The original documents are located in Box 2, folder "Aircraft Noise (10)" of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE INFORMATION

WASHINGTON

September 14, 1976

MEMORANDUM FOR: JIM CANNON

FROM: JUDITH RICHARDS HOPPE

SUBJECT: Congressional Interest in Aviation Noise

I attach excerpts from today's issue of the aviation industry newsletter, Aviation Daily, listing 88 Congressmen who have signed letters to the Department of Transportation urging aircraft retrofit and the 51 who cosponsored H.R. 14027 (the Mineta bill) that would:

- prohibit operation in the U.S. of any U.S. or foreign nonretrofited aircraft after 5 years.

- allow carriers (U.S. and foreign) to apply for funds from the Airport and Airways Trust Fund to retrofit or replace noisy aircraft. (Cost estimate is $300 million per fiscal year, 1977-1980.)

You may wish to share this with Max Friedersdorf.

Attachments

cc:
Art Quern
Allen Moore
Paul Leach

CONGRESSIONAL SUPPORT FOR RETROFIT/REPLACEMENT FUNDING

MEMBER	9/26/75 letter to FAA	4/6/76 letter to DOT	Mineta Bill HR 14027, etc.
Abzug	X	X	X
Addabo	X	X	
Ambro		X	
Annunzio	X	X	X
Badillo	X	X	X
Baucus	X	X	
Beard		X	X
Bedell	X	X	X
Bell, Alph	X		X
Biaggi	X	X	
Bingham		X	X
Blanchard	X	X	X
Blouin	X		
Boggs, Lindy	X		
Brademas	X		
Brodhead	X		
Brown, George	X	X	X
Burke, Y	X	X	X
Burton, John	X	X	X
Carney		X	
Chisholm	X	X	X
Clay, W	X	X	
Corman	X	X	
Cotter	X		
Delaney	X	X	
Dellums	X	X	X
Dent, John	X	X	
Diggs	X	X	
Dodd, Chris	X	X	X
Downey	X	X	X
Drinan		X	X
Edwards, Don	X	X	X
Eilberg, J			X
Fisher, Joe	X	X	
Fithian	X	X	
Florio	X	X	X
Ford, Bill	X	X	
Fraser	X	X	X
Gillman	X	X	
Green, Will	X		

(Continued On Back Of Page 67)

RETROFIT/REPLACEMENT FUNDING (Cont.)

MEMBER	9/26/75 letter to FAA	4/6/76 letter to DOT	Mineta Bill HR 14027, etc.
Gude		X	X
Hamilton	X	X	
Hannaford	X	X	
Harris, Herb	X	X	X
Hayes, Phil	X	X	
Hechler	X	X	
Hefner	X	X	
Helstoske	X	X	X
Holtzman	X	X	X
Howard, James	X	X	X
Hyde	X	X	X
Koch	X	X	X
Krebs	X	X	X
Lehman, W.			X
Lent, Norman	X	X	
Lloyd, Jim	X	X	
McHugh	X	X	X
Maguire	X	X	
Matsunaga			X
Mazoli	X	X	X
Meyner	X	X	
Mikva	X	X	X
Miller, G.		X	X
Mineta	X	X	X
Mink	X	X	
Moakley		X	
Moffett	X	X	
Moss	X	X	
Mottl		X	
Nolan	X	X	
Nowak	X	X	
Oberstar	X		X
Obey	X		
O'Hara	X	X	
O'Neill, T.	X	X	X
Ottinger	X	X	X
Patten, Ed		X	
Patterson, J.			X
Preyer	X		
Rangel	X	X	
Rees, Thom	X	X	X
Richmond, Fred		X	
Rodino	X	X	
Rosenthal	X	X	
Royball			X

(Continued On Back Of Page 68)

RETROFIT/REPLACEMENT FUNDING (Cont.)

MEMBER	9/26/75 letter to FAA	4/6/76 letter to DOT	Mineta bill HR 14027, etc.
Ryan		X	X
Scheuer	X	X	X
Schroeder	X	X	X
Seiberling	X	X	
Solarz	X	X	
Spellman	X	X	X
Stanton, Jim	X		X
Stark	X	X	X
Studds	X	X	X
Thompson, F.		X	
Traxler	X	X	
Tsongas			X
Udall	X	X	
Vander Veen	X	X	
Vanik		X	
Waxman	X	X	X
Wilson, Chas (Cal)			X
Wilson, Chas (Tex)	X	X	
Wirth	X		
Wolff	X	X	
Wydler	X	X	
Zeferetti	X	X	
TOTALS: 107	85	88	51

Rep. Mineta Chart

nonsemtg folder

THE WHITE HOUSE
WASHINGTON

September 16, 1976

TO: JIM CANNON

FROM: PAUL LEACH

The attached short report by one of the best --- probably the best --- Wall Street aerospace industry analyst may be of interest re: aerospace industry prospects.

Drexel Burnham & Co.
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NEW YORK, N.Y. 10004
TELEPHONE 480-6000
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2396

BOEING (BA - $40) 8/31/76
JULY COMMERCIAL AIRCRAFT STATUS Alan Benasuli

The table on the back of this page shows Boeing's incoming orders, deliveries, and backlogs on a monthly basis for 1975, as well as the current status as of July 31,1976. Only firm announced orders are recorded in this tabulation.

As evidenced in the table, Boeing's backlog of firm announced orders seems to have bottomed out in April and is now picking up. Orders received since the end of July include 6 727's for Eastern Airlines, 6 727's for American Airlines, and 3 747's for Quantas, the Australian airline. The Aviation Week & Space Technology issue of August 16 points to the probability of an increase in the production rate of the 727 to 8-10 units per month by the end of 1977 from the current rate of 5 units per month.

The preliminary agreement reached between McDonnell Douglas and the French government to develop an advanced version of the French Mercure has, in our opinion, put pressure on Boeing to begin a new commercial aircraft program. The most likely program is a 7X7 development, in which Boeing's share will be on the order of 50-60%, with Japan and Italy and other potential foreign partners sharing the balance. It was recently reported that Boeing and the Japanese Civil Transport Development Corp. are very close to an agreement on this development. The 7X7 is conceived as a 200-passenger, widebody, medium-range (2000 miles) aircraft, incorporating a "super-critical" wing and a new engine (probably United Technologies' JT10D currently under development) with much improved fuel consumption characteristics. We would expect a go-ahead on this program in the latter part of 1977 at the latest. Our guess is that the development bill for this new aircraft will be on the order of $1-2 billion, with Boeing's share being on the order of 50-60%.

BOEING - MONTHLY COMMERCIAL AIRCRAFT STATUS
(in Units)

ORDERS

1975

	707	727	737	747	MONTHLY TOTAL	CUMULATIVE TOTAL
JAN	2	3	5	4	14	14
FEB	-	-	-	1	1	15
MAR	-	-	2	3	5	20
APR	6*	20	7	2	35	55
MAY	-	3	4	1	8	63
JUN	0	4	10	3	17	80
JUL	0	1	0	0	1	81
AUG	-	2	7	2	11	92
SEP	1	3	-	1	5	97
OCT	0	0	0	1	1	98
NOV	0	9**	0	1	10	108
DEC	0	4	0	0	4	112
TOTAL	9	49	35	19	112	

1976

	707	727	737	747	MONTHLY TOTAL	CUMULATIVE TOTAL
JAN	-	-	3	-	3	3
FEB	-	4	-	2	6	9
MAR	-	6	7	-	13	22
APR	-	-	-	-	-	22
MAY	-	27	1	1	29	51
JUN	2	5	9	-	16	67
JUL	1	4	5	5	15	82

DELIVERIES

1975

	707	727	737	747	MONTHLY TOTAL	CUMULATIVE TOTAL
JAN	1	3	5	-	9	9
FEB	-	8	3	1	12	21
MAR	-	12	7	3	22	43
APR	1	8	5	1	15	58
MAY	-	13	5	3	21	79
JUN	2	8	5	2	17	96
JUL	0	3	3	2	8	104
AUG	0	5	1	3	9	113
SEP	1	5	3	-	9	122
OCT	1	10	6	2	19	141
NOV	0	6	5	1	12	153
DEC	1	9	3	3	16	
TOTAL	7	90	51	21	169	

1976

	707	727	737	747	MONTHLY TOTAL	CUMULATIVE TOTAL
JAN	0	2	6	0	8	8
FEB	1	-	2	1	4	12
MAR	-	4	5	5	14	26
APR	-	6	4	4	14	40
MAY	-	8	3	4	15	55
JUN	2	5	4	3	14	69
JUL	1	4	5	5	15	84

BACKLOGS

1975

	707	727	737	747	MONTHLY TOTAL
JAN	15	107	39	39	200
FEB	15	99	36	39	189
MAR	15	87	31	39	172
APR	20	99	33	40	192
MAY	20	89	32	38	179
JUN	18	85	37	39	179
JUL	18	83	34	37	172
AUG	18	80	40	36	174
SEP	18	78	37	37	170
OCT	17	68	31	36	152
NOV	17	71	26	36	150
DEC	16	66	23	33	138

1976

	707	727	737	747	MONTHLY TOTAL
JAN	16	64	20	33	133
FEB	15	68	18	34	135
MAR	15	70	20	29	134
APR	15	64	16	25	120
MAY	15	83	14	22	134
JUN	15	83	19	19	136
JUL	15	81	21	22	139

* 6 for the USAF.
** 7 to be leased.

THE WHITE HOUSE

WASHINGTON

INFORMATION

September 16, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SCHMULTS

SUBJECT: DOT Aircraft Noise and Related Financing Proposal

At our meeting on Saturday I expressed some optimism for the passage of aviation reform legislation. My statement was based on the information set forth in the attached memorandum entitled "Prospects for Aviation Regulatory Reform."

Attachment

cc: Jack Marsh
Jim Cannon
Alan Greenspan

Prospects for Aviation Regulatory Reform

On October 8, 1975, the President sent to Congress the Aviation Act of 1975 which proposes fundamental changes in regulations governing our nation's airlines. Since that time, support for reform has grown significantly and at present, prospects for enactment of significant reform in this area appear good in the next session.

Evidence in Support of this Assertion

- The need for reform was substantiated in a lengthy report by the Senate Judiciary Subcommittee on Administrative Practices and Procedures. At Senator Kennedy's instigation, this committee held extensive hearings on CAB regulation and concluded in February of this year that current regulation no longer serves its intended purposes but rather acts to suppress the growth and economic health of the airline industry and causes consumers to be given less service at higher prices than would be the case absent rigid Federal controls.

- On April 8, 1976, Chairman Robson of the Civil Aeronautics Board testified before the Senate Committee on Commerce, Subcommittee on Aviation, that there is a substantial need to redirect existing economic regulation of airlines to increase reliance on competitive market forces rather than government controls to provide efficient, low-cost air transportation to consumers. The Board subsequently submitted legislation that would significantly revise their statutory mandate to delete their promotional responsibility and require consideration of the effect of the Board's actions on competition.

- On May 3, 1976, Senator Kennedy introduced his own legislation that calls for a greater degree of "deregulation" than was called for in the Administration's proposal.

- The Senate and House Aviation Subcommittees have held a combined total of 29 days of hearings on airline regulation and the Subcommittee Chairmen have both acknowledged the need for reform:

  . In June, Senator Cannon, in a speech to the Aeroclub agreed with would-be reformers that more competition was needed in the industry and announced that he would be introducing legislation to encourage competition, to provide the airlines new fare flexibility and to expedite regulatory proceedings of the CAB. Introduction of that legislation is expected within the next three weeks.

. Also in June, Chairman Glenn Anderson of the House Aviation Subcommittee and Gene Snyder, the Ranking Minority Member, introduced legislation which would provide carriers with considerable pricing and entry flexibility and encourage healthy competition. This bill addresses most of the major reform measures sought by the Administration.

- There is widespread agreement even among the airlines that some reform is necessary and desirable. Points on which most interested parties agree:

. The need to revise the Aviation Policy Declaration in the Federal Aviation Act to stress the need for competition.

. The need to provide the airlines with greater pricing flexibility.

. The need to clarify or formalize in legislation recent Board decisions or statements, e.g., charter policies, the ability of carriers to operate as both a scheduled and a supplemental airline simultaneously, etc.

- The financial community's position on regulatory reform is divided on the future profitability of the airlines given reform. Although initially there was unanimous opposition to reform, now Saloman Bros., H. C. Wainwright & Co., and others have indicated that reform along the lines of the Aviation Act "would be a positive development".

- The need for regulatory reform and the Administration's efforts to encourage Congressional action have received major news treatment or highly favorable editorial press coverage in the Washington Post, the New York Times, Wall Street Journal, Chicago Tribune, National Journal, Christian Science Monitor, the Miami News and the Journal of Commerce, to name a few.

The President in the Oval Office on September 17, 1976

Congress has been negligent in its failure to act on regulatory reform for the airlines.

We submitted a proposal in October of 1975, but no action has been taken. The negligence of Congress has created a critical economic problem in the airline industry.

The Federal Aviation Administration, by not moving on noise standards, has shown a lack of decisiveness that ought to be remedied.

Nothing is likely to be done on regulatory reform before Congress adjourns.

The first problem is Congress's failure to act. If that had been done, we could begin to solve the problem of the airline industry.

The second point is we ought to do something on sound. There is a problem in letting it continue as a reflection on the Administration.

The third point is that regulatory reform is our first choice but there has to be another alternative.

If we have a Congress that is not responsive to reform, then we have another proposition.

We have investigated what has to be done and have prepared action to solve it.

In summary, Congress did not act.

There is no time this session. It will be on their doorstep in January.

We can't sit here and do nothing.

If Congress is not going to act, we cannot tolerate doing nothing.

We have got to move on noise pollution.

We have this under consideration. We are not going to let it hang there.

We are going to offer constructive alternatives.

The imposition standards under existing regulations, which are going to be promulgated.

Q — in O.O. 9/17

Congress request

Cong request

freely to

act on

Req exp

submitted proposal

in

action

request of

certain reviews

all matters

Strong
Healthy

Open
Thru
& [illegible]
[illegible]

in A rest

FAA - by not
many on now
standards — there
[illegible] off decision
ought to [illegible]

which is
[illegible] —

nothing but [illegible]

12, 17 in
column — [illegible]
Cong only

3

1) What concern for party to act [illegible] – 17 days – whole process of air. [illegible]

2) Request to the country on missile problem – whether it has been order or Admin

3) another ~~alternative~~ act on [illegible] move –

If been longer
wasn't cheaper
to suffer — another
population —
Bolton [illegible] x

Joan —
all its targets
what has to be
done
program for action
in [illegible] it

do it away

among people

If not, you

to recommend

Don't do it

If don't all

Bill Coleman ... BOB & State

~~[illegible]~~

There are arguments

Didn't act

No Time More seen

Our countrys in Jeopardy

can't sit here & do nothing

If not going out –

can't tolerate doing nothing

going

got to war on noise
pollution -

fed up . . .

Basic pollution - noise

start on

We have had this
wide consideration -
not going to let it
hang there.
put emphasis on
environmental aspect
~~other~~ some 10 / 12 ways

RL –
Dissent
But not going to
not do nothing

Constructive alternatives

Importance of standards under
existing ways –

Compare
R R.
Business
environmental

Then regulation
going to be
promulgated –

Here's another one
–
avoid full Bust –

THE WHITE HOUSE
WASHINGTON

September 17, 1976

TO: JIM CANNON

FROM: PAUL LEACH

Attached is a slight updated revision of my Airbus/New Aircraft memo. The only real change is on page 3, which discusses the leading Wall Street analyst's views.

Aircraft

THE WHITE HOUSE

WASHINGTON

September 17, 1976

MEMORANDUM FOR: JIM CANNON

FROM: PAUL LEACH Paul

SUBJECT: A-300B Airbus and the Next Generation Medium Range Aircraft

Airbus

The Airbus is a multinational joint venture currently concentrating in the medium range market. Development of the first aircraft began in 1969, the first flight occurred in 1972 and the first sales began in late 1974. Two models of the A-300 are currently in production, the B2 and B4. Both are powered by two underwing General Electric CF6-50C engines. The approximate price of the aircraft is currently about $22 million.

Management and design leadership for the A-300 program is vested in the French firm Airbus Industrie. The aircraft is built by a consortium of manufacturers from four countries:

France	Aerospatiale
Germany	Deutsche Airbus (a partnership of Messerschmitt-Bolkow-Blohm and VFW-Fokker)
Netherland	Fokker
Spain	CASA

The main partners are the French and German companies.

The governments of the four participating countries have reportedly invested a total of at least $1 billion in A-300 development and production to date, which is believed to represent about 85 percent of total program investment. They may be called upon for an additional investment of $500 million in the aggregate.

To date, 34 A-300-Bs have been sold with over half already delivered and in service. The purchasers are:

AIRLINE	NUMBER
Air France	9
AirInter (France)	3
Germanair	2
Indian Air Lines	3
Korean Air Lines	6
Lufthansa	4
South African Airways	4
Transavia	1
Trans European Airways	2
	34

These airlines have options on 23 additional planes.

The A-300-B2 and A-300-B4 are currently competitive in terms of range and/or capacity with certain DC-10, L-1011 and B-727 models. The A-300-B2 has a range of 2,074 miles, and the B4 a range of about 2,417 miles, somewhat less than U.S. - made, medium-range, aircraft. Standard seating for both series is about 220 passengers in mixed-class versions and 345 passengers in a high-density, all-economy version, somewhat less than in the DC-10 and L-1011 and about one and one-half times the seating capacity of the Boeing 727.

Apparently, the A-300 is the most technologically competitive foreign commercial aircraft ever produced. Because it is a two-engine plane, the A-300 uses less fuel per passenger mile on most routes as compared to the DC-10, L-1011 and B-727. However, to date the A-300 has not been a commercial success.

The A-300 has experienced slow sales since production began. However, the American competition has sold many more of each aircraft: about 240 of the DC-10s, about 160 of the L-1011s and about 1300 of the B-727s. Of course, these are older planes and most were sold before the Airbus was in production.

The strong competitive advantages of the A-300 are its fuel economy and its immediate availability (as contrasted to about a year and a half wait for the DC-10 and L-1011). The key competitive weakness of the A-300 is the lack of customer confidence in Airbus Industrie and the lack of demonstrated after-sales serivce. In the past airlines have generally had bad experience with earlier planes produced in Europe and the bad taste from this experience lingers on.

There has been some discussion of new variants on the A-300 B2 and B4. The most important variation might be the A-300 -B10 which would be a smaller 200 seat airplane which would compete with the proposed B-7X7 and DC-X-200.

New Generation Aircraft

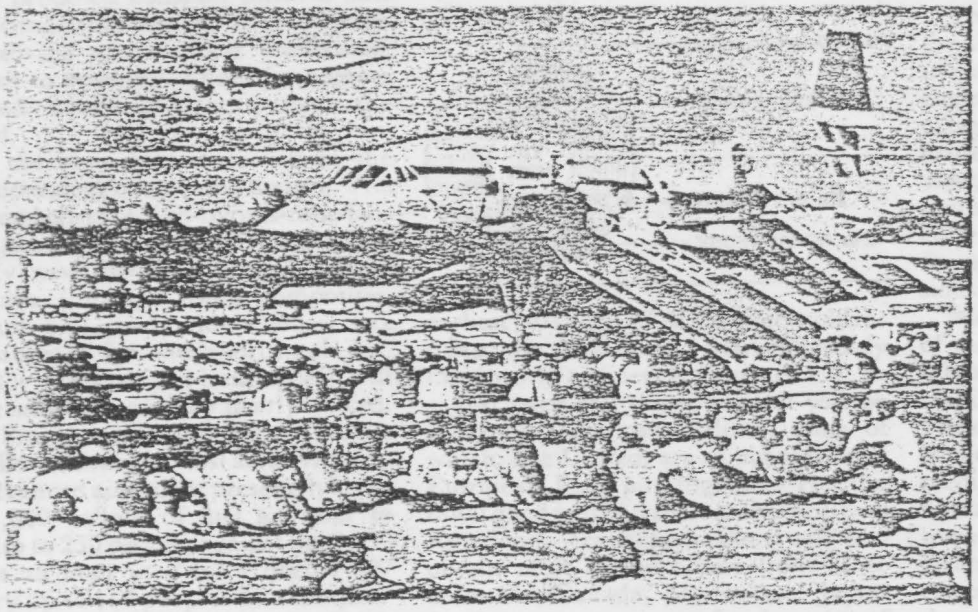
The attached article from the latest Economist is the best, current discussion of the new aircraft development situation I have found. Within the past two weeks, the major European air show took place at Farnborough, England and a two-day international conference on aircraft replacement and new developments (arranged by the Financial Times) was held in London. This Economist piece is a follow-up to those events.

The conclusion of this article and my own investigations is that the U.S. manufacturers (probably Boeing) are likely to begin full development of next generation of medium range, 200-seat, wide-bodies aircraft by the middle or end of 1977 and that the U.S. will continue to retain its dominant position in the manufacture of commercial aircraft.

You might also be interested in the attached short report by Alan Benasuli at Drexel Burnham & Co. on Wall Street. Benasuli, who is considered the best aerospace analyst on Wall Street, indicates in this report and in a lengthy conversation we had this week that the commercial aircraft industry cycle has hit bottom and that the situation will continue to improve. He anticipates that Boeing will begin development of the new generation B-7X7 in the second half of 1977 (along with a couple of minority-interest partners from Japan and Europe) with production to remain in the U.S. and deliveries to commence in late 1981 or in 1982. He sees no appreciable competitive challenge from foreign consortia and manufacturers.

Also, the latest information on the proposed new A-300-B10 model is that Airbus has decided not to pursue development at this time (although this decision could be reversed).

Attachments



Billions and billions and billions to grab for

Aircraft and aero-engine makers were biting their nails at the Farnborough air show this week. With good reason: between now and 1985, something like $45 billion (at 1975 prices) is expected to be spent on commercial jets by non-communist airlines. And probably at least as much again in 1986-90. For once, civil aircraft projects overshadowed the more exciting world of military fighters and bombers, where there are few major decisions in the balance (see page 42). And time is short. If the airlines want (and can afford) to get new aircraft into service in 1981-82—which is when they will need them—development of the new aircraft will have to be started within the next year.

Who makes and who buys what will often depend on politics rather than economics. (What else when governments are so often paying?). But the future of a third of America's million and of Europe's 400,000 aviation industry workers who depend on civil projects, depends on the choices made. The following articles set out the background to these decisions.

More passengers, more aircraft

Why so many new aircraft? The simple answer is that more people will be flying, and flying farther, as the world gets richer. The 1973 oil price hike and the subsequent world recession pegged growth in passenger traffic to just over 1% in 1974 and 1975. That hiccup is over.

The forecasts are not for a return to the phenomenal growth rates of the 1950s, when passenger-miles went up by 15–20% a year in 1964–70 and freight ton-miles 15–28%. Charter fares apart, a large part of that rapid growth was due to the relative cheapening of air fares compared with other prices, first as a result of the increased productivity of jets—flying much faster than piston-engined aircraft—and, much later, when the new wide-bodied jets (747, TriStar, DC-10, Airbus A300) reduced seat-mile costs still further.

The developments in the offing will not reduce costs anything like so dramatically. Even so, the growth predictions are respectable, varying from Boeing's lower prediction of a 5.5% a year increase in passenger-miles in 1975–80 (Boeing's optimistic forecast is 9%), to the International Civil Aviation Organisation's fairly hopeful 10½%.

Most of the industry works on the assumption that growth will average about 7½% a year to 1985, followed by 5½–6½% in 1985–90. That would increase the number of passenger-miles flown in the non-communist world from the 400 billion last year to 825 billion in 1985 and to well over a trillion in 1990.

New designs cost more to make and less to run

It costs millions to make the simplest change to an aircraft design, let alone design a new model from scratch. So why not simply update existing types?

This is being done wherever possible. Nobody is planning a brand-new long-haul jet. McDonnell Douglas reckons that, at today's prices, it would cost at least $2 billion to develop anew the DC-10—and makers have yet to get their investment back on the existing types. So tomorrow's long-haul jets will be modified versions of 747s, DC-10s, TriStars and Airbuses (a new supersonic transport will not be developed until 1990, at the earliest). The last major decision for some time in this area was taken in August, when British Airways ordered a new long-range Lockheed TriStar (see page 86).

These existing types already have all the main advantages open to aviation. They are as wide-bodied as seems feasible. They use big fan-jet engines (the JT9, CF6 or RB211) which are cheaper on fuel than older ones, much quieter and less prone to pump out black clouds of unburnt fuel and other emissions such as carbon monoxide and nitrous oxides. These aircraft also have acceptable modern aerodynamics that would cost a lot to better for a relatively small reduction in operating costs.

But that is not so with today's small and medium-range aircraft. It is in these categories that competition will be hottest.

The most immediate pressure for the airlines to change their existing short-

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.

BOEING (BA - $40) 8/31/76
JULY COMMERCIAL AIRCRAFT STATUS Alan Benasuli

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BOEING - MONTHLY COMMERCIAL AIRCRAFT STATUS
(in Units)

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MAY	-	27	1	1	29	51
JUN	2	5	9	-	16	67
JUL	1	4	5	5	15	82

DELIVERIES

1975

	707	727	737	747	MONTHLY TOTAL	CUMULATIVE TOTAL
JAN	1	3	5	-	9	9
FEB	-	8	3	1	12	21
MAR	-	12	7	3	22	43
APR	1	8	5	1	15	58
MAY	-	13	5	3	21	79
JUN	2	8	5	2	17	96
JUL	0	3	3	2	8	104
AUG	0	5	1	3	9	113
SEP	1	5	3	-	9	122
OCT	1	10	6	2	19	141
NOV	0	6	5	1	12	153
DEC	1	9	3	3	16	
TOTAL	7	90	51	21	169	

1976

	707	727	737	747	MONTHLY TOTAL	CUMULATIVE TOTAL
JAN	0	2	6	0	8	8
FEB	1	-	2	1	4	12
MAR	-	4	5	5	14	26
APR	-	6	4	4	14	40
MAY	-	8	3	4	15	55
JUN	2	5	4	3	14	69
JUL	1	4	5	5	15	84

BACKLOGS

1975

	707	727	737	747	MONTHLY TOTAL
JAN	15	107	39	39	200
FEB	15	99	36	39	189
MAR	15	87	31	39	172
APR	20	99	33	40	192
MAY	20	89	32	38	179
JUN	18	85	37	39	179
JUL	18	83	34	37	172
AUG	18	80	40	36	174
SEP	18	78	37	37	170
OCT	17	68	31	36	152
NOV	17	71	26	36	150
DEC	16	66	23	33	138

1976

	707	727	737	747	MONTHLY TOTAL
JAN	16	64	20	33	133
FEB	15	68	18	34	135
MAR	15	70	20	29	134
APR	15	64	16	25	120
MAY	15	83	14	22	134
JUN	15	83	19	19	136
JUL	15	81	21	22	139

* 6 for the USAF.
** 7 to be leased.

THE WHITE HOUSE

WASHINGTON

September 20, 1976

MEMORANDUM FOR: JIM CANNON

FROM: JUDITH RICHARDS HOPE

SUBJECT: U.S. Constitution, Interstate Commerce Clause, Federalist Papers

The Constitution, Art. I, Sec. 8:

> "The Congress shall have power to regulate Commerce. . . among the several States . . ."

The Federalist Papers are singularly unquotable on the meaning of this provision. Basically they (through Hamilton) speak of the regulation of commerce between the States as one of the principal purposes of Union (as contrasted with the prior confederation): Federalist XXIII. They point out the destructive influences of competition for commerce between individual states: Federalist VII, XXII.

They argue that the flow of commerce between the states will strengthen the Union, and make it more able to deal in commerce with foreign governments: Federalist XI.

Note: Decisional Law from the time of Chief Justice John Marshall's historic opinion in Gibbons v. Ogden in 1824 has interpreted this provision broadly: it presents individual states from placing "burdens" on commerce between states and requires the Federal government to regulate in such a way as to guarantee the "free flow" of commerce between the states.

The concept has grown to cover every species of movement of persons and things, whether or not for profit, across state lines.

In this connection, Chief Justice Marshall states in Gibbons v. Ogden:

> ". . . the power over Commerce . . . among the several states, is vested in Congress as absolutely as it would be in a single government."

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THE WHITE HOUSE

WASHINGTON

September 20, 1976

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MEMORANDUM TO: Alan Greenspan
L. William Seidman
James Cavanaugh

FROM: William F. Gorog WFG

SUBJECT: Aircraft Noise Proposal

During the meeting with the President Saturday, I was impressed by Paul MacAvoy's presentation and am convinced that he is right in his statement that the airline industry will never be healthy unless we do something about deregulation.

My concern is that while we are waiting for such action, our patient may die. I do not see implementation of our program for at least a year. In the meantime, I believe the following would occur:

(a) U.S. airlines would delay orders for a new generation of medium-sized aircraft (180 seats).

(b) U.S. manufacturers would delay their programs because of their inability to finance the effort without firm orders.

(c) Foreign manufacturers (subsidized by their governments) would recognize the vacuum created by our delays and would accelerate their programs.

(d) U.S. manufacturers probably would enter a consortium agreement for joint design and production with foreign manufacturers. McDonnell Douglas is already seriously talking to the French, and Boeing is talking to the Japanese.

The net result would be giving up the U.S. position as the supplier of aircraft to the world. Joint production would cost at least 200,000 job years.

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Secretary Coleman's proposal attractively fills the gap presented above. It would provide the incentive for immediate orders and would provide the backlog needed for American manufacturers to "go it alone" in the design and manufacture of a new generation of equipment. In this case the fact that Coleman's plan finances 300 aircraft instead of the needed 100 is a plus rather than a minus.

I discussed this issue with Paul MacAvoy after the meeting, and he suggested that this might be palatable if we could simultaneously get our regulatory reform legislation acted upon. Perhaps the answer is an emergency omnibus bill combining the Noise program with our Air Bill. This could still be submitted this year. I believe that we would also be able to get support of the airlines for such an omnibus bill. Their principle concern before was that they did not have the financial strength to sustain their lines during the period of adjustment. This action would bridge that problem and supply the funds needed for necessary fleet modernization.

THE WHITE HOUSE
WASHINGTON

Date 9/20/76

TO: Jim Cannon

FROM: JUDITH RICHARDS HOPE

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✓ For your information

_____ For your appropriate Handling

_____ For your review and comment

_____ Return to me

_____ Return to file

_____ Return to central files

GENERAL COUNSEL

September 20, 1976

NOTE FOR: Paul MacAvoy
Council of Economic Advisers

After the meeting with you on Friday and the meeting with the President on Saturday, Secretary Coleman and I discussed some possible areas of compromise. Although the Secretary is not prepared to endorse the enclosed proposal yet, he did ask that I explore with you informally whether it might serve as a basis for a compromise. In our view the proposal does eliminate--or at least postpone--the most serious objections you expressed last Friday.

Donald T. Bliss

Enclosure

SUBJECT: Aviation Noise Reduction Policy

Jim— did you see this memo? Paul

DRAFT

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

MEMORANDUM FOR THE PRESIDENT:

Because of the concern among some members of your senior staff about my proposed aviation noise reduction and aircraft replacement program, I would like to propose a compromise solution, which, although less satisfactory from my point of view, would enable you to resolve this continuing disagreement and would enable us to proceed with our statutorily mandated requirements to address the aircraft noise problem.

Under my proposed compromise, the Department of Transportation would issue a noise policy in September without any specific provision for financing. The policy would include noise requirements for existing aircraft to be phased in over a six to ten year period, a timeframe substantially longer than the four years proposed by EPA or the five years proposed in pending legislation. Without this action it is my conviction that either we will be ordered by a court to establish a shorter time period or the Congress will pass such a requirement. The policy would also clarify the respective responsibilities of airport operators, air carriers, aeronautical manufacturers, federal, state, and local governments, and airport neighbors. By making clear the Federal action plan and timetable, we would enable the other parties to take the complementary actions called for in the policy statement, including compatible land use planning, zoning, and airport management measures. The policy also would include important but non-controversial elements such as the implementation of new airport development funding authorities, which you signed into law last July, to enable the acquisition of land around the airports and the purchase of noise suppressant equipment. We would also set forth proposed Federal actions to adopt new noise abatement takeoff and landing procedures and a general policy on local-federal relationships in the establishment of curfews and other airport use restrictions. Such a policy statement would reduce substantially the immediate pressure for federal action and be viewed as federal leadership in resolving a

controversial problem where all the parties -- the carriers, the airport proprietors, the airport neighbors and public officials -- agree that the federal government has been unresponsive in doing its part.

In addition the policy statement would include the following:

1. The Administration would propose a 2% reduction in the domestic ticket tax, thus capturing the initiative on this issue which otherwise inevitably will be taken by members of Congress or other parties.

2. We would indicate that additional financing may be required to enable carriers to purchase replacement aircraft by the deadlines imposed by FAA regulation and that such financing will be incorporated in the Administration's proposed Aviation Bill before the new Congress begins. The final financing proposal would be designed to meet the following criteria: consistency with regulatory reform, the user should pay, equity among the carriers, and minimum government involvement in private sector investment decision making.

3. We would make clear that the U.S. noise requirements will not apply to international air carriers for a four year period to enable the negotiation of an international solution through international organizations, thus alleviating the substantial concern of our European allies that the United States will act unilaterally.

4. We would schedule a public hearing for either October or November to enable carriers and others to comment on how the financing proposal should be formulated.

5. We would send a new Aviation Bill, including a financing proposal, to the Hill in January.

The advantages of this compromise proposal are as follows:

1. You will resolve a long standing intra-governmental controversy that has been widely publicized, and you will establish the clear blueprint for combined federal-local action that the Congress, carriers, airport operators and environmentalists are all calling for. Many of the elements in the plan are technical but necessary to clarify the respective responsibilities of each party.

2. Although EPA and the FAA have conducted numerous hearings on all the noise requirements and positions to be included in the policy statement, there has not yet been an opportunity for public comment on the financing proposals. Moreover, when the parties are able to see the proposed federal action plan and timetable, they will be in a better position to make their own plans and to comment upon what financial arrangements will be necessary. Thus, it is entirely appropriate for you to seek public comment and take this additional time to resolve the financing issue after a public hearing.

3. You can reaffirm support for aviation regulatory reform as the best long term solution to the problem and -- by designing a financing formula as a part of the new bill -- can help to broaden the base of support for regulatory reform in the next session of Congress.

4. Although the Secretary of DOT would conduct the public hearing, you could set up an inter-agency task force to develop a financing proposal after the hearing.

This compromise approach would represent decisive leadership in aviation noise reduction while diffusing any liabilities that may accrue from the financing formula. By providing for the public hearing, however, there would be an opportunity to raise all the Administration's concerns about the development of new aerospace technology, the promotion of employment opportunities in the industry, and improved fuel efficiency.

William T. Coleman, Jr.

THE WHITE HOUSE INFORMATION

WASHINGTON

September 20, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM TO: JIM CANNON

FROM: JUDITH RICHARDS HOPE

SUBJECT: Aviation Regulatory Reform

Late today or early tomorrow, Senator Howard Cannon (D-Nev.), Chairman of the Aviation Subcommittee of the Senate Commerce Committee, (and facing re-election this year) will submit his version of an aviation regulatory reform bill. He is reportedly going to announce his anticipation of hearings early in the next Congressional session. Note: Cannon initially was a strong opponent of the Presidents's Aviation Act of '75, and of the regulatory reform concepts it contained.

Although the Cannon proposal is still undergoing revisions, it currently would provide for 20 percent increases in prices (compared to the Administration's 10 percent) and would muddle the market entry provisions (compared to the Administration's proposal, which will allow easier entry to smaller airlines.)

We could attack this bill, ignore it, or welcome the Cannon ideas as part of the important debate on regulatory reform.

Senator Cannon's turn-around is yet another example of Presidential leadership and ability to work with and sway Congressional thinking.

cc: Paul Leach (Would like your thoughts.)

THE WHITE HOUSE

WASHINGTON

REQUESTED

September 20, 1976

MEMORANDUM FOR: JIM CANNON

FROM: JUDITH RICHARDS ~~HOPE~~

SUBJECT: Air Transport Association

The Executive Director of Air Transport Association is Paul Ignatius, telephone 872-4000. The ATA Board is comprised of 14 members. None of the representatives have particular titles but the most important officials are probably these five:

United Airlines: Richard J. Ferris
President & Chief Ex. Officer

Flying Tiger Airlines: Robert W. Prescott
President & Chief Ex. Officer

Braniff International: Harding L. Lawrence
Chairman of Board and
Chief Ex. Officer

American Airlines: Albert V. Casey
Chairman of Board & President

Delta Airlines: David C. Garrett, Jr.
President

In addition, the other members are:

Alaska Airlines: Ronald S. Cosgrave
Chairman of Board, President,
and Chief Ex. Officer

Eastern Airlines: Frank Borman, President & Chief Ex. Off.

Hughes Air West: (Vacant until December Meeting)

Northwest Airlines: Donald W. Nyrop, President

Pan Am: William T. Seawell
Chairman of the Board, Chief Ex. Officer

Piedmont Airlines: T. H. Davis, President

Texas International: Francisco A. Lorenzo
President and Chief Ex. Officer

Trans World Airlines: Charles C. Tillinghast, Jr.
Chairman of the Board, and
Chief Ex. Officer

Western Airlines: Arthur F. Kelley
Chairman of the Board, and
Chief Executive Officer