



U.S. SENATE COMMITTEE ON

Commerce, Science, and Transportation

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**Statement of Chairman Ernest F. Hollings
Hearing on the Financial State of the Air Transportation Industry
September 20, 2001**

Welcome, Members of the Committee and our witnesses to this hearing on the financial state of the air transportation industry. Let me just start with a few observations.

First, we all know that some kind of financial package is going to happen. That's money that the air carriers can count on. The American people rely on our air transportation system, and it won't be put out of business due to premeditated acts of violence.

Nonetheless, this Committee did not want to put the cart before the horse. Instead, we wanted today to take a good look at the industry's financial situation now, and before the tragic events of September 11. Many of the airlines did not have a rosy financial position after the first six months of this year, and 2001 losses already were expected to reach \$2.5 billion. I am not interested in propping up carriers that were not viable at the beginning of this month nor am I interested in having the Federal government cover losses that had already been realized, but I do want to make sure we have air service.

As I noted at our first hearing this morning, the Committee is considering helping the airlines with temporary assistance, and also considering taking on security screening as a Federal function. Security costs amount to nearly \$1 billion annually, and screening represents a large percentage of this cost.

Second, this Committee has held several hearings on air service issues. Put simply, I – like many of my colleagues – am not satisfied with the air service to many parts of the country. If we are going to use the taxpayers' money to prop up the airlines, we should demand something in return. I, for one, would like to place some conditions on the acceptance of these funds. The system that we are here today to rescue has many flaws, and change is NEEDED – but first, for our local economies that are so dependent on travel – hotels that today are empty – we must restore the confidence in our air transportation system.

Finally, the carriers are not alone in feeling the harsh realities of today. General Aviation also was shut down. I got many calls from South Carolina crop dusters. The FAA addressed their needs. However, repair stations around the country – small and big – had to lay off people. We need to make sure they too are able to fully utilize our aviation system.

Again, I thank our witnesses for being with us today and look forward to their testimony.