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MEET WITH THE PRESIDENT
Re: Aviation Noise
Tuesday, October 19, 1976
4:45 p.m.
Oval Office
(With O'Neill and Cavanaugh)

Documents - same in 69
J. M. Cannon Jr., 1971
Gerald R. Ford Library

THE WHITE HOUSE

WASHINGTON

INFORMATION
REQUESTED

September 24, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *J. C.*
SUBJECT: Aviation Noise Policy

When you discussed an Aviation Noise Policy Statement with Cheney, Marsh, Greenspan and me last Saturday, you suggested that your Policy Statement might take the form of a message to Congress, or a major address.

Since any message to Congress could be lost in the closing days of this session, I believe that a speech would provide a better opportunity for you to present your views.

Accordingly, I have drafted for your consideration an Aviation Noise Policy Statement in the form of a speech which might be given to a knowledgeable audience gathered at one of the noisiest airports:

<u>Airport</u>	<u>Serious Noise Affecting</u>
New York - La Guardia	1,000,000 persons
Chicago - O'Hare	771,000 persons
New York - John F. Kennedy	507,000 persons
Newark, New Jersey	431,000 persons
Boston - Logan International	431,300 persons
Los Angeles, International	293,600 persons



Since the New York metropolitan area has three of the noisiest airports, I would suggest you speak at one of them, preferably JFK.

The audience could include (by invitation) airport workers, pilots, homeowners in the area, community leaders, environmental leaders, airline executives, civic leaders, a cross-section of the community most directly affected by aircraft noise, and labor and management representatives of the airline and aircraft industries and their suppliers.

This draft attempts to get across these points:

- your concern for an environmental problem;
- your interest in preserving a healthy and competitive airline industry;
- your concern for jobs;
- your interest in energy conservation;
- your desire to avoid unnecessary Federal expenditures;
- your personal leadership in addressing a difficult, complex, and interrelated set of problems; and
- your decisiveness in proposing a balanced, practical and sound solution.

By the time of your return I will have reviewed this with Marsh, Greenspan and O'Neill.



QUIET SKIES

(Appropriate Salutation)

We have assembled here at _____ Airport today so that I could speak with you about two important and related national problems.

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 two 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.



Both of 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, 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.

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 -- I know you are aware that Congress feels the airlines are so important that you need two Federal regulatory agencies to tell you what to do -- in 1969 the FAA issued standards that would cut in half the perceived noise of new jet aircrafts, 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 1600 older jet airplanes, or about 77 percent of the U.S. commercial airlines 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 passengers 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:

The FAA, by not moving on noise standards, has shown a lack of decisiveness that must be changed.

Outdated Regulations:

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.

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 noise abatement.

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 regulations to all U.S. commercial aircraft, to be phased in over an 8-year period.

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.

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

Third, I propose that the present Federal tax on domestic passenger fares be reduced from 8 percent to 6 percent, and on domestic freight, be reduced from 5 percent to 3 percent. This tax on the consumer is now going to the Airport and Airway Trust Fund to provide Federal assistance to airport construction and improvement. There is now a surplus of \$1.4 billion in this fund. Passengers have a right to this tax reduction.

However, if the Congress does not act on regulatory reform for the airlines within 60 days after the new session opens, I shall have no choice but to propose the reimposition of that 2 percent as an environmental surcharge on passenger fares and freight bills. The funds from the surcharge would be directed into a special trust fund, administered by the Secretary of Transportation, to assist the airlines in financing the new and quieter planes that are necessary for the abatement of aircraft noise around our major airports.

I do not want to call for this environmental surcharge on passengers. Regulatory reform is a far better solution. But if Congress does not act on the aviation regulatory reform I proposed last October, there has to be another alternative.

Even then, an environmental surcharge would be a temporary expedient -- not a permanent solution to the real problem facing the airlines and other over-regulated industries in this country.

Such a surcharge would help end the noise problem. But it will not change the CAB's outdated methods of setting fares and controlling markets. It will not improve an airline's ability to compete and provide better service.

The lasting solution 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 right role of the 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, 1976, 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

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.

"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."

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.

Thank you.

THE WHITE HOUSE
WASHINGTON

October 10, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *[Signature]*
SUBJECT: Aviation Noise Proposal by Secretary Coleman

In response to your memorandum of October 4, here is a revision of the speech on Aviation Noise (Tab A). The new section spelling out Secretary Coleman's plan begins on page 8.

In brief, this new speech draft makes two major points:

1. Presidential action to enforce aviation noise standards, and
2. Congress must enact Aviation Regulatory Reform, or the President will be forced to propose a 2% environmental surcharge to fund a DOT-administered aircraft replacement program.

Secretary Coleman, with whom I have again discussed his proposal, believes this approach would intensify the airlines' opposition to regulatory reform. In Coleman's judgment, the hope of a \$3 billion aircraft replacement fund would provide the airlines with an additional incentive to make certain Regulatory Reform is defeated.

Secretary Coleman would join the Aviation Regulatory Reform Act and noise abatement, and thereby create an omnibus air bill which would provide the airlines with an incentive to help pass the legislation.

Secretary Coleman has drafted for your consideration a Presidential statement which would integrate regulatory reform and the 2% reduction in Federal taxes on passengers



and freight (Tab B). He proposes a series of Presidential steps (pages 4-9 of Tab B), which could be incorporated into your speech or a supporting fact sheet. One change Coleman suggests: He would not propose the DOT-administered fund now, but would hold hearings to consider what financing assistance airlines need to meet noise standards.

QUIET SKIES

(Appropriate Salutation)

We have assembled here at _____ Airport today so that I could speak with you about two important and related national problems.

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 two 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.

Both of 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, 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.

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 -- I know you are aware that Congress feels the airlines are so important that you need two Federal regulatory agencies to tell you what to do -- in 1969 the FAA issued standards that would cut in half the perceived noise of new jet aircrafts, 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 1600 older jet airplanes, or about 77 percent of the U.S. commercial airlines 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 passengers 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:

The FAA has permitted noisy aircraft because many airlines could not afford to replace or refit these older planes.

Outdated Regulations:

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.

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 noise abatement.

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 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 and a stronger aviation industry which is more able to pay for new, quieter aircraft.

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

If the Congress does not act on regulatory reform for the airlines within 60 days after the new session opens, then I must act. 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.

Therefore, if Congress fails to act on aviation regulatory reform by March 5, 1976, I shall send Congress legislation to:

- Reduce the present Federal tax on domestic passenger fares from 8 percent to 6 percent;
- Reduce the present Federal tax on Domestic freight from 5 percent to 3 percent; and
- Impose a 2 percent environmental surcharge on all passenger fares and freight waybills.

The funds from this surcharge would be directed into a Quiet Skies Trust Fund, administered by the Secretary of Transportation, to assist the airlines in financing the new and quieter planes which will help solve the problem of aircraft noise around our major airports.

I do not want to call for this environmental surcharge on passengers. Regulatory reform is a far better solution. But if Congress does not act on the aviation regulatory reform I proposed last October, there has to be another alternative. But one way or the other, we must make it possible for the commercial airlines to replace their oldest and noisiest airplanes.

One way or the other, we must have the aviation user, not the general taxpayer, pay the cost of solving the air noise problem.

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 conserve fuel and lower operating costs and fares. 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 we can make sure that Americans will continue to have the finest airline service in the world 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 right role of the 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

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.

"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."

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.

Thank you.



B



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

1976 OCT 10 AM 8 02

MEMORANDUM FOR JAMES A. CANNON
The White House

Subject: Aircraft Noise

Enclosed is a draft statement for the President on aircraft noise. I have written this statement in a form that would be appropriate for release by the White House, although I recognize that any statement the President might make personally would probably be shorter. Although I would be delighted to draft some personal remarks, I suspect this is a task better left to the White House staff. I recommend, however, that the enclosed statement be released by the President simultaneously with any speech or remarks which he might make on the subject in the near future.

There are some very sensitive nuances in the enclosed statement that are designed to protect the Administration's position in pending litigation, in response to certain commitments made to the Congress, and in attempting to achieve the broadest range of support for a Presidential noise policy statement--support by environmentalists and the aviation industry.

Bill

William T. Coleman, Jr.

Enclosure

STATEMENT OF THE PRESIDENT
ON AIRCRAFT NOISE

Aircraft noise around airports is a substantial annoyance for six to seven million Americans. The problem is particularly serious at some of the major airports, such as those in New York, Los Angeles, Boston, Atlanta and Chicago. In fact, it represents a significant or potential problem for residents living near many other airports across the nation, and as air travel increases, noise will become a serious problem at some of these other airports as well. Cities like San Jose, San Francisco, Miami, Denver, San Diego, Seattle and Phoenix are under increasing public pressure to take steps to reduce aircraft noise. In fact, the Federal Aviation Administration has identified 100 airports where noise is a problem.

Citizen complaints, law suits for noise damages and proposed restrictions on airport use have begun to threaten the efficiency and viability of the interstate air transportation system.

During the past six weeks I have reviewed extensively the aircraft noise problem. I have considered the recommendations of Secretary of Transportation William T. Coleman, Jr., Federal Aviation Administrator John L. McLucas, EPA Administrator Russell E. Train and many other federal, state and local officials concerned with the effect of aircraft noise on people in areas surrounding our major airports.

I have become acutely aware of the seriousness of this problem and have reached the following conclusions:

1. The aggravation and annoyance of aircraft noise are a nationwide problem that can be addressed only by the joint efforts of government, airport operators and industry, working together cooperatively. If each of us performs the responsibilities for which we are uniquely suited under a comprehensive policy to reduce aircraft noise, we can and will achieve measured progress in improving the quality of life for airport neighbors.
2. We have the technological capability to bring about significant reductions in aircraft noise emissions. Our major constraint has been the economic condition of the carriers which has prevented the rapid introduction of quieter technology and the development of new airplanes that will provide even greater noise reduction benefits. Because of this economic problem, 77 percent of the civil aviation fleet operating today does not meet the present federal noise standard for new subsonic aircraft. This is intolerable. We must take action not only to quiet or retire the noisy aircraft but also to accelerate their replacement with new quieter technologies that will bring

additional benefits in noise reduction, fuel efficiency and new technology. To be effective, this action requires that we also address the issue of how the results which are now possible technologically may be financed.

3. In considering the serious and complex problem of aircraft noise, I am aware of many interrelated problems that must be addressed simultaneously. These problems include:

- - the financial and regulatory constraints on the ability of our air carriers to purchase new, quieter airplanes;
- - the inadequate utilization of technological and employment capability in the aeronautical manufacturing industry;
- - the lost potential for substantial energy conservation improvements by the delayed introduction of new more fuel efficient aircraft;
- - the importance to the national interest of maintaining U.S. leadership in providing aeronautical products for the rest of the world in light of increasing European competition;
- and
- - the need to reduce aircraft noise levels so as to minimize the necessity for airport operators to impose curfews and



other restrictions on the use of airports that interfere with the efficiency of interstate travel.

In reviewing these problems, I have considered the recommendations of members of my Cabinet and staff, and I have directed that the following action be taken:

1. Within ten days the Secretary of Transportation will publish a comprehensive aviation noise policy. That policy will set forth why the solution to the noise problem in this country must be a joint effort by federal, state and local governments, airport operators, air carriers and aircraft manufacturers. It will include a statement of the responsibilities of each and a specific plan and timetable for federal action that will ensure that the federal government meets its statutory obligations to reduce noise by promulgating regulations that have been delayed too long.
2. I am directing the Federal Aviation Administrator, in consultation with the Secretary of Transportation, to promulgate within two weeks a regulation that will require domestic commercial aircraft to meet present federal noise standards in accordance with a phased-in time schedule, not to exceed eight years. I am

further directing the Federal Aviation Administrator, in consultation with the Secretary of Transportation, to promulgate by the end of this year a new federal noise regulation that will establish new, tougher standards for new subsonic technology aircraft.

3. I have directed the Secretary of State to initiate negotiations with the International Civil Aviation Organization and the European Civil Aviation Conference to bring about international agreement on noise standards for all international aircraft operations into the U.S. If agreement is not reached within four years, we will begin to apply U. S. standards to foreign aircraft unilaterally.

4. I have directed the Secretary of Transportation to provide special financial and technical assistance to airport operators to help them develop comprehensive noise abatement plans, to assist them in the acquisition of buffer land and purchase of noise suppressant equipment, and to assure that the land around airports is zoned and developed in ways that are compatible with airport operations.

5. I will ask the Congress to reduce by 2 percentage points the domestic ticket and freight waybill taxes, thereby releasing

the excess tax revenues that are presently unused by the Airport Development Aid Program and enabling the air carriers to pay the costs of meeting these new environmental standards without increasing the cost of air travel to the consumer. My tax reduction proposal will be included in a revised Aviation Reform Act that I will submit to Congress before the start of the next session. Thus, the Administration's continued support for this tax reduction will be conditioned on Congressional acceptance of aviation regulatory reform.

6. I have directed the Secretary of Transportation to consider in an open public hearing what financing provisions are necessary to ensure that the air carriers can meet the noise requirements. The Secretary will consider what sort of special financing provisions should be established in addition to the reduction of the ticket tax I have proposed (whether, for example, a special surcharge of 2% should be imposed to provide revenues that could be used to help secure necessary financing for the replacement of the noisy aircraft and, if so, how such revenues should be dispersed). In formulating a financing proposal, the Secretary shall consult with consumers, representatives of industry and other concerned

parties, and shape his proposal to meet the following criteria:

- - financing measures should be available to assure that noise regulations meet the statutory test of "economic reasonableness;"
- - financing should be consistent with and help advance the cause of aviation regulatory reform;
- - the cost of environmental improvements should be met by the user, not the general public;
- - any special financing provisions should involve minimum government interference with investment decisions in the private sector and should be equitable among the carriers;
- - the cost of air travel to the consumer should not be increased as a result of the program.

7. This proposal will make possible the replacement of most of the 500 oldest, noisiest four-engine jets still in commercial operation. It will enable further the quieting, and in some cases replacement, of most of the approximately 1,000 newer, less noisy jets that do meet federal standards.

8. Before the next session of Congress begins, I will submit to the Congress a revised Aviation Reform Act that will provide--

in addition to the removal of unnecessary regulatory constraints on pricing, entry and routes--a provision that will make possible the generation of sufficient private sector financing to meet the federal noise requirements and achieve other important national benefits, including:

- - reduction of the number of Americans exposed to serious aircraft noise impacts by about 1 million;
- - reduction of the annoyance, inconvenience, discomfort, and mental distress caused by aircraft noise for all who live or work near airports;
- - the creation of 240 thousand new jobs in the aerospace industry;
- - the production of new generation of U. S. manufactured airplanes--presently stalled at the design stage--offering the advantages of new design and safety technology, and enabling U. S. manufacturers to respond to the projected worldwide demand for a new generation of airplanes in 1978-84;
- - substantial energy savings by improvements up to 30% in fuel efficiency, the more rapid introduction of the quietest engines now technologically possible--engines less than half as loud as the noisy jets they would replace;

-- better air service to the American traveler with lower operating costs and prices in airplanes designed to service many markets more economically.

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, and with our financial and technical assistance to airport operators, we will bring about a substantial reduction in the impact of aircraft noise on our fellow citizens, and at the same time create new jobs and improve the efficiency and competitive position of our air carriers and aerospace manufacturers.

THE WHITE HOUSE

WASHINGTON

October 10, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Aviation Noise Proposal by Secretary Coleman

In response to your memorandum of October 4, here is a revision of the speech on Aviation Noise (Tab A). The new section spelling out Secretary Coleman's plan begins on page 8.

In brief, this new speech draft makes two major points:

1. Presidential action to enforce aviation noise standards, and
2. Congress must enact Aviation Regulatory Reform, or the President will be forced to propose a 2% environmental surcharge to fund a DOT-administered aircraft replacement program.

Secretary Coleman, with whom I have again discussed his proposal, believes this approach would intensify the airlines' opposition to regulatory reform. In Coleman's judgment, the hope of a \$3 billion aircraft replacement fund would provide the airlines with an additional incentive to make certain Regulatory Reform is defeated.

Secretary Coleman would join the Aviation Regulatory Reform Act and noise abatement, and thereby create an omnibus air bill which would provide the airlines with an incentive to help pass the legislation.

Secretary Coleman has drafted for your consideration a Presidential statement which would integrate regulatory reform and the 2% reduction in Federal taxes on passengers

and freight (Tab B). He proposes a series of Presidential steps (pages 4-9 of Tab B), which could be incorporated into your speech or a supporting fact sheet. One change Coleman suggests: He would not propose the DOT-administered fund now, but would hold hearings to consider what financing assistance airlines need to meet noise standards.

Second Draft
10/10/76

QUIET SKIES

(Appropriate Salutation)

We have assembled here at _____ Airport today so that I could speak with you about two important and related national problems.

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 two 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.

Both of 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, 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.

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 -- I know you are aware that Congress feels the airlines are so important that you need two Federal regulatory agencies to tell you what to do -- in 1969 the FAA issued standards that would cut in half the perceived noise of new jet aircrafts, 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 1600 older jet airplanes, or about 77 percent of the U.S. commercial airlines 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 passengers 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:

The FAA has permitted noisy aircraft because many airlines could not afford to replace or refit these older planes.

Outdated Regulations:

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.

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 noise abatement.

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 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 and a stronger aviation industry which is more able to pay for new, quieter aircraft.

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

If the Congress does not act on regulatory reform for the airlines within 60 days after the new session opens, then I must act. 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.

Therefore, if Congress fails to act on aviation regulatory reform by March 5, 1976, I shall send Congress legislation to:

- Reduce the present Federal tax on domestic passenger fares from 8 percent to 6 percent;
- Reduce the present Federal tax on Domestic freight from 5 percent to 3 percent; and
- Impose a 2 percent environmental surcharge on all passenger fares and freight waybills.

The funds from this surcharge would be directed into a Quiet Skies Trust Fund, administered by the Secretary of Transportation, to assist the airlines in financing the new and quieter planes which will help solve the problem of aircraft noise around our major airports.

I do not want to call for this environmental surcharge on passengers. Regulatory reform is a far better solution. But if Congress does not act on the aviation regulatory reform I proposed last October, there has to be another alternative. But one way or the other, we must make it possible for the commercial airlines to replace their oldest and noisiest airplanes.

One way or the other, we must have the aviation user, not the general taxpayer, pay the cost of solving the air noise problem.

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 conserve fuel and lower operating costs and fares. 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 we can make sure that Americans will continue to have the finest airline service in the world 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 right role of the government in the American economic system is to help private enterprise accomplish needed objectives for the American people -- and not to hinder private enterprise.

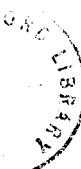
Our national growth in 200 years has been phenomenal, and in no area of our lives has the partnership between government and private enterprise worked better than in transportation.

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

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.

"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."

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.

Thank you.

B



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

1976 OCT 10 AM 8 02

MEMORANDUM FOR JAMES A. CANNON
The White House

Subject: Aircraft Noise

Enclosed is a draft statement for the President on aircraft noise. I have written this statement in a form that would be appropriate for release by the White House, although I recognize that any statement the President might make personally would probably be shorter. Although I would be delighted to draft some personal remarks, I suspect this is a task better left to the White House staff. I recommend, however, that the enclosed statement be released by the President simultaneously with any speech or remarks which he might make on the subject in the near future.

There are some very sensitive nuances in the enclosed statement that are designed to protect the Administration's position in pending litigation, in response to certain commitments made to the Congress, and in attempting to achieve the broadest range of support for a Presidential noise policy statement--support by environmentalists and the aviation industry.

A handwritten signature in cursive ink, appearing to read "Bill" or "Bil" above the printed name.

William T. Coleman, Jr.

Enclosure

STATEMENT OF THE PRESIDENT
ON AIRCRAFT NOISE

Aircraft noise around airports is a substantial annoyance for six to seven million Americans. The problem is particularly serious at some of the major airports, such as those in New York, Los Angeles, Boston, Atlanta and Chicago. In fact, it represents a significant or potential problem for residents living near many other airports across the nation, and as air travel increases, noise will become a serious problem at some of these other airports as well. Cities like San Jose, San Francisco, Miami, Denver, San Diego, Seattle and Phoenix are under increasing public pressure to take steps to reduce aircraft noise. In fact, the Federal Aviation Administration has identified 100 airports where noise is a problem.

Citizen complaints, law suits for noise damages and proposed restrictions on airport use have begun to threaten the efficiency and viability of the interstate air transportation system.

During the past six weeks I have reviewed extensively the aircraft noise problem. I have considered the recommendations of Secretary of Transportation William T. Coleman, Jr., Federal Aviation Administrator John L. McLucas, EPA Administrator Russell E. Train and many other federal, state and local officials concerned with the effect of aircraft noise on people in areas surrounding our major airports.

I have become acutely aware of the seriousness of this problem and have reached the following conclusions:

1. The aggravation and annoyance of aircraft noise are a nationwide problem that can be addressed only by the joint efforts of government, airport operators and industry, working together cooperatively. If each of us performs the responsibilities for which we are uniquely suited under a comprehensive policy to reduce aircraft noise, we can and will achieve measured progress in improving the quality of life for airport neighbors.
2. We have the technological capability to bring about significant reductions in aircraft noise emissions. Our major constraint has been the economic condition of the carriers which has prevented the rapid introduction of quieter technology and the development of new airplanes that will provide even greater noise reduction benefits. Because of this economic problem, 77 percent of the civil aviation fleet operating today does not meet the present federal noise standard for new subsonic aircraft. This is intolerable. We must take action not only to quiet or retire the noisy aircraft but also to accelerate their replacement with new quieter technologies that will bring



additional benefits in noise reduction, fuel efficiency and new technology. To be effective, this action requires that we also address the issue of how the results which are now possible technologically may be financed.

3. In considering the serious and complex problem of aircraft noise, I am aware of many interrelated problems that must be addressed simultaneously. These problems include:
 - the financial and regulatory constraints on the ability of our air carriers to purchase new, quieter airplanes;
 - the inadequate utilization of technological and employment capability in the aeronautical manufacturing industry;
 - the lost potential for substantial energy conservation improvements by the delayed introduction of new more fuel efficient aircraft;
 - the importance to the national interest of maintaining U.S. leadership in providing aeronautical products for the rest of the world in light of increasing European competition;
 - and
 - the need to reduce aircraft noise levels so as to minimize the necessity for airport operators to impose curfews and

other restrictions on the use of airports that interfere with the efficiency of interstate travel.

In reviewing these problems, I have considered the recommendations of members of my Cabinet and staff, and I have directed that the following action be taken:

1. Within ten days the Secretary of Transportation will publish a comprehensive aviation noise policy. That policy will set forth why the solution to the noise problem in this country must be a joint effort by federal, state and local governments, airport operators, air carriers and aircraft manufacturers. It will include a statement of the responsibilities of each and a specific plan and timetable for federal action that will ensure that the federal government meets its statutory obligations to reduce noise by promulgating regulations that have been delayed too long.
2. I am directing the Federal Aviation Administrator, in consultation with the Secretary of Transportation, to promulgate within two weeks a regulation that will require domestic commercial aircraft to meet present federal noise standards in accordance with a phased-in time schedule, not to exceed eight years. I am

further directing the Federal Aviation Administrator, in consultation with the Secretary of Transportation, to promulgate by the end of this year a new federal noise regulation that will establish new, tougher standards for new subsonic technology aircraft.

3. I have directed the Secretary of State to initiate negotiations with the International Civil Aviation Organization and the European Civil Aviation Conference to bring about international agreement on noise standards for all international aircraft operations into the U.S. If agreement is not reached within four years, we will begin to apply U. S. standards to foreign aircraft unilaterally.

4. I have directed the Secretary of Transportation to provide special financial and technical assistance to airport operators to help them develop comprehensive noise abatement plans, to assist them in the acquisition of buffer land and purchase of noise suppressant equipment, and to assure that the land around airports is zoned and developed in ways that are compatible with airport operations.

5. I will ask the Congress to reduce by 2 percentage points the domestic ticket and freight waybill taxes, thereby releasing

the excess tax revenues that are presently unused by the Airport Development Aid Program and enabling the air carriers to pay the costs of meeting these new environmental standards without increasing the cost of air travel to the consumer. My tax reduction proposal will be included in a revised Aviation Reform Act that I will submit to Congress before the start of the next session. Thus, the Administration's continued support for this tax reduction will be conditioned on Congressional acceptance of aviation regulatory reform.

6. I have directed the Secretary of Transportation to consider in an open public hearing what financing provisions are necessary to ensure that the air carriers can meet the noise requirements. The Secretary will consider what sort of special financing provisions should be established in addition to the reduction of the ticket tax I have proposed (whether, for example, a special surcharge of 2% should be imposed to provide revenues that could be used to help secure necessary financing for the replacement of the noisy aircraft and, if so, how such revenues should be dispersed). In formulating a financing proposal, the Secretary shall consult with consumers, representatives of industry and other concerned

parties, and shape his proposal to meet the following criteria:

- - financing measures should be available to assure that noise regulations meet the statutory test of "economic reasonableness;"
- - financing should be consistent with and help advance the cause of aviation regulatory reform;
- - the cost of environmental improvements should be met by the user, not the general public;
- - any special financing provisions should involve minimum government interference with investment decisions in the private sector and should be equitable among the carriers;
- - the cost of air travel to the consumer should not be increased as a result of the program.

7. This proposal will make possible the replacement of most of the 500 oldest, noisiest four-engine jets still in commercial operation. It will enable further the quieting, and in some cases replacement, of most of the approximately 1,000 newer, less noisy jets that do meet federal standards.

8. Before the next session of Congress begins, I will submit to the Congress a revised Aviation Reform Act that will provide--

in addition to the removal of unnecessary regulatory constraints on pricing, entry and routes--a provision that will make possible the generation of sufficient private sector financing to meet the federal noise requirements and achieve other important national benefits, including:

- - reduction of the number of Americans exposed to serious aircraft noise impacts by about 1 million;
- - reduction of the annoyance, inconvenience, discomfort, and mental distress caused by aircraft noise for all who live or work near airports;
- - the creation of 240 thousand new jobs in the aerospace industry;
- - the production of new generation of U. S. manufactured airplanes--presently stalled at the design stage--offering the advantages of new design and safety technology, and enabling U. S. manufacturers to respond to the projected worldwide demand for a new generation of airplanes in 1978-84;
- - substantial energy savings by improvements up to 30% in fuel efficiency, the more rapid introduction of the quietest engines now technologically possible--engines less than half as loud as the noisy jets they would replace;



-- better air service to the American traveler with lower operating costs and prices in airplanes designed to service many markets more economically.

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, and with our financial and technical assistance to airport operators, we will bring about a substantial reduction in the impact of aircraft noise on our fellow citizens, and at the same time create new jobs and improve the efficiency and competitive position of our air carriers and aerospace manufacturers.