

STATEMENT OF JIM BURNLEY

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U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION

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Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to appear before you. I am most appreciative, Mr. Chairman, of the promptness with which this hearing has been scheduled and the willingness of the Committee members and their staffs to spend time talking with me over the last few weeks to convey your respective interests and concerns. I will keep my opening statement brief.

As you know, I joined the Department of Transportation in 1983, first as General Counsel, and later that year I became Deputy Secretary. I believe it is a great privilege to serve in the federal government, and I am very honored that the President has nominated me to become the ninth Secretary of Transportation.

My nomination follows the tenure, in this Administration, of two very able and talented transportation secretaries -- Drew Lewis and Elizabeth Dole. The challenges we will face in the future will be every bit as demanding as those we have addressed during the past seven years. I want to assure you that if confirmed, I

will continue to do my utmost to serve the public interest, and to ensure that safety remains the first priority of the Department and our transportation industries. -

The importance of safe, efficient transportation to this country cannot be overstated. It enhances the quality of each of our daily lives. It is a major component of this country's economy -- representing nearly one-fourth of the gross national product. It is part of the cost of everything U.S. companies produce and every item consumers buy. America's ability to compete worldwide and American jobs are integrally tied to the national policies Congress and the executive branch set for transportation.

The relationship between American competitiveness and an efficient transportation system is more than theoretical; it can be measured in dollars and cents. For example, I understand that shoe manufacturers in New England shipping their products to Dallas, Texas must pay about \$36 per hundred pounds. Transporting the same product from Asia to Dallas, however, costs only \$18 per hundred pounds. Generally, American-made goods require 12 to 15 movements from raw materials to the finished product before reaching consumers. Imports require an average of one to two movements once they have reached our shores. Thus, inefficient transportation practices can put U.S. goods at a serious competitive disadvantage.

Congress has already demonstrated that one effective way to reduce this disadvantage is to remove unnecessary economic regulations. The Brookings Institution has estimated that airline deregulation, for example, has saved airline consumers and businesses about \$6 billion annually and that's in 1977 dollars. Similarly, the deregulation of our nation's rail system has literally given the industry new life, after a spate of bankruptcies and billions of dollars in deferred maintenance had severely handicapped our railroads. Perhaps the best illustration -- and one this Committee is intimately familiar with because of your key leadership role -- is the sale of Conrail. Its turnaround from a money-losing railroad to profitability allowed us to deposit nearly \$2 billion in proceeds from the sale into the federal treasury. That turnaround would not have been possible without the regulatory relief provided in 1980 by the Staggers Act.

Even as economic deregulation has conferred many benefits on American producers and consumers, it has brought major new challenges as well. A freer market in transportation has given birth to new transportation industries and unleashed an explosion in the demand for transportation services. For example, maritime and rail operators have pioneered double-stack train technology, resulting in tremendous operating efficiencies. Intermodal traffic is the second greatest traffic growth generator for the railroads, increasing over 50 percent since 1980. In reflecting upon the dramatic changes occurring in transportation, I am both encouraged by the progress we are making and challenged by the potential as yet unfulfilled.

Aviation is an area of particular concern to us all. Just as our ten-year multi-billion dollar National Airspace System Plan addresses the need for modernized technology for air traffic control, I agree with those who believe it is time for us to take a close look at the organization responsible for managing that airspace. The structure of the Federal Aviation Administration has been relatively unchanged in recent years, while the aviation industry has changed in ways no one could have foreseen only a decade ago. I want to work with the Congress, the FAA, and the entire aviation community in seriously examining and reassessing the FAA's organizational structure and programs. The purpose of this evaluation, already begun by the Byrd Commission and by hearings before this Committee, will be to ensure that the FAA can continue to guarantee the safest possible aviation system.

Regulatory reform is not the only method by which transportation policies can enhance American competitiveness. As Deputy Secretary, I have taken a strong interest in expanding the international commercial opportunities of U.S. air and maritime carriers by helping them gain fair, equitable access to foreign markets and to operate efficiently once access has been achieved. Last year, for example, the Maritime Administrator and I led a delegation to Asia to press for the removal of discriminatory barriers against U.S. carriers. Through such efforts, we have successfully used a combination of negotiations and a willingness to act to fight unfair trade practices.

The explosive growth in the demand for transportation services, its changing structure, and the industry's critical role in the American and world economy means that the Department's safety oversight responsibilities remain of paramount importance. Safety has been a top priority of both Secretary Dole and this Committee, and I intend to carry on that tradition in close consultation with you.

I want to take the opportunity to commend the Committee's work in this area. To cite one example, you led Congress in enacting two landmark motor carrier safety bills, and already we are seeing the successful results of these efforts. In the four months since the single licensing requirement became effective, over 14,000 duplicate driver's licenses have been turned in by truck drivers. We are also making progress in implementing the Commercial Driver's License information system required by the 1986 Act.

This Committee also quickly approved legislation, supported by the Department, to conduct random drug testing of individuals in safety-sensitive areas of transportation. As you know, the Department is playing a critical role in the fight against drug abuse both on the demand and the supply side. Last year alone, the United States Coast Guard seized \$2 billion worth of illegal drugs. However, drug interdiction is only one of the many critical missions performed by the Coast Guard. Adequate resources for search and rescue, marine safety and military readiness are more important than ever.