

FOR IMMEDIATE RELEASE

JANUARY 13, 1977

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In October of 1975, I sent to the Congress a bill, the Aviation Act of 1975, that would have fundamentally reformed the manner in which the Civil Aeronautics Board regulates the airline industry. The bill was designed to make that industry more competitive and responsive to the needs of the American consumer. At the same time, the bill would have permitted efficient, well-managed companies to earn a fair return on investment and to attract the large amounts of capital needed for long-term growth, thus helping to make the industry healthier.

Many events have taken place since late 1975. Although my proposed aviation regulatory reform bill was not enacted, major and thorough hearings were held in both houses of the Congress on the many proposals to reform the economic regulation of the airlines. These hearings attracted wide public participation and discussion. They built an impressive record of detailed economic study and practical airline industry experience.

We have carefully reviewed testimony presented in these hearings and debates. The record is clear: The present regulatory system is costly to the consumer and is also sapping the financial health of the industry. Reform of airline economic regulation is needed, as soon as possible, and it must be thorough and substantial -- even beyond my original proposal. Accordingly, I am submitting today the Aviation Act of 1977.

This new proposal is based on the same concepts as the 1975 bill and, like it, would reform aviation regulation in three key areas: Pricing, entry and exit, and antitrust exemptions. In each of these areas the Aviation Act of 1977 provides meaningful reform of the current, archaic regulatory system to allow this naturally competitive industry to reach its full potential. This proposed legislation is an improvement over the Aviation Act of 1975 since it builds upon the experience and information developed during the Congressional hearings and incorporates constructive concepts contained in other aviation reform proposals considered last year. The result is a simpler bill which provides a more appropriate approach to pricing and entry reform than was originally proposed. Furthermore, the bill contains other improvements, including a provision which would assure the continuation of essential air service to small communities.

The case for reform has been made. It is now time to act. My firm hope is that the Aviation Act of 1977 will receive prompt consideration and action by the Congress.

GERALD R. FORD

THE WHITE HOUSE,  
January 13, 1977

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