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Third Draft
10/20/76

6:30 PM.

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And in the process I am going to discuss a real-life case study of what is wrong with Washington -- and what must be done about it.

The first of these three national problems is aircraft and airport noise -- and I will today announce a plan to reduce the noise pollution around this and other major airports in the Nation.

The second problem is the need to ensure that the 200 million Americans who fly every year have the finest possible airline service. I will today describe the measures necessary to make certain that the American consumer will be served by a healthy and competitive system of commercial airlines.

The third problem is the problem of jobs in our aerospace and related industries. For too long, our airline industry has been in a slump, unable to order the new planes which would mean 240,000 jobs for our aerospace workers.



These problems and their resolution affect your lives, your jobs, your environment, your property, your future, and your children's future, and the well-being and progress of the Nation.

For some 6 million Americans who live and work around 100 major airports in the U.S., the noise of jet planes is a very real and personal environmental problem. I know, because I used to live near Washington National Airport, and sometimes the noise was so bad you could not read a newspaper, hear the T.V., or finish a conversation with the children.

For these 6 million Americans the problem of noise is getting worse as air travel increases -- and we want air travel to increase.

But we must also end the noise problem.

And we must solve the jobs problem in the aerospace industry.

Since the 1960's, when the airlines introduced new jet airplanes into the fleet, noise has been recognized as a major constraint to commercial aviation. Through research and development, by the government and by private industry, we have learned how to make jet engines quieter, and more efficient in fuel use. The technology is ready.



We have taken the first steps to reduce the noise around airports. In 1969 the Federal Aviation Administration, one of the two Federal agencies that regulate the commercial airlines, issued standards that would cut in half the perceived noise of new jet aircraft, effective at the start of 1975.

For the last two years, all commercial planes coming off the assembly lines in the United States have met these standards.

But the FAA did not act to correct the biggest part of the airport noise problem -- some 1550 older jet airplanes, or about 77 percent of the U.S. commercial airline fleet.

These planes are still flying; and if you live near this or any other major airport in the United States, you are still listening to them.

Why, seven years after the FAA set aircraft noise standards, are these noisy planes still flying?

The answer, very simply, is that FAA knew that some of the airlines could not afford to pay for modifying or replacing their older planes to meet the new noise standards.

Why not? One reason, frankly, is that some of the airlines have not been well-managed.

But another important reason airlines could not afford to pay for noise reduction is that the Civil Aeronautics Board, the other Federal agency that regulates the airlines, could not look ahead and provide the revenues the airlines would need to pay for noise reduction.

The CAB is like that mythical bird which flew backward and knew where it had been, but not where it was going. Under their own regulations for setting airline fares, CAB looks backward at "historic costs," but not ahead to realistic future costs.

The CAB was created almost 40 years ago to promote and assist a young and hopeful airline industry. There were reasons then to allocate routes, set fares, and limit competition; at the beginning, the public need for good service required extensive government involvement to assure orderly growth of the airlines.

It is different now.

When the CAB began in 1938, domestic airlines carried a total of 1.3 million passengers, for 476 million passenger miles.

This year, U.S. airlines will carry more than 200 million passengers, for 128 billion passenger miles -- a growth of 26,800 percent. Airlines now carry more people between cities than any other form of public transportation.

The airline industry is no longer an infant; it is mature, big and fully capable of prospering in a free, open and competitive market.

It was for this reason that on October 8, 1975, I proposed to the Congress the Aviation Act of 1975, which

would have reduced economic controls, opened markets, reduced fares and made it possible for all airlines to better serve the American consumer.

My objective was to work with the Congress to ensure that the U.S. will have the most efficient airline system in the world, providing the American public with the best possible service at the lowest possible cost.

That was 11 months ago; but neither the House nor the Senate has acted on this important legislation, which is the first comprehensive updating of airline regulation in almost forty years. Nor has Congress proposed any alternative.

However, the blame does not all rest on Congress. Some airline executives, and their Washington lobbyists, have short-sightedly opposed this change. While they say publicly they are for free enterprise and open competition, they have privately lobbied against open competition, against the American consumer, and in fact against greater opportunity for the growth and prosperity of their airlines.



Consequently, we have this situation:

Too Much Noise:

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The CAB, by following policies and procedures that are impractical and out of date, is clearly unable to assist the airlines in providing the best and cheapest service to the public.

Loss of Jobs in the Aerospace Industry:

Because of the poor financial condition of the airline industry in recent years, there have been few orders for new planes. This has resulted in massive job layoffs in our aerospace industry, loss of talent and expertise to other types of jobs, and few new aerospace jobs in a decade.

Congressional Inaction:

The Congress, by its failure to act on aviation regulatory reform, is continuing a critical economic problem for

the airlines and all the people who work for airlines and depend on them.

As President, I cannot tolerate inaction any longer.

We must end the noise pollution around American airports and bring quiet skies back to America again.

We must free aviation from arbitrary and unnecessary restrictions and regulations so that the airlines themselves can pay the cost of quieting aircraft noise.

We must create an economic climate which will stimulate lasting, private sector jobs in our aircraft industry.

To do this, I am taking the following actions:

First, I am today directing the Secretary of Transportation to instruct the Administrator of FAA to extend its noise standards to all domestic U.S. commercial aircraft, to become effective January 1, 1977, and to be phased in over an 8-year period. I am also directing the Secretary of State to initiate negotiations with the International Civil Aviation Organization and the European Aviation Conference to reach agreement on noise standards for all international aircraft flying into the United States.

Second, I am putting the Congress on notice that I will not accept its inaction. Congress must adopt the airline regulatory reform measure I proposed in 1975. Congress must act on this reform in the interest of the American public: passage will mean lower air fares, a stronger aviation industry which is more able to pay for new, quieter aircraft, and jobs for our aerospace workers.

I want the members to know that aviation regulatory reform will be on their doorstep when they come back in January.

Congress must act on regulatory reform for the airlines within 90 days after the new session opens on January 3, 1977. With Congressional action, we will make certain that U.S. airlines can meet noise standards and at the same time continue to be a healthy and competitive industry serving 200 million Americans.

Third, I am directing the Secretary of Transportation to schedule open public hearings before the end of this year to consider whether financing provisions may be necessary to ensure that the air carriers can meet the noise requirements. The Secretary will consider and evaluate the financial condition and needs of the airline industry, the costs of meeting the new noise standards, and alternative sources of funds to pay these costs.

The Secretary is to consult with consumers, representatives of industry, Labor, and other concerned parties, and shape his proposal to meet the following criteria:

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I am directing the Secretary to report his findings to me by March 3, 1977.

Solving the airport noise problem is an environmental imperative. And in solving this problem, we will bring into service a fleet of quiet, new airplanes that will result in up to 30 percent savings of fuel, lower operating costs, lower fares, and less air pollution from older airplanes. Replacing the older planes will also strengthen our aircraft industry which is vital to our world leadership in economic trade and to our national defense. And building these new planes will create 240,000 useful, productive jobs for Americans.

The best way to make sure that our aerospace workers have lasting jobs and to create new permanent jobs in the aircraft and related industries is to give the free enterprise system its best chance to operate.

The genius of the American economic system throughout our history has been a partnership between Government and free enterprise. The proper role of the Federal Government in the American economic system is to help private enterprise accomplish needed objectives for the American people -- and not to hinder private enterprise.

Our national growth in 200 years has been phenomenal, and in no area of our lives has the partnership between Government and private enterprise worked better than in transportation.

In the National Transportation Policy Statement of my Administration of September 17, 1975, we said:

"Transportation has substantially shaped the growth and development of the United States. Waterways led our ancestors to new frontiers. Today, our energy-efficient inland waterways and merchant marine seek out new markets. Railroads

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"To sustain and enhance our economic vitality and growth, the productivity of our commerce and the quality of our leisure, we need a healthy and responsive transportation system. National transportation policy must serve these broad goals of our society by helping to guide the development, financing and maintenance of a safe, efficient, accessible and diverse transportation system. Such



a system should meet the needs of all Americans -- as passengers, consumers, employees, shippers, and investors -- in a way that is consistent with other national objectives. The values and priorities of our society are changing as the land on which we live is changing, and transportation must blend with other national goals in seeking heightened quality in the American way of life."

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fed the hearths of an industrial revolution and now have renewed significance in the era of environmental and energy consciousness. Highways made us the most mobile population on earth, profoundly altered our land use patterns, and established the automobile, truck and bus as an important part of the Nation's mobility and economic activity. Mass transit provided the lifeline to city centers and now offers hope for their revival. Civil aviation extended its reach around the globe and helped design the interdependent world in which we now live. General aviation has greatly increased business and pleasure mobility and opened up formerly unreachable territories. Pipelines are vital to energy independence.

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a system should meet the needs of all Americans -- as passengers, consumers, employees, shippers, and investors -- in a way that is consistent with other national objectives. The values and priorities of our society are changing as the land on which we live is changing, and transportation must blend with other national goals in seeking heightened quality in the American way of life."

We have set our national goals for what is and what must continue to be the best airline system in the world. By working together we can reach those goals.

A nationwide effort to reduce aircraft noise represents a commitment to a better quality of life for millions of Americans. We will replace the chaos, confusion, and conflict that has all too often characterized the noise reduction effort thus far with firm Federal leadership and close cooperation with the airport operators, the carriers, and the people adversely affected by aircraft noise. Through our continuing efforts to develop quieter aircraft, by our requirement that noisier aircraft be quieted or replaced, we will bring about a substantial reduction in the impact of aircraft noise on our fellow citizens. At the same time we



will promote industry, create new productive jobs and improve the efficiency and competitive position of our air carriers and aerospace manufacturers in the world marketplace.

Thank you.

