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November 8, 1974

SUBJECT:

WHITE HOUSE POSITION ON MINIMUM  
FARES FOR AIR CHARTERS

According to the New York Times, a Justice Department official has said that the government now opposed establishing minimum price guidelines for trans-Atlantic charter air fares. This appears to be a major reversal of Administration policy. The guidelines were one of seven specific steps that President Ford recommended two months ago that the government take to help Pan Am avoid a serious financial crisis.

Has the White House changed its position and does it now oppose minimum price guidelines for trans-Atlantic charter air fares?

GUIDANCE: There is no change in the White House position. The President favors rates which are compensatory, that is, fares whereby the airlines are able to recover their costs plus make a reasonable profit. As we said on September 18 that fares must be more in line with costs. The fare structures that more closely reflect today's costs should be approved by the appropriate organization. This includes fares of the scheduled carriers and the charter carriers.

The President recognizes the serious financial difficulties facing Pan Am and proposed a seven point plan. One of these points directed that a strong effort be made to improve the competitive climate in which Pan Am and other international air carriers operate. We still feel that carriers should not engage in below cost pricing. We believe in compensatory pricing.

Does the White House agree with the CAB decision establishing minimum price guidelines for air charters?

GUIDANCE:

Both the Department of Transportation and the Justice Department have indicated in testimony yesterday, serious problems with certain aspects of the CAB decision.

If you have any further questions, you should call DOT of Justice.



Q. The airlines claim for every \$1 per barrel increase in oil, it means a 7% increase in operating expenses. Isn't that inflationary, since it will mean that air fares will go up 21%?

A. The \$6 billion being returned to business and industry is to be used for expansion to provide more jobs and to develop additional investments, ~~AND~~ to offset the increase in fuel costs.

But, to meet this problem in a segment of the economy that is heavily dependent on oil -- in this case, jet fuel -- the Economic Policy Board and the Federal Energy Administration will be examining the airlines industry, and all other national transportation industries, to determine if special provisions will be required for that sector.

February 18, 1975

SUBJECT:

DEREGULATION OF THE AIRLINES

According to a story in the New York Times, the White House will propose legislation soon to deregulate the airlines; that is, remove most of the Federal Government's control over determining the price of airline tickets, routes, etc.

Is the Administration considering deregulating the airlines?

GUIDANCE: As mentioned by the President in his October 8 economic address to the Congress, he asked for the establishment of a National Commission on Regulatory Reform, and sent legislation to the Hill for this purpose. At that time, the President stated that the Executive Branch, in a joint effort with Congress and the private sector, would identify and eliminate existing Federal rules and regulations that increase costs to the consumer without any good reason in today's economic climate.

The Administration will be sending legislation to the Hill within the next thirty days on this subject.

Will the legislation call for the deregulation of the airlines?

GUIDANCE: The legislation we submit will substantially limit the Government's role in establishing prices, routes, etc. However, it would be premature for me to give any further comments at this time.



JGC

March 19, 1975

SUBJECT:

DOMESTIC ACTIVITIES IN THE  
COMING WEEKS

FOR ANNOUNCEMENT

As you know, on Monday the President sent to the Hill a message and legislation designed to restructure the Federal Airport and Airway Development programs, and today we are transmitting to the Hill, the Financial Institutions Act of 1975 which is to expand competition, provide improved customer services, and strengthen the ability of financial institutions to adjust to changing economic conditions.

Just to give you some insight as to what you can expect in the domestic area in the next few weeks, I wanted to point out that later this week or possibly the first of next week, the President will be submitting to Congress a message and legislation called The Rail Transportation Improvement Act, which will be the first piece of an overall program seeking fundamental reform of transportation regulation. Also under consideration are other far-reaching proposals dealing with Regulatory Reform. In addition, we anticipate sending highway legislation forward in the next two weeks which will be a four year, 1977-1980, highway program emphasizing the Federal interest in completion of the Interstate system, recognizing the primary state and local interest in other highway systems, and providing program restructuring, so that more than 30 categorical grant programs can be consolidated into four broad programs. It is expected that these subjects I just mentioned will be transmitted to Congress before Easter.

I don't really want to get into some of the items and proposals that will be transmitted following Easter, except to mention that we are anticipating sending a Revenue Sharing message and legislation which will extend the Revenue Sharing program five and three-quarter years.



JGC

December 11, 1975

SUBJECT:

THE PRESIDENT DIRECTS SECRETARY  
COLEMAN TO INVESTIGATE NEAR-MISS  
AIR COLLISIONS

For Announcement

I'm not sure it was brought out yesterday, but just prior to the Cabinet Meeting, the President in talking with Secretary Coleman, expressed his concern over the succession of "near-miss" situations where jet aircraft have come dangerously close to mid-air collisions. The President is concerned that we maintain our excellent record of air safety and has, therefore, asked Secretary of Transportation William T. Coleman to report to him on the circumstances relating to these incidents and to indicate what steps are being taken to avoid similar incidents in the future.

A letter is going to Secretary Coleman following up on their conversation of yesterday.

Just to refresh my memory, what are some of the latest near-miss situations to which you are referring?

**GUIDANCE:** It is my understanding that on November 26, out of the Cleveland area, there was a near-miss between an American Airlines DC-10 and a TWA 1011. Then there were two near-miss collisions on December 5 involving the Chicago area. In one case, a TWA 727 was involved with a United 727, and on that same date around the Janesville, Wisconsin area a North Central convair had a near-miss collision with a civilian Cessna plane.



JGC

July 22, 1976

SUBJECT:

CAB TRANS-ATLANTIC  
RECOMMENDATION

Last week the CAB voted to send to the President a recommendation to open up trans-Atlantic routes to two additional airlines and permit 11 more cities to provide direct airline service to Europe.

Is it true, as the New York Times reports, that the President will refrain from making any decision on the routes until after November? Are there any legal deadlines for his decision?

GUIDANCE: First of all, there is no set deadline for the President to decide on the CAB recommendation, but he will make the decision when he has all the available data and recommendations from all the relevant Federal agencies and departments. When he makes his decision, it will be on the merits of the recommendation, not upon the timing of the election.

At this time, the CAB decision has been staffed out to the relevant Executive branch agencies, and I cannot predict when the whole process will be completed.

ME

August 13, 1976

SUBJECT: AIRLINE NOISE REDUCTION PLAN

The WSJ has a story today saying the Ford Administration is planning to submit legislation that would reduce the Federal airline tax so the airlines could use the money to fund a new noise control program.

GUIDANCE: The President has not reviewed or made a decision on any legislation of this sort. There have been extensive discussions on this subject going on within the Administration, but until the President makes a decision, it is premature to discuss any specifics.

ME



November 17, 1976

SUBJECT:

POSTPONED FAA/DOT BRIEFING

QUESTION: Secretary Coleman of the Department of Transportation and FAA Administrator McLucas postponed a press conference they had scheduled for today on aircraft noise abatement and regulation. Was this on orders of the White House?

GUIDANCE: Yes it was. They had planned to issue a policy proposal on aircraft noise abatement and regulatory reform for the aircraft industry. But they did not get their proposal here to the White House in time for the Domestic Council, Office of Management and Budget, and the Council's office to review it to insure it was in line with Presidential policy.

We, therefore, asked them to postpone the news conference.

FYI: The proposal arrived at 3:00 p.m., and contained statements which were not in line with previously announced Presidential policy.

JBS/11-17-76