

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., September 15, 1967.

Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I submit herewith, for the consideration of the Congress, a bill "to extend the Act of September 7, 1957, relating to aircraft loan guarantees."

The Aircraft Loan Guarantee Program was established by the enactment of Public Law 85-307, September 7, 1957. It provided for guarantee by the Federal Government of up to 90 percent of private loans to local service, helicopter, Alaskan, Hawaiian and certain Caribbean carriers for the purchase of aircraft. The program was inaugurated because of a desire to assist these carriers in securing financing for replacement of obsolete piston aircraft with new modern equipment. It made it possible for these carriers to finance the acquisition of the new aircraft at the lowest possible cost. The object of the program, from the Federal government's view, was to assist these carriers in providing improved service at lower costs and thus reducing subsidy paid by the government.

The program was first authorized for a 5-year period. During that period, through September 7, 1962, twelve carriers received guarantees under the program for loans totalling \$42 million. These loans covered the purchase of 33 F-27's, 2 DC-6's, 14 Convair 240's and 340's, a Boeing 720, 3 Martin 404's and 13 helicopters.

In 1962, the program was extended for an additional 5 years, to September 7, 1967. During that period new loans totalling \$13.3 million were guaranteed for 4 carriers covering the purchase of 3 DC-9's, 4 DC-6's, 2 Hercules 382B's and 4 PC-6A's.

The need for the extension of the program at this time is not as great as the need was for the program initially, or in 1962 when it was last extended, in terms of the number of carriers that will require the assistance of the program or in the number of aircraft loans that are expected to be made in the next 5 years. However, some carriers continue to need the assistance of the program and it is still in the interest of the government to provide the guarantee to those carriers. The fact that the loan guarantee is no longer needed in the degree of 10 years ago attests to the success of the program in aiding the classes of carriers involved toward a sounder financial position and demonstrates the wisdom of keeping the program in force until it has served its purpose completely by providing assistance to those carriers still in need of it.

We have been advised by the Bureau of the Budget that there is no objection to the enactment of this legislation from the standpoint of the President's program.

Sincerely yours,

ALAN S. BOYD.

A BILL To extend the Act of September 7, 1957, relating to aircraft loan guarantees

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of September 7, 1957 (49 U.S.C. 1324 note) is amended by striking the word "ten" and inserting in lieu thereof the word "fifteen" in section 8.

The CHAIRMAN. We shall hear first this morning from our colleague, the Honorable Earle Cabell, who is author of H.R. 7151, which is identical to S. 913 as originally introduced.

Please proceed as you wish, Mr. Cabell.

STATEMENT OF HON. EARLE CABELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. CABELL. Mr. Chairman and members of the committee, during the first session of this Congress I introduced H.R. 7151, a bill to