looking for the opportunity to escape from overbearing bureaucracies and overly cautious companies.

It will be on the leading edge -- both of corporate management practice and of technological innovation.

It will be a fast-track environment where, I'm sure, we'll see women out there among the front-runners.

I've enjoyed spending these few minutes with you. Thanks for inviting me.

PREPARED FOR
FAA ADMINISTRATOR DAVID R. HINSON
FAA REGULATORY BENEFIT-COST CONFERENCE
JUNE 28, 1994
RITZ-CARLTON HOTEL, PENTAGON CITY

Thank you, Barry (Valentine).

I'm delighted that so many of you turned out for the FAA's first ever Regulatory Benefit-Cost Conference.

The fact that this subject can draw such a gathering at this early hour tells me your not here merely as a matter of purely academic interest.

For cost-benefit evaluation is, at its core, more than an abstract economic analysis. It is also a key element in how public decisions are made.

It is an attempt to answer four basic questions:

Who will benefit and how much?

Who will pay and how much?

Finding an acceptable balance is what government regulation is all about. And the fact that this balance shifts over time means that regulatory reform is never finished.

There will never be final answers. Nor will there ever be a totally objective, quantitatively rigorous methodology which everyone accepts without question or challenge.

What we can try to do is to reach a consensus which will allow us to make the best possible decisions for our time and place.

This is a time which requires that we develop a new consensus -- that we try to rebalance the relative costs and benefits of our regulations.

The need for a new consensus arises from the economic distress of our industry.

The opportunity for reaching a new consensus is created by the commitment of President Clinton and Vice President Gore to regulatory reform.

When the Clinton Administration took office 16 months ago, we faced an airline industry in crisis, with losses mounting to over $10 billion from 1990 to 1992.

These losses -- and the domino effect they created throughout the industry -- brought home to all of us just how critical aviation is to this country's economic well being.

When aviation thrives, so does the entire nation. But when aviation hurts, the pain is felt -- eventually -- by everyone, everywhere.

From the early days of his Administration, President Clinton has made it clear that he views the airline and aircraft industries as strategically crucial to America's future -- and key to our global competitiveness.

In January, I was privileged to join Secretary Peña and Dr. Laura Tyson, the Chair of the President's Council of Economic Advisors, in announcing the Clinton Administration's program to revitalize domestic aviation and promote international aviation trade and competition. We are delighted to have as our guest speaker today, another member of that distinguished group, Dr. Joseph Stiglitz.

As Dr. Tyson remarked at the time, the best medicine for what ails U.S. aviation is a strong economy.

In the first 14 months of the Clinton Administration, the U.S. economy has created 2.5 million new jobs -- 90 percent of them in the private sector.

Unemployment is down from 7.7 percent last January to 6.5 percent in March.

Consumer confidence is at the highest levels we've seen so far in this decade.

None of this is happening by chance. The President's budgets have made the first serious attack on the deficit in over a generation. And this trend toward lower deficits is giving the economy the jump-start it has been needed for so long.

The President has shown us time and time again that he will fight for what America needs. We saw this determination in the passage of his economic reform package and NAFTA. We are seeing it again in his health care initiative that seeks to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health.

I have no doubt that he is equally committed -- and just as determined to see that he meets his goals for aviation.

President Clinton's aviation initiative builds upon the proposals put forth by the National Airline Commission and Vice-President Gores's National Performance Review. All three concur on the need to reduce costs and improve efficiency -- without in any way compromising aviation safety.

Of the many actions that are underway, three stand out because they have been universally recommended. They represent a consensus of expert opinion about what most urgently needs to be done.

One action calls for the establishment of a corporation to operate and manage the air traffic control system in a disciplined, business-like manner. The second recommends the speedy implementation of new technology into the national airspace system. The third urges the government to reform the regulatory process -- and that's the purpose of this meeting today.

I can report to you that we have made progress on all three.

By now I am sure most of you have seen the proposal we released a few weeks ago to create the Air Traffic Services Corporation -- a new business-based form of organization cut loose from the entanglements of federal budgeting, personnel, and procurement rules.

Freeing air traffic control from the repressive grip of bureaucratic control will speed the adoption of more advanced technology and more efficient practices that together will enhance the safety of air travel -- while saving billions over the years by reducing delays.

One such technology is satellite navigation. We are moving fast to clear the way for its use on an ever-expanding scale. Over the past few months. we have certified the first receivers and are allowing pilots to navigate by GPS.

Three weeks ago, I announced that we were halting further development of Category 2 and 3 Microwave Landing Systems.

I would not have taken this action if I did not have complete confidence that GPS will fulfill its enormous promise. Everything I have seen so far tells me that GPS has the capability to do the job better and for less money.

The third recommendation -- and one which has strong support throughout government and industry -- is the urgency for regulatory reform.

Here, too, we've been making progress.

In January, I invited industry groups to help us identify the top three regulations they felt we needed to revise or eliminate. We received a total of 167 comments and will make our final determination by the end of September.

We also asked for your comments on the effectiveness and viability of the high density rule and for your help in identifying alternatives. The comment period closed May 27. Each response one will be reviewed and evaluated.

We've also been told by many in the industry -- by many of you in this room, in fact -- that the FAA must do a better job of assessing the cost implications of our rulemaking decisions.

We at the FAA take our rule-making and enforcement responsibilities seriously. But we're also fully aware that unneeded regulations can create an unnecessary burden on an industry already struggling to survive.

If we're not careful, our rules can put our carriers and aircraft manufacturers at a competitive disadvantage, without any compensating gains in safety.

I believe that, on the whole, the FAA has been mindful of the legitimate interests of the industry and has tried to work cooperatively as a partner. But, at times, our role as a regulator can make this partnership an uneasy one.

We all realize that a modern society cannot function without rules and regulations. And we know from looking at the history of our industry that aviation did not begin to flourish until it was regulated.

But the process of our rules and regulations need not be cumbersome, arbitrary, or impose onerous cost upon the industry.

We may debate the exact cost of our rules -- but we all agree that some are, indeed, costly.

The Airline Commission called such rules the "crisis du jour" -- the tendency for the FAA -- for any federal agency -- to respond to external pressures for quick action, without careful regard for the actual costs that are being imposed upon the industry and the public.

A clear and rigorous procedure would help us to carefully weigh our actions during these periods of public alarm and political controversy when bad choices are most likely to be made. And it will help us make measured, well-reasoned choices when events demand decisive action.

A comprehensive approach to benefit-cost analysis will give us the right questions to ask and the right answers to expect if government is to be held constantly to account.

Your discussions today can be a contribution of far-reaching significance. I'm looking forward to hearing what you have to say.

I wish you a productive meeting and I thank you very much for taking part.

PREPARED FOR
FAA ADMINISTRATOR DAVID R. HINSON
FAA REGULATORY BENEFIT-COST CONFERENCE
JUNE 28, 1994
RITZ-CARLTON HOTEL, PENTAGON CITY

Thank you, Barry (Valentine).

I'm delighted that so many of you turned out for the FAA's first ever Regulatory Benefit-Cost Conference.

The fact that this subject can draw such a gathering at this early hour tells me your not here merely as a matter of purely academic interest.

For cost-benefit evaluation is, at its core, more than an abstract economic analysis. It is also a key element in how public decisions are made.

It is an attempt to answer four basic questions:

Who will benefit and how much?

Who will pay and how much?

Finding an acceptable balance is what government regulation is all about. And the fact that this balance shifts over time means that regulatory reform is never finished.

There will never be final answers. Nor will there ever be a totally objective, quantitatively rigorous methodology which everyone accepts without question or challenge.

What we can try to do is to reach a consensus which will allow us to make the best possible decisions for our time and place.

This is a time which requires that we develop a new consensus -- that we try to rebalance the relative costs and benefits of our regulations.

The need for a new consensus arises from the economic distress of our industry.

The opportunity for reaching a new consensus is created by the commitment of President Clinton and Vice President Gore to regulatory reform.

When the Clinton Administration took office 16 months ago, we faced an airline industry in crisis, with losses mounting to over $10 billion from 1990 to 1992.

These losses -- and the domino effect they created throughout the industry -- brought home to all of us just how critical aviation is to this country's economic well being.

When aviation thrives, so does the entire nation. But when aviation hurts, the pain is felt -- eventually -- by everyone, everywhere.

From the early days of his Administration, President Clinton has made it clear that he views the airline and aircraft industries as strategically crucial to America's future -- and key to our global competitiveness.

In January, I was privileged to join Secretary Peña and Dr. Laura Tyson, the Chair of the President's Council of Economic Advisors, in announcing the Clinton Administration's program to revitalize domestic aviation and promote international aviation trade and competition. We are delighted to have as our guest speaker today, another member of that distinguished group, Dr. Joseph Stiglitz.

As Dr. Tyson remarked at the time, the best medicine for what ails U.S. aviation is a strong economy.

In the first 14 months of the Clinton Administration, the U.S. economy has created 2.5 million new jobs -- 90 percent of them in the private sector.

Unemployment is down from 7.7 percent last January to 6.5 percent in March.

Consumer confidence is at the highest levels we've seen so far in this decade.

None of this is happening by chance. The President's budgets have made the first serious attack on the deficit in over a generation. And this trend toward lower deficits is giving the economy the jump-start it has been needed for so long.

The President has shown us time and time again that he will fight for what America needs. We saw this determination in the passage of his economic reform package and NAFTA. We are seeing it again in his health care initiative that seeks to bring order and fairness to a system where uncontrolled costs are a danger to our fiscal health.

I have no doubt that he is equally committed -- and just as determined to see that he meets his goals for aviation.

President Clinton's aviation initiative builds upon the proposals put forth by the National Airline Commission and Vice-President Gores's National Performance Review. All three concur on the need to reduce costs and improve efficiency -- without in any way compromising aviation safety.

Of the many actions that are underway, three stand out because they have been universally recommended. They represent a consensus of expert opinion about what most urgently needs to be done.

One action calls for the establishment of a corporation to operate and manage the air traffic control system in a disciplined, business-like manner. The second recommends the speedy implementation of new technology into the national airspace system. The third urges the government to reform the regulatory process -- and that's the purpose of this meeting today.

I can report to you that we have made progress on all three.

By now I am sure most of you have seen the proposal we released a few weeks ago to create the Air Traffic Services Corporation -- a new business-based form of organization cut loose from the entanglements of federal budgeting, personnel, and procurement rules.

Freeing air traffic control from the repressive grip of bureaucratic control will speed the adoption of more advanced technology and more efficient practices that together will enhance the safety of air travel -- while saving billions over the years by reducing delays.

One such technology is satellite navigation. We are moving fast to clear the way for its use on an ever-expanding scale. Over the past few months. we have certified the first receivers and are allowing pilots to navigate by GPS.

Three weeks ago, I announced that we were halting further development of Category 2 and 3 Microwave Landing Systems.

I would not have taken this action if I did not have complete confidence that GPS will fulfill its enormous promise. Everything I have seen so far tells me that GPS has the capability to do the job better and for less money.

The third recommendation -- and one which has strong support throughout government and industry -- is the urgency for regulatory reform.

Here, too, we've been making progress.

In January, I invited industry groups to help us identify the top three regulations they felt we needed to revise or eliminate. We received a total of 167 comments and will make our final determination by the end of September.

We also asked for your comments on the effectiveness and viability of the high density rule and for your help in identifying alternatives. The comment period closed May 27. Each response one will be reviewed and evaluated.

We've also been told by many in the industry -- by many of you in this room, in fact -- that the FAA must do a better job of assessing the cost implications of our rulemaking decisions.

We at the FAA take our rule-making and enforcement responsibilities seriously. But we're also fully aware that unneeded regulations can create an unnecessary burden on an industry already struggling to survive.

If we're not careful, our rules can put our carriers and aircraft manufacturers at a competitive disadvantage, without any compensating gains in safety.

I believe that, on the whole, the FAA has been mindful of the legitimate interests of the industry and has tried to work cooperatively as a partner. But, at times, our role as a regulator can make this partnership an uneasy one.

We all realize that a modern society cannot function without rules and regulations. And we know from looking at the history of our industry that aviation did not begin to flourish until it was regulated.

But the process of our rules and regulations need not be cumbersome, arbitrary, or impose onerous cost upon the industry.

We may debate the exact cost of our rules -- but we all agree that some are, indeed, costly.

The Airline Commission called such rules the "crisis du jour" -- the tendency for the FAA -- for any federal agency -- to respond to external pressures for quick action, without careful regard for the actual costs that are being imposed upon the industry and the public.

A clear and rigorous procedure would help us to carefully weigh our actions during these periods of public alarm and political controversy when bad choices are most likely to be made. And it will help us make measured, well-reasoned choices when events demand decisive action.

A comprehensive approach to benefit-cost analysis will give us the right questions to ask and the right answers to expect if government is to be held constantly to account.

Your discussions today can be a contribution of far-reaching significance. I'm looking forward to hearing what you have to say.

I wish you a productive meeting and I thank you very much for taking part.