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STATEMENT OF JOHN A. VOLPE, SECRETARY OF TRANSPORTATION, BEFORE THE HOUSE COMMITTEE ON BANKING AND CURRENCY REGARDING H.R. 8432 ON TUESDAY, JULY 20, 1971.

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to meet with you today as the Committee continues its hearings on H.R. 8432. We in the Department of Transportation are very much concerned over the present difficulty surrounding Lockheed's Tristar L-1011 program.

The Department through its Federal Aviation Administration has the vital obligation of encouraging and fostering the development of civil aeronautics and air commerce in the United States and abroad. I believe that the continued development, production, and commercial use of safer and more efficient aircraft, particularly the new wide-body subsonic jets, including the L-1011, is essential to our obligation.

It might be helpful in understanding this country's present commercial aviation situation to review its historical background and the service it has provided, as well as aviation industry forecasts.

The United States entered a new era in transportation service in 1933 with the advent of the Boeing 247 and the DC-1--the first "modern type" airliners. In 1935 the famed Douglas DC-3 made its maiden flight. That aircraft, one of the most successful airliners in history, was carrying the bulk of U.S. air traffic in 1938. The commercial jet era did not arrive until 1958. Since 1958, the Boeing 707, 727, 737, the Douglas DC-8 and DC-9, and more recently, the

Boeing 747 have been developed and put into the commercial airline fleet. As the jets became the dominant aircraft in U.S. commercial aviation, the traveling public was offered safer and more efficient service, and direct operating costs to the airlines decreased.

However, the most recently developed Boeing 747 represents only the forerunner of what is known in the aviation community as the "second generation jet aircraft". New wide-body subsonic commercial transports, like the Boeing 747, the McDonnell-Douglas DC-10, and hopefully the Lockheed L-1011, will soon take over the bulk of the load of commercial aviation. These aircraft will provide the airlines with the tools they need to meet the future demand for air transportation service. The need for improved productivity on the part of airlines is paramount given the ever present inflationary impact on costs. Therefore the more efficient and productive wide-body jets are crucial to the continued success of our airlines' ability to serve the needs of the public.

Looking ahead, we expect the airline industry's growth to undergo a fundamental change. The FAA has forecasted that in the decade of the 1970's, we'll see a vigorous rate of growth in commercial air transportation. As the economic climate improves, scheduled revenue passenger-miles carried by U.S. certified airlines are expected to increase by three and one-half times in the next ten years.

In absolute numbers, our projections indicate that revenue passenger-miles will increase from 128.9 billion in fiscal year 1970 to 458 billion in fiscal year 1982. For the period between 1971 and 1982, U.S. international traffic is expected to grow at an annual rate of almost 13 percent. This will

increase significantly U.S. international revenue passenger-miles from 27.8 billion in fiscal year 1970, to 108 billion in fiscal year 1982. During the same time period, domestic passenger enplanements will triple, international passenger enplanements will more than triple, and the carriage of cargo by commercial airlines will continue to increase.

These projections clearly indicate the need for new large-capacity commercial transport aircraft--particularly those like the Lockheed Tristar L-1011--to meet the anticipated passenger demand, to help alleviate the resulting airways congestion and to provide a higher standard of safety, efficiency, and comfort for the public.

There have been many questions raised, Mr. Chairman, over the projected market for wide-body jets, especially in light of the airlines' existing excess capacity. There is no doubt that we are suffering through a very difficult period with our aircraft manufacturers. What is generally applicable to all of them is most graphically illustrated by Lockheed. During this period of Lockheed's urgent need for investment capital, aircraft sales have slackened, airline traffic has declined, and Lockheed's avenue to additional sources of capital--earnings--has not materialized and its military markets have softened somewhat. We must not be overwhelmed by this series of setbacks. The L-1011 program was launched in response to a market that has not disappeared. I am aware that it is not possible to precisely forecast the market for wide-body jets over the next ten years. However, a recent FAA aircraft demand forecast indicates that the demand for three-engine wide-body jets by U.S. air carriers over the next ten years is about 760 aircraft. We are also confident that the

lack of growth in today's traffic is a temporary plateau related directly to present economic conditions.

In connection with the projected forecasts for the wide-body jets, I wish to express concern over the damaging effects on competition within this industry which would result from the termination of the L-1011 program. I definitely feel that it would be in the public interest to preserve the L-1011 aircraft since its absence will reduce competition in the market for wide-body tri-jets--a domestic market that is estimated to exceed approximately \$20 billion over the next ten years. Competition between manufacturers should prove desirable in terms of both cost and performance.

Mr. Chairman, I wish to take this opportunity to voice another concern that I have in this matter. I feel it is essential that this country preserve its advanced aircraft technology. We can ill afford to let another of these programs go by the boards. There is no doubt that the United States is presently pre-eminent in the field of aircraft manufacturing. However, I am sure our foreign competitors have taken comfort in some of our most recent decisions in this field. For the Federal Government now to turn its back on the L-1011 program would be a portent that we are losing our competitive thrust in this important field of technology. Knowing that the economic risks to the Government in this guarantee are small, I feel that a Federal guarantee to help preserve the L-1011 program is warranted and should be made.

Before concluding, Mr. Chairman, let me discuss briefly with you some of the beneficial characteristics of the L-1011 and the status of that aircraft's certification process.

As you know, the L-1011 is a subsonic wide-body commercial transport capable of flying at speeds in excess of 550 miles per hour, with a load capacity

up to 400 passengers. Its range of 3,200 nautical miles will allow it to operate economically and efficiently on transcontinental and many transoceanic routes. Environmentally the L-1011 and its wide-bodied sister ships will be good neighbors. These airplanes have been designed to emit less noxious fumes and to be quieter than the earlier generation of commercial jet aircraft. In fact, the L-1011 emits a minimal amount of visible exhaust, and is much quieter than the current Boeing 707's and the Douglas DC-8's.

Since Lockheed launched its Tristar program, the Federal Aviation Administration has been reviewing extensive tests and conducting evaluations of the L-1011's airworthiness to determine its eligibility for type certification. This process consists of evaluations of items such as the aircraft's structure, powerplant installation, fuel system, flight controls, avionics, environmental systems, crashworthiness, and flight performance characteristics. Although the type certification process is not yet complete, I am told by Jack Shaffer, the FAA Administrator, that his people's initial observations indicate that the L-1011 is a safe and efficient aircraft which, if the program proceeds as planned, will be capable of being type certificated by April 1972. It is his opinion that the L-1011 is further advanced and more trouble free than were many earlier commercial jet aircraft at the same stage of their development. Aerodynamically, the aircraft's handling characteristics are outstanding. Every indication points to the L-1011 being another "pilot's" airplane. Everyone, most notably the travelers and shippers who enjoy dependable service, and the aviation industry, will benefit from the efficient, diverse and safe service that the L-1011 will provide. Without doubt, this aircraft will have a great impact on the movement of passengers and goods here and abroad. Its commercial

use will stimulate the U.S. economy and enhance the total air transportation system.

In summary, the Lockheed L-1011 has every indication of being a superb aircraft and will be a vital addition to the commercial aircraft fleet. It will allow more people to travel by air without correspondingly increasing air traffic; it will relieve airways and airport congestion while further reducing noise and exhaust pollution. The continued production and development of the L-1011 will maintain the healthy competitive and productive capacity of the airline industry, and will most certainly be in the national interest. I urge the Congress to take action to preserve this program.

That concludes my prepared statement, Mr. Chairman. I will now be pleased to respond to any questions you may have.