

STATEMENT OF DONALD T. BLISS, ACTING GENERAL
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BEFORE THE AVIATION SUBCOMMITTEE OF THE HOUSE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
REGARDING H.R. 14866, A BILL TO AUTHORIZE REDUCED
AIR FARES FOR ELDERLY, YOUNG, AND HANDICAPPED
PERSONS, TUESDAY, AUGUST 10, 1976.

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to appear today to discuss H.R. 14866 and other bills to permit the Civil Aeronautics Board to allow the airlines to provide reduced fares on a space-available basis to persons 21 or younger, to elderly persons, and to handicapped persons.

We support fully actions by air carriers to provide low cost service alternatives to people who cannot afford to fly at regular fares, including many older people, handicapped people and younger people who have less resources. We do believe, however, that there are more economically sound and broadly based ways of achieving this objective than those proposed in this bill. Foremost among these is the Administration's proposed Aviation Act of 1975 or some similar alternative such as the Anderson-Snyder Bill. Pending enactment of these broader reforms, we would favor action by air carriers for low cost service in off-peak hours that are available not only to the elderly, handicapped and youth but to any air traveler who wishes to take advantage of it.

Air transportation is vital to our economy and it is vital to each and every citizen. Eighty percent of all intercity common carrier passenger miles is performed by our nation's airlines. We can reminisce about the glories of a leisurly drive across the country, but if the purpose of your cross country trip is attend to an emergency, to apply for a new job, to attend a business meeting, or to enjoy a limited vacation period, most likely you will make your cross country trip and many other intercity trips by air.

Air transportation is fast and it is convenient. Unfortunately, air transportation is also quite expensive and its cost is taking it increasingly out of the reach of many of our citizens. Current studies show that a significant percent of all people have never flown. For the elderly and the handicapped this is a particularly burdensome problem for although they may have the greatest need for public transportation, including air transportation, they often are among the groups that are least able to pay for it. For many of us, if air transportation is not available, there are many alternatives, the most prominent being the private automobile. But there are fewer alternatives for the elderly and the handicapped and there are often fewer resources to pay for these alternatives.

The Department is committed to improving the quality of transportation sources available to the elderly and the handicapped. The report by the Select Committee on Aging referred to by Chairman Anderson in his statement introducing H.R. 14866 contained an extensive list of the Department's activities. These activities range from special programs to deal with the problems of the rural aged to the development of buses which are specially equipped to board the elderly and persons in wheel chairs. The Urban Mass Mass Transportation Administration has programmed approximately \$1.6 million in demonstration programs for the elderly and the handicapped for FY 1975 and 1976 and over \$20 million in capital grants for each of those two years.

In the aviation area, the Federal Aviation Administration has instituted a rulemaking to increase the access of the handicapped to airplanes. DOT has also worked to improve airport terminal accommodations, as well as accommodations for enplaning, enroute comfort, and deplaning of the handicapped.

We firmly believe that the opportunity for inexpensive air travel should be expanded for the elderly and for the handicapped. But we also believe that it should be expanded for other groups in our society who need to travel or want to travel but do not have enough resources to travel. Needless to say, all people

with low incomes are not elderly or handicapped or youthful, and all handicapped, elderly, and youth are not with low incomes. The problems here are fares that are too high and people without the resources to pay for those fares. We do not believe that the availability of reduced rate air fares should be limited to just the elderly, the handicapped, and youth, when we have the alternative, if we will act, of lower fares for all.

Today, airlines have authority to institute standby fares and off-peak fares. Needless to say, these fares would be especially attractive to the groups referred to in H.R. 14866. A few airlines have in fact instituted standby fares and there are some reduced off-peak fares. But the number of standby fares is very limited and the restrictions applied to off-peak fares limit their use and availability substantially. If there is a need for increasing the availability of reduced fares -- and if they are profitable and I submit that they are and that the experience of the intrastate carriers in Texas demonstrate they are -- why have the carriers not engaged more extensively in such practices? The answer is that the existing regulatory system discourages such price reductions. It is competition which provides the incentives to lower fares and it is competition -- price competition -- which is missing from today's interstate air system. We will not have

that competition and we will not have those lower fares unless we open the existing system to more competition, to possible new entrants, and to more price competition. The existing system is virtually closed to new entrants and to true competition.

The Administration's Aviation Act of 1975 would provide more competition in the airline industry and it would lead to lower fares. The bill recently introduced by Chairman Anderson and Congressman Snyder, The Air Service Improvement Act of 1976, is different in form from the Administration's bill, but its objectives and effects would be much the same. The bills introduced by Congressman Roncalio and Senator Kennedy would also provide far reaching reform.

We must not seek a piecemeal approach to this problem or an approach that does not provide the same benefits to others equally in need of lower cost air services. This bill should not be seen as a bill that helps some and doesn't hurt others. The past history of special discounts for particular categories of individuals, such as youths, indicate that these special discounts caused the rest of the air fares to increase. This history is discussed in the Department's filing in phase 5 of The Domestic Fare Investigation before the Board, and I would be most happy to submit a copy of that filing for the record. But more important,

to seek special relief for particular groups, no matter how worthy that group, will diminish the chance of reform that will benefit all. I think that the recent hearings before this Subcommittee indicate that we are on the brink of a true reform and we should proceed vigorously to bring about major and comprehensive reforms that will bring about the benefit of lower cost air travel, not only to the handicapped, the elderly, and the youth, but to all.

Mr. Chairman this completes my prepared statement.

I shall be happy to answer any questions you or the Subcommittee members may have.