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WASHINGTON POST 6-25-75

Regulatory Meeting Set at White House

By William H. Jones and James L. Rowe Jr.

Washington Post Staff Writers

President Ford's plans to hold a summit meeting of the nation's major federal regulatory agencies will be discussed with two dozen members of Congress at a White House meeting scheduled this morning.

According to administration officials, the summit meeting itself—announced in May and expected to be attended by nearly all members of 10 commissions—is scheduled to take place about July 9.

Today's "pre-summit" apparently was made necessary because of complaints on Capitol Hill that there was little Congressional involvement. Members of the House and Senate have widely divergent views on proposals to eliminate or change economic regulation by such agencies as the Interstate Commerce Commission, Civil Aeronautics Board and Securities and

Other administration officials said Mr. Ford would open today's meeting, to start at 8 a.m. and last for less than two hours, with a summary of his views of the need for reforms and a call for bipartisan support.

After that, the floor will be open to remarks from the members of Congress—who represent a broad cross section of interests in communications, transportation, occupational health and safety, and business regulation.

Among those designated to attend by Congressional leaders are Senators John Pastore (D-R.I.), Vance Hartke (D-Ind.), Charles Percy (R-Ill.), Edward M. Kennedy (D-Mass.), Roman Hruska (R-Neb.) Abe Ribicoff (DConn.) and Jacob Javits (R-N.Y.).

House members chosen include Reps. John E. Moss (D-Calif.), Paul G. Rogers

THE BUNCH
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THE WHITE HOUSE
WASHINGTON

To: RTH

From: Jack Calkins *J*

I'm not sure why you
got this, or why it
was sent over to me, but
having skinned it, I am
returning it to you.

Date 11/18

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

October 31, 1975

MEMORANDUM FOR: ROBERT T. HARTMANN
Counsellor to the President

FROM: Paul W. MacAvoy

Paul W. MacAvoy

Three weeks have passed since the Aviation Act of 1975 was announced. Since the announcement, this regulatory reform initiative has received substantial editorial support.

The Aviation Act was the lead news story -- and favorably reported -- on both CBS and ABC Evening News on the day of announcement. NBC also gave it full coverage.

Editorials from the following publications are attached at Tab A.

Baltimore Sun
Chicago Tribune
Dallas Morning News
Denver Post
National Journal
New York News
New York Times
Philadelphia Inquirer
Rocky Mountain News
Washington Post
Washington Star

You also might be interested in the following items:

Coverage by The Economist at Tab B.
Wall Street Journal analysis of the stock market effect
at Tab C.
Perceptive column by George F. Will at Tab D.

Attachments



THE SUN

A 12

BALTIMORE, MONDAY, OCTOBER 13, 1975

WILLIAM F. SCHMICK, JR., Publisher • PAUL A. BANKER, Managing Editor • J.R.L. STERNE, Editorial Page Editor

How To Have Better Air Service

Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

FOUNDED June 16, 1847

STANTON R. COOK, *Chairman and Publisher*

ROBERT M. HUNT, *President and General Manager*

CLAYTON KIRKPATRICK, *Editor*
MAXWELL McCROHON, *Managing Editor*

JOHN McCUTCHEON, *Editorial Page Editor*
WILLIAM H. JONES, *Managing Editor, News*

8 Section 1

Saturday, Oct. 18, 1975

Getting CAB out of the cockpit

The Dallas Morning News

*The News, oldest business institution in Texas, was established in 1842
while Texas was a Republic.*

Editorial Page

Dick West, Editorial Director

MONDAY, OCTOBER 13, 1975

Airline Fares:

Dollars and Common Sense

Debate CAB Reform Proposal



THE DENVER POST

Founded on October 28, 1895 by F. G. Bonfils and H. H. Tamm
Helen G. Bonfils, Officer and Director, 1933-72

10/13

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that no good cause shall lack a champion and that
evil shall not thrive unopposed"*

DONALD R. SEAWELL, *President, Chairman of the Board*

CHARLES R. BUXTON, *Executive Vice President, Editor and Publisher*

EARL R. MOORE, *Secretary-Treasurer*

WILLIAM HORNBY, *Vice President,
Executive Editor*

ROBERT H. SHANAHAN, *Vice President,
General Manager*



Regulatory Focus

by Louis M. Kohlmeier

A Ripe Time for Airline Deregulation

1458

10/18/75
NATIONAL
JOURNAL
©1975

A Washington attorney, well practiced in aviation law and in the politics of airline regulation, summed up in a word his reaction to President Ford's airline deregulation proposal: "Baloney!"

The attorney, a former Civil Aeronautics Board (CAB) official, then added, "I've seen so many reform

will Congress ignore the opposition, particularly from mayors.

Fundamentally, however, Ford is arguing that competition will be better for consumers, cities and the airline industry itself, if not for all existing airlines. Packaged as consumer legislation, deregulation may well be

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SUNDAY NEWS

NEW YORK'S PICTURE NEWSPAPER

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COME ON, TRY IT

Rocky Mountain News

Deregulating the airlines

NEW YORK TIMES

Airline Competition

PHILADELPHIA INQUIRER

Airlines reject more freedom

WASHINGTON POST

Deregulating the Airlines

The Washington Star

JOE L. ALLBRITTON, *Publisher*

JAMES G. BELLOWS, *Editor*

SIDNEY EPSTEIN, *Managing Editor*

EDWIN M. YODER JR., *Associate Editor*

MONDAY, OCTOBER 13, 1975

The airlines' curious anguish

Airlines

A dose of competition

FROM A SPECIAL CORRESPONDENT

Washington, DC

the door wide to sales and swaps. Perhaps more significant, any "fit, willing and able" carrier could start up a new scheduled service between any two cities not already enjoying non-stop service. President Ford would also give a leg up to the more than 200 small air taxi operators who are bringing airline-type service to small towns and communities that the CAB-licensed carriers do not deem profitable. The CAB recently allowed them to operate 30-seat aircraft without becoming enmeshed in the restrictive CAB regulations. President Ford would allow them up to 55 seats. This will permit the

Ford's Proposal to Sharply Reduce Regulation Of Airlines Has Little Impact on Wall Street

By CHARLES J. ELLA

The Ford administration's legislative

the market as long as uncertainties neu-

tralize the expected improvement in funds.

George F. Will

WASHINGTON POST

Preserving 'Commercial Feudalism' in the Airlines

NATIONAL ASSOCIATION OF BROADCASTERS

1771 N STREET, N. W., WASHINGTON, D. C. 20036, 293-3500

WILSON C. WEARN
CHAIRMAN OF THE BOARD

December 11, 1975

file
(Reg. Reform)

DHS

Mr. Paul W. MacAvoy
Member
Council of Economic Advisers
Washington, D. C. 20506

Dear Mr. MacAvoy:

Thank you for your letter of November 20. The questions you raise should be discussed in our forthcoming meeting which I hope can be scheduled in the very near future.

Such a meeting is badly needed. It is now evident from our exchange of views -- and your apparent willingness to contemplate the loss of perhaps half the country's local television stations -- that the differences which separate us on the question of the appropriate regulation of cable carriage of broadcast signals are not so much those of economic perspective as a more basic dispute affecting national communications policy.

In your letter of November 20 you raise three questions for discussion at our forthcoming meeting. They should be so addressed, but because of the overwhelming importance of the subject matter and the urgency with which you and your associates are working on proposed cable legislation, I feel obliged to set forth in the strongest terms some immediate reactions, at the outset, to the first question raised. My comments follow the quoted paragraph of your letter:

"First, there is a question of the impact on local versus national broadcasting. Given Park's and your estimates, more than half of the country's local stations facing today's markets would exist in the fact of unlimited cable signal importation. But isn't it more likely that, with two or three local stations all losing money that only one or two would exit? If all were to leave

then there would be a large unsatisfied demand of local advertisers for one outlet. For all to leave then the most popular local station would have to rank behind the least popular (sixth or seventh) national imported signal for much more locally-oriented program offerings."

You appear to take comfort in the fact that our figures suggest to you that half of the country's local stations might survive unlimited cable signal importation. Worse, you indicate you might be satisfied if only one or two out of three local stations in a community were to survive unlimited cable signal importation. I find it hard to believe that you and your colleagues have thought through the implications of this attitude toward the survival of local television stations, the public's major source of news and information in the country. Of all monopolies, a monopoly on news and information has perhaps most serious consequences for the public interest. Yet, if unregulated cable importation is permitted to destroy all but one station in the market, that single station will have such a monopoly as to local (and perhaps regional) news, and as to local television advertising as well.

Your third question also requires a strong, immediate reaction. Again -- your words:

"Third, your statements on national policy calling for regional fragmentation of broadcasting raise questions in my mind, at least. Is this FCC policy, akin to that of the CAB on local service airlines? Has this not itself led to too much fragmentation in providing local news and coverage of regional events? Should it not move in the direction of local service airline policy? These are preliminary questions in my search for both the source and rationale for this policy."

I don't know what you mean by "too much fragmentation in providing local news and coverage of regional events."

Mr. Paul W. MacAvoy - 3

I had thought that in asking broadcasters for data about potential impairment of "the quality and quantity of broadcast service" you shared the view that competition among television stations is a desirable goal of national policy, but apparently you do not. In any event, to sacrifice real, legitimate and existing competition among television stations in local markets for the spurious "competition" of unregulated importation of big city television stations by cable systems seems to be a trade-off with no beneficiary except for the cable systems.

Through all of this, of course, there is no evidence of a concomitant public benefit to be derived by sacrificing much of local television service in order to deregulate cable. I would hope that, in our future discussions, we could focus on that overriding question.

Sincerely,

Wilson C. Wearn

WCW/bd

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20505

November 20, 1975

Dear Mr. Wearn:

This is in response to your letter and accompanying material of November 10 on the impact of cable on local broadcasting. This was detailed and informative, and I have taken steps to see that it is widely distributed to those concerned with cable T.V. policy. There are three questions raised by the materials, however. Perhaps I could raise them so that they might be addressed in our forthcoming meeting.

First, there is a question of the impact on local versus national broadcasting. Given Park's and your estimates, more than half of the country's local stations facing today's markets would exist in the fact of unlimited cable signal importation. But isn't it more likely that, with two or three local stations all losing money that only one or two would exit? If all were to leave then there would be a large unsatisfied demand of local advertisers for one outlet. For all to leave then the most popular local station would have to rank behind the least popular (sixth or seventh) national imported signal for much more locally-oriented program offerings.

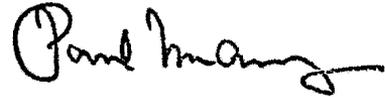
Second, there is still the question of appropriate projections of growth of markets. The last three years are not the most likely base for such projections, given the unique combination of inflation and low levels of growth of real GNP that dominate that period. Why not use the five or ten year historical rates of growth, or some such measure not linked to the recent recession?

Third, your statements on national policy calling for regional fragmentation of broadcasting raise questions in my mind, at least. Is this FCC policy, akin to that of the CAB on local service airlines? Has this not itself led to



too much fragmentation in providing local news and coverage of regional events? Should it not move in the direction of local service airline policy? These are preliminary questions in my search for both the source and rationale for this policy.

Sincerely,



Paul W. MacAvoy
Member

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