

very sufficient disciplinary order. In fact, he is probably in an operating position that is inappropriate, given what came out at this hearing. And secondly, his actions were the subject of the testimony by the other witnesses. I thought that that would, with those two factors together, that he would not be in a position to respond, since he was under disciplinary action by the FAA.

Mr. PETRI. People are obviously under oath, whether they are sworn or not, and he is a central figure in all of this, not only on the organization chart, but in the concern about the operation of the relationship with Southwest Airlines and that office and how the inspectors were treated and so on. It would probably at some point be worthwhile, if it seems appropriate.

Mr. OBERSTAR. We certainly can revisit the issue of his role and bring him to the Committee.

Mr. PETRI. Very good.

Mr. OBERSTAR. Mr. Scovel, the Southwest region, and Mr. Bloch, of FAA has approved a memorandum of understanding to provide type ratings to FAA inspectors at Southwest Airlines' expense. The policy of the FAA stipulates that such MOUs should be approved only when necessary for the FAA to issue a type rating to air carrier pilots. Since Southwest hires pilots who are already type rated and only such pilots, what is the justification or need for this program at Southwest, that is to have inspectors type rated at Southwest's expense when they are also charged with the inspection and investigation of that carrier?

I have made some inquiries about what that service might cost, and it is in the range of \$20,000 to \$25,000 per type rating. This exchange has somewhat the feel of a way of acquiring influence at the FAA. And I understand that this practice was approved by Mr. Stuckey. What is your reaction? I know you don't have much advance warning of it, but just on the basis of what I have described.

Mr. SCOVEL. I have had very little advance warning, Mr. Chairman. I was informed within the last week of such an arrangement. And I should caveat what I am about to say by indicating that this is a matter that we would like very much to inquire into in the course of our audit and investigative activities surrounding the whole Southwest CMO incident.

It is a troubling process, if only for the perception that Southwest is acquiring influence through FAA. On the face of it, it certainly feeds our conclusion that there is an overly collaborative and close relationship between the Southwest CMO and the carrier. Very troubling. I can't speak for the CMO except simply to speculate, and I know I am on very thin ice here as an IG, and never speculate, you always go with the data.

But I would suspect that the region would attempt to justify it by saying that they gained expertise and insight if their inspectors or their managers are able to know what key figures in the carrier are doing and what they are experiencing and what their particular maintenance concerns might be on a day to day basis, as an operator as opposed to an inspector or from a management level with the carrier.

But I see Mr. Stuckey is back, and I will defer to him.

Mr. OBERSTAR. Mr. Bloch, did you have a comment?

Mr. BLOCH. Thank you, Mr. Chairman. I don't know the details of this. It raises in my mind questions about Government ethics rules. We have laws under the Ethics in Government Act that prevent us from investigating someone or having business before our agency where we have a substantial interest in the outcome of the matter or our independence and objectivity could reasonably be questioned by a third party due to entanglements, such as financial or other entanglements.

So certainly from an ethics standpoint, such an arrangement does raise serious questions. By analogy, if I am investigating someone in the Government and they offer to pay for my child's college education, I think a third party could reasonably question my objectivity. So I think I would have to leave it at that. I don't know what the details of this program are.

Mr. OBERSTAR. Mr. Stuckey, you came in just as I was pursuing this matter. Let me restate it. The Southwest region of FAA has approved a memorandum to provide type ratings to FAA inspectors at Southwest Airlines' expense. The policy of FAA provides that such MOUs should be approved only when necessary for the FAA to issue type ratings to carrier pilots.

Since Southwest hires only pilots who already are type rated, what is the justification or need for such a program at Southwest?

Mr. STUCKEY. Mr. Chairman, first of all, thank you for the break.

The APM, APD program goes back to the 1980s. It is a national program and it was initially set up to make sure that we could leverage our resources between the FAA and the airline to where we would have inspectors. Back when I was an air carrier inspector, we did all the check rides. We just don't have the resources to do that. So they developed a program where the air carrier check airman, highly qualified people could do the check ride for the FAA, and that set up the program back in the 1980s.

This program was reviewed back in the mid-1990s by the inspector general's office and the FAA at that time I forget the administrator, but he wrote a letter back to the IG and I think that is a matter of public record, where they reviewed that relationship. I think the problem here is that the policy says that it would be to APMs, assistant APMs and FAA inspectors to do certification check rides.

The issue that was raised to me was, why would the principal operations inspector, the supervisory principal operations inspector get that same training. That is not consistent with FAA policy. So when that was raised as an issue recently, we looked at it in the region and decided that would be changed. It should only be for FAA inspectors that do certification activities.

Mr. OBERSTAR. Well, and managers as well. I don't understand. It just seems to me that on the face of it, conflict of interest questions arise. And as Inspector General Scovel said, it raises the appearance of impropriety, that there ought to be firewalls around these activities. They should not be receiving any benefit of that type from the carrier that they are inspecting.

Mr. STUCKEY. Mr. Chairman, I wouldn't disagree with that. The main purpose as a regional manager or years ago, as an air carrier inspector, we need our inspectors trained, just like the air carrier inspectors are trained, in the same equipment, same training pro-

grams. Because we do sample some of that work. And if there is some way to provide that training by another means, I certainly would support that.

Mr. OBERSTAR. And the training is very important. I concur. But there has to be a way, and I will ask Inspector General Scovel and Mr. Bloch to think this matter through, come back to the Committee and back to the FAA, review with you means of achieving that training without the appearance or the reality of impropriety.

If there are no further questions of this panel, we thank you for your time, for your answers, for your candor, for the testimony. Mr. Sabatini, you have committed to a number of very significant actions. I will look forward to following up vigorously with you and with the FAA and with the IG's office and Mr. Bloch as well. Thank you.

Our next panel includes Mr. Herb Kelleher, the face of Southwest Airlines, the presence of Southwest Airlines, the man who personifies Southwest Airlines. They sent their best and the brightest, the most engaging, the most sweet-talking.

[Laughter.]

Mr. OBERSTAR. The softest hand-holding.

[Laughter]

Mr. OBERSTAR. Mr. Gary Kelly, who is Chief Executive Officer of Southwest; Mr. Vincent Collamore, Aviation Safety Inspector at Southwest; Mr. John Bassler, Principal Avionics Inspector, Dallas Fort Worth Flight Standards District Office.

Gentlemen, please stand, raise your right hand. Do you solemnly swear that the testimony you will give before the Committee in the matters now under consideration will be the truth, the whole truth and nothing but the truth, so help you, God?

[Witnesses respond in the affirmative.]

Mr. OBERSTAR. You may proceed.

We will begin with Mr. Kelleher. Turn your microphone on, we want to hear every word.

TESTIMONY OF HERB KELLEHER, EXECUTIVE CHAIRMAN, SOUTHWEST AIRLINES COMPANY; GARY KELLY, CHIEF EXECUTIVE OFFICER, SOUTHWEST AIRLINES COMPANY; VINCENT LARRY COLLAMORE, AVIATION SAFETY INSPECTOR, SOUTHWEST AIRLINES CMO; JOHN BASSLER, PRINCIPAL AVIONICS INSPECTOR, DALLAS FORT WORTH FLIGHT STANDARDS DISTRICT OFFICE

Mr. KELLEHER. I wish I were a prettier face, Mr. Chairman.

[Laughter.]

Mr. OBERSTAR. Oh, yours has been the face of Southwest for so long, it is unmistakable.

Mr. KELLEHER. Mr. Chairman, Mr. Petri and distinguished Members of the Transportation and Infrastructure Committee, my name is Herb Kelleher. I helped to start Southwest Airlines, have been working on the Southwest business venture since the fall of 1966, have been on the board of directors for 41 years, have been the executive chairman of our board for 30 years, and was the CEO of Southwest from 1981 through 2001. I guess I could fairly be called the Methuselah of Southwest Airlines.