



News from the Hill

BY JASON DICKSTEIN
AEA GENERAL COUNSEL

Bush vs. Kerry – The Campaigns Speak on Aerospace Issues

Which Presidential candidate will provide better leadership on aviation and space issues? After last month's column, in which we examined the records of George Bush and John Kerry on general transportation and tax issues, many AEA members were wondering if there was more information available on the candidates' specific aviation policies.

We wanted to know more, too, so AEA's Government Affairs Team (Ric Peri and I), and several other trade association representatives who are part of the Aviation & Space Stakeholders Coalition, met recently in Washington, D.C. with the Bush Campaign and the Kerry Campaign to discuss their respective visions for aviation and aerospace.

The rules for the meeting were simple. We asked each candidate's representative to come prepared to spend an hour with the Coalition. Each was asked to discuss five topics:

- Facilitation of Aviation Exports
- Commercial Space Initiatives
- Revitalizing the U.S. Aerospace Workforce
- Strategic National Transportation Policy
- Research and Development to Regain and Maintain U.S. Leadership in Aeronautics

Bush on Aerospace

The Bush campaign was represented by former Congressman Bob Walker.

Walker explained that the Bush Administration has a Vision for aerospace. The Vision has been published and currently the mechanisms for implementing the Vision are being studied. When the FAA completes its implementation study, a final report is expected (the current schedule would release the report to the public in December). Walker spoke on a variety of subjects based on the President's Vision.

Air Traffic Management

Walker expressed the President's commitment to developing a "new air traffic management system that would allow air traffic management to be robust in the future." With little fanfare or publicity, the Administration has been working on a program to improve the existing infrastructure and Walker explained that "within the last few months, we've seen the system come together."

Walker expressed a personal goal—he would like to see air traffic management become robust enough that we could actually have the use of unpiloted airplanes by the year 2025.

Air traffic management plans mean nothing without the funding to imple-

ment them, and Walker made it clear that the President intends to fully fund the air traffic management system. He explained that observers should look beyond the FAA Budget to understand the full measure of air traffic management funding. Both the Air Force and the Department of Homeland Security will have aspects of their budget devoted to supporting the FAA's air traffic management system, because both of those entities gain from a robust air traffic management system. The infrastructure for this sort of inter-agency cost sharing has already been established, as the Department of Defense has committed to supporting FAA certification projects that benefit Defense interests. Walker suggested that this sort of cross-agency funding for air traffic control would first be seen in the 2007 budget.

Research and Development

Both FAA and NASA research and development plans are important to AEA's membership, because both have lead in the past to advances that ultimately lead to improvements in avionics. Walker explained that the President's Space Vision (which includes the Moon, Mars and Beyond program) is a significant part of the Administration's aerospace strategy, and it is expected to generate significant research and development activity.

Walker explained that the implementation policy, based on the President's Vision, are due to be released in December, and will further refine the R & D benefits of the program.

Export Controls

In recent years, the United States has been called to task by our European trading partners for apparent subsidies of aerospace exports via the tax system. The Bush Administration recognizes that competition in the global marketplace is fierce, and is committed to supporting the competitiveness of U.S. aviation companies. To this end, Walker explained that the Bush Administration plans to make our European counterparts answer to the United States in the area of Airbus subsidies. At the same time, Walker noted that the Export Control Act has not been substantially revised because of polarization in Congress, and he explained that President Bush feels we need an Export Control regime that better supports aviation exports while at the same time better promoting international trade.

Educating Our Children

One question posed to Walker was whether the Administration would commit resources to promoting aerospace in grade schools, in order to promote interest in the field among young people. Walker explained that President Bush remains committed to the 'No Child Left Behind Program,' and that he would be backing core curriculum items like math and science. Walker did feel that with a stronger background in these areas, more graduating students would be prepared for the highly skilled jobs of the aerospace industry.

Paying For It All

How will the Bush Administration pay for its commitments to aerospace

infrastructure and R&D? Walker noted that the current deficits are largely due to previously unanticipated Defense spending and Homeland Security spending. While Walker believes that these two budgets will continue to be significant in the coming years, he explained one way that the President intends to 'hold the line' on spending is by limiting—or even freezing—the growth of government spending on non-priority items.

Walker explained that George Bush feels we need to develop a leaner government that does meet the budgetary needs of the nation. He believes government has failed to follow the lead of the private sector by increasing efficiency. Walker explained that increased efficiency, particularly through better use of technology, would permit the government to 'do more with less,' as many in the aviation industry have already done. Although it was not discussed in the meeting, Walker's ideas reflected a logical follow-up to the changes started under Al Gore during the Clinton Administration.

Walker even stated that the President might seek to limit the growth of spending on some entitlements, although he did not specify which entitlements. The threat to limit entitlements is often stated by Republicans, but can rarely be implemented because of the difficulty in getting such proposals through Congress. Walker also explained that the Bush Administration will depend on economic growth to sustain the United States' budget.

Tort Reform

After the President's announcement during the Convention that tort reform would be a major component of his legislative agenda in his second term, it was appropriate to ask Congressman Walker whether he felt that product

liability reform was realistic.

Walker understood the importance of product liability reform—he knows that not only would it save AEAmembers from unfair lawsuits, it would also likely have a positive effect on product liability insurance premiums, because it would impose reasonable limits on certain types of lawsuits. He explained that the President remains heavily committed to tort reform as a way to reduce the costs of doing business. The tort reform proposals that have been introduced in recent years tend to be quite reasonable—only limiting unreasonable cases and unwarranted awards.

Unfortunately, after explaining how much benefit the aviation community could realize from such reform, Walker explained that real reform would be unlikely until the Senate could capture a genuine 60 vote supermajority in favor of reform. The current make-up of the Senate means that a vote to end a filibuster would fall just short of the needed votes, so the measure can be effectively bottled up forever. We asked Walker if he thought that the President, with his current statements of commitment to reform, might be willing to twist arms in order to get the votes needed, but Walker felt that the issue was currently too polarized, and that only with 'new blood' in the Senate could industry stand a chance of seeing real reform. Should the new elections bring that sort of new blood, though, Walker made it clear that the President would sign reasonable reform laws if they passed Congress.

Kerry on Aerospace

Regrettably for our interests, the Kerry campaign did not send a statesman with Bob Walker's breadth of experience and vast understanding of his candidate's positions.

Continued on following page

NEWS FROM THE HILL

Continued from page 25

Nonetheless, the Kerry representative, Lori Gardner, is widely acknowledged as one of the leading experts in the regulation of commercial space. Gardner, a former NASA Associate Administrator, is a long-time advocate for space policy issues in Washington, and was able to discuss the Kerry space policy.

Problems with the Bush Space Vision

Gardner began by explaining what was wrong with the current Administration's space policy. She criticized its costs, expressing doubt about where the money will come from in light of the country's current debts. "You are going to be several billion dollars short if you play out all of NASA's priorities," Gardner predicted. However, she seemed to respond to her own criticisms later in the meeting when she criticized the Bush Administration for budget cuts that have led NASA to cancel several programs.

"One of our main concerns about the Vision is the future of R&D," said Gardner as she criticized the Bush Administration. She stated that aerospace research and development budgets have been cut and that the true measure of the cuts are not visible to the public. She explained that infrastructure costs are not being cut when the aerospace budgets are cut, so R&D is the logical place to remove the money. She said in some cases the actual cuts to R&D are as much as 40 percent. Gardner explained that John Kerry will make sure that America's research dollars will be spent with a "greater focus on those kinds of technologies that will benefit humanity ... aeronautics and space [research] are a hallmark of that."

Gardner also criticized the Bush Vision in light of the fact that it had

not been coordinated with the United States' foreign trading partners. Gardner explained that "John Kerry would provide a respect for our international partners that has not been given in recent years."

Kerry Policies that Will Affect Aerospace

Gardner explained some of the Kerry priorities that will affect the aerospace industry, detailing them as sound bites, but she didn't provide many details on how the new Administration would meet these goals (except for the last one in this list).

- Kerry will encourage innovation,
- Kerry will train a workforce for the jobs of the 21st century,
- Kerry will use technology to create a better life, and
- Kerry will create high wage jobs in science and technology.

The Kerry Space Vision

One key element of the Kerry Space Vision that Gardner presented was the proposition that Kerry would release much of the United States' space technology to the private sector, with the intention that the private sector take the lead in space research. This would allow the private sector to absorb the costs of that research and development (allowing the government to better leverage its spending in this area) while also reaping the financial benefits. In light of the long term horizons for return on such research investment—longer term than most companies can afford—Gardner explained that Kerry will tempt the private sector to invest in space R&D by offering prizes to tempt companies to pursue and implement R&D milestones. Gardner did not offer any other incentives for performing significant theoretical research that might lead to new aerospace technologies.

Conclusion

While it was a shame that Gardner was unable to provide the Coalition with answers on aviation issues, her comments on space issues were adequate to contrast the Kerry approach to aerospace with the Bush approach enunciated by Congressman Walker. Like many issues, which aerospace policy you prefer likely depends on your feelings about the future of aerospace, including aerospace R&D, as well as your trust of each candidate to make good on his promises.

Don't forget to vote on November 2! □