

STATEMENT OF SENATOR JOHN McCAIN
RANKING REPUBLICAN, SENATE COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION

FULL COMMITTEE HEARING

ON THE FINANCIAL STATE OF THE TRANSPORTATION INDUSTRY

SEPTEMBER 20, 2001

- I want to thank Chairman Hollings for scheduling this hearing. Sadly, we are all too familiar with the issue before us, having received numerous reports on the dire financial situation of the aviation industry. Last week's events have only made a bad situation almost unbearable.
- The airlines have been criticized for moving so quickly in the aftermath of the tragedy of last week. I believe that we must move quickly also. I believe that the airlines are in crisis and in desperate need of our help. But we must not forget the events that brought on this crisis. The American People are grieving. We have lost thousands of our citizens to instruments of terror. We grieve with you. Rest assured we will not forget you. But we must move forward to ensure that we have a viable industry and economy for the living.
- The aviation sector was already largely in financial straights *before* last week's acts of terrorism and is reported to have lost another \$1 billion since last week's tragedies, resulting in route reductions and thousands of job layoffs throughout the industry. Our nation, our citizens, and our economy cannot risk further losses of this critical segment of the transportation industry. Securing its financial future and addressing safety and security shortcomings simply must be our top transportation priority at this moment.
- Most U.S. airlines have already announced plans to cut back at least 20 percent of their operations and the layoff of thousands of employees. Insurance premiums are soaring and their stocks are at rock bottom, falling 40 percent on Monday. Load factors on the flights that are flying are at significant lows. The facts are grave and the layoffs severe. For example, the industry has already announced the following layoffs:

US Airways	11,000 layoffs;
America West	2,000 layoffs;
Continental	12,000 layoffs;
American	20,000 layoffs;
United	20,000 layoffs; and,

Boeing 30,000 layoffs.

- If we do not move ahead with financial aid and liability protection, I believe that we will begin to see not just layoffs, but failures in the aviation industry. Yesterday, airline executives testified before the House that we could see as many as three bankruptcies next week. And these effects are far reaching. Tourism, travel, and aircraft manufacturing, segments that pour millions of dollars into our economy, are all suffering.
- I urge my colleagues to proceed quickly in the days ahead. We will be asked by many industries and sectors to take certain actions based on last week's events. But we need to address the most immediate and pressing demands of today and must do all we can to make sound and reasoned choices on how best to allocate our resources. In my judgement, the survival of our aviation industry – an industry that touches every aspect of our economy -- must be one of our top priorities.