This has led to the elimination of air travel, or at least on a regular and convenient schedule, to many small cities. It has also led to insane pricing; if a city's airport is not close or connected to the airlines' major "hub centers," fares balloon upwards. A trip from Birmingham, Alabama to Washington, D.C. or Baltimore, Maryland, will cost in the range of $250 to $400. But a trip from Montgomery, Alabama, the state's capital, to the Washington-Baltimore area, will cost as high as $900. Appearing on TV Sept. 23, Sen. Robert Byrd (D-W.V.) said that to fly from Charlestown, his state's capital, less than 100 miles to Dulles International Airport in Northern Virginia, costs $600—more than to go from Dulles to London.

On Sept. 21, Senator Byrd spoke from the floor:

"Twenty-three years ago, the Senate passed the conference report on the airline deregulation bill . . . by a vote of 82-4. . . . I was Majority Leader at the time . . . and as I have mentioned on the Senate floor many times, I have regretted that vote ever since. . . . I regret that vote because ever since deregulation, numerous airlines have pulled out of West Virginia and other rural states altogether. My constituents and millions of other Americans who live in smaller communities have been left with infrequent air service at astronomical prices."

It is time to re-regulate the airline industry.

Airline Deregulation Compromised Security

by Carl Osgood

For more than 15 years, Congress's investigative arm, the Government Accounting Office, has been warning that one of the weakest links in civil aviation security is the screeners who operate the metal detectors and the X-ray machines at the nation's airports. While much of the failure to improve security has been blamed on bureaucratic inertia at the Federal Aviation Administration, the GAO's data show that responsibility can also be laid at the doorstep of then-President Jimmy Carter's airline deregulation of 1978, which was sold to the American public on the basis of the lie that more competition will give us better service, safety, and security.

The events of Sept. 11, when hijacked airliners were deliberately crashed into the World Trade Center and the Pentagon, show, once again, that deregulation has created a security nightmare, from which only re-regulation can save us.

The response of Congress, so far, has been to call for federalizing all airport security functions, including security of airport facilities as well as passenger screening. Senate Commerce, Science and Transportation Committee Chairman Ernest F. Hollings (D-S.C.) has introduced legislation to establish a deputy administrator for security at the FAA. The new deputy administrator would be responsible for day-to-day security operations at all U.S. airports, including the hiring and training of employees who would be providing aviation security. During the above-mentioned hearing, Sen. Kay Bailey Hutchison (R-Tex.) endorsed Hollings' bill and called for a division of security at the FAA that would have control of screeners as well as the air marshals who would provide security on board airliners.

Long-Accumulated Problems

While the exact role of the weaknesses identified by the GAO in the hijackings on Sept. 11 is still unknown, the role of cost cutting in creating the situation as it existed until Sept. 11 has not been lost on many members of Congress. Sen. John Kerry (D-Mass.) told the Sept. 20 hearing that the measures to address the problem have been available for a long time but "there has been an absence of willpower, an absence of a sense of urgency." However, he also noted that the airlines are the ones that have been responsible for the costs of passenger screening, and they were in financial trouble long before Sept. 11. "If your financial bottom line is affected by your security costs," he said, "then your security is affected."

Under deregulation, in the division of labor that exists

Even officials who voted for and have supported airline deregulation, now are acknowledging that its effects—including unregulated contracting out of security, cargo handling, etc.—are a disaster for airport security vulnerability.

between the FAA, the airlines, and the airports, the airlines generally would contract out passenger screening to security companies. This recalls the scandal of the ValuJet crash, which resulted from the "deregulated" contracting out of cargo-handling—a practice which, in itself, also makes the airlines more vulnerable to attack.

In testimony delivered to the House Transportation and Infrastructure Committee's Aviation Subcommittee on March 16, 2000, Gerald Dillingham, now the GAO's Director for Physical Infrastructure Issues, focussed specifically on passenger screening issues. He said that two principal causes of screeners' performance problems "are the rapid turnover among screeners and human factors involved in their work." He reported that the turnover rate for screeners at most large airports exceeds 100% per year, and at one airport has been over 400% per year. This means that screeners on the job often have only a few months of experience. He identified the low wages and few benefits that screeners receive for a job characterized by "repetitive, monotonous, yet stressful tasks that require constant vigilance."

The result of these conditions—again, a legacy of airline deregulation—is that "screeners are being placed on the job who do not have the necessary abilities, do not have adequate knowledge to effectively perform their work and who then find the duties tedious and unstimulating." He said that the FAA has noted these factors as causes of long-standing performance problems for more than 20 years. Dillingham didn't say so, but that period covers almost the entire history of airline deregulation.

Already In 1987, the GAO specifically identified passenger screening, and lack of control over access to airport operational areas, as areas of concern. In a January 1988 letter to the Secretary of Transportation, Assistant Comptroller J. Dexter Peach wrote that these deficiencies "were such that if left uncorrected, they could allow unauthorized persons access to air operations areas and aircraft." He reported that GAO's investigators were able to gain access to these areas "without being challenged by the airport and air carrier employees who saw us." He added that the FAA's policy on passenger screening "could not ensure that dangerous weapons were not carried through the screening process." At that time the GAO recommended tighter control over personnel identification, as well as improvements in the passenger-screening process.

In testimony delivered to the Senate Committee on Commerce, Science and Transportation on Aug. 1, 1996, two weeks after the explosion of TWA Flight 800 off the coast of Long Island, Assistant Comptroller General for Resources, Community and Economic Development Keith O. Fultz reported that the "threat of terrorism against the United States has increased," and that "aviation is and will remain an attractive target for terrorists." He said that, while the FAA had changed its security procedures as a result of the change in the threat because of the TWA Flight 800 explosion, "the domestic and international aviation system continues to have numerous vulnerabilities." Again, Fultz identified passenger screening as a significant weakness.

As the GAO's Dillingham pointed out in Sept. 20, 2001 testimony to the Senate Commerce, Science and Transportation Committee, "it is clear that serious weaknesses exist in our aviation security system, and their impact can be far more devastating than previously imagined."

Federal Re-Regulation Urgent

Just nine days after the Sept. 11 attacks, Dillingham was documenting for the Congress, how screener problems have worsened over the last two decades. In 1978, he said that screeners failed to detect 13% of dangerous objects in FAA tests. In 1987 that figure was up to 20%. The test data for 1991-99 "show that the declining trend in detection rates continues," although he could not release that data because it is now classified by the FAA. "Furthermore," he said, "the recent tests show that as tests become more realistic and more closely approximate how a terrorist might attempt to penetrate a checkpoint, screeners' ability to detect dangerous objects declines even further."

Significantly, the GAO's investigators visited five other countries—Belgium, Canada, France, the Netherlands, and the United Kingdom—to study their airport security procedures. Dillingham reported that generally, those countries "require screeners to have more extensive qualifications and to meet higher training standards; they pay screeners more and provide benefits, and they place the responsibility for screening with airports or the government instead of air carriers." He added that these countries have significantly lower turnover rates among screeners and "may have better screener performance."

The GAO reports do identify problems within the FAA in implementing new security standards, such as certification of screening companies, which has been recommended by the GAO since at least 1987, and higher training standards for screeners. The FAA Reauthorization Act of 1997 required the FAA to develop standards for certifying screening companies and for training and testing of screeners. The FAA expects to complete the deployment of equipment at airports to monitor and improve the performance of screeners by 2003 and is expecting to issue its final regulation on screening company certification this month, two-and-one-half years behind the schedule called for in the 1997 act.

Perhaps the most succinct comment on the relationship between costs and security was made by Rep. Peter Defazio (D-Ore.) on the floor of the House, on Sept. 24. He told the House that the system "has always been driven by costs. We had the best system of security you could get by pinching pennies and always, always hiring the lowest bidder to provide screening at the airports."

Whatever bureaucratic problems the Federal Aviation Administration might have in implementing security standards, this situation was created, not by the FAA, but by the deregulation of the airline industry, which dictated savage cost cutting and the turning over of essential services, such as security, to the lowest bidder.

State Budget Revenues Are In Jeopardy

by Mary Jane Freeman

Forty-six states of the United States began a new fiscal year on July 1, 2001, and by the middle of August, when July revenue figures were tallied, state after state reported shortfalls, as against projected budget revenues, in the tens of millions of dollars (see *EIR,* Aug. 31, 2001). Now, as mid-September reports of August revenue collections trickle in, states are reporting additional revenue shortfalls.

What makes this news doubly troubling, is that these shortfalls occurred *before* the horrific attacks on the World Trade Center and Pentagon, which will negatively affect states' economies, and *after* many states had reduced revenue projections for their 2001-02 fiscal year in anticipation of slowing economic growth. Moreover, these shortfalls come on top of FY 2000-01 state revenue shortfalls which ranged from tens to hundreds of millions of dollars, necessitating roughly one-third of the states to cut education and services, lay off state workers, and/or draw down various reserve funds to balance their budgets, as the stock market plummeted and manufacturing jobs continued to vanish (see *EIR,* May 4, June 15, and July 27, 2001). If state legislatures and the nation fail to adopt 2004 Democratic Presidential pre-candidate Lyndon LaRouche's proposed New Bretton Woods reorganization of the economy, immediately, then states will either have to make drastic budget cuts or face insolvency by year's end.

Abundant Warning Signs

In our Aug. 31 issue, we characterized officials' reaction to the July shortfall as an "hysterical calm," because many said they would "wait and see" whether a trend were setting in. At the time, six states had reported declines in the range of tens of millions of dollars in the first month of the new fiscal year. Now, 11 states report second-month declines of the same magnitude. These are Arizona, California, Georgia, Iowa, Indiana, Maryland, Massachusetts, Minnesota, Mississippi, Nebraska, and Tennessee. For at least Arizona, Indiana, and Nebraska, the decline was two consecutive months. The number of states with shortfalls in July and August is likely much greater, because such data are not centrally compiled, and thus we relied, largely, on state media reports, that are spotty at best.

For example, four states announced downward revisions of their projected FY 2002 revenues as of mid-September, presumably because of July-August shortfalls. The projected