

STATEMENT OF JAMES M. BEGGS, UNDER SECRETARY, DEPARTMENT OF TRANSPORTATION BEFORE THE SUBCOMMITTEE ON ECONOMY IN GOVERNMENT OF THE JOINT ECONOMIC COMMITTEE, MONDAY, MAY 11, 1970.

Mr. Chairman and members of the Committee:

I appreciate this opportunity to appear before you today to discuss the program for the development of a supersonic transport.

First, I would like to describe briefly the nature of the SST program and its progress. The objective of the program is to develop a supersonic airliner which is safe for the passenger, economically sound for the world's airlines, and superior in operating performance to competing supersonic aircraft.

The SST is designed to be the fastest commercial airplane flying during the next two decades. It will fly above 60,000 feet, carry about 300 passengers, have a range of over 4,000 miles, cruise at 1,780 miles per hour, three times the speed of today's jets, and be equipped by the most powerful engines ever built. It will be designed for utmost passenger comfort and will be equipped with the most modern safety features.

The SST program will require a very sizeable investment, from both the public and private sectors. The Federal investment, however, is designed to be self-liquidating, with royalties on production sales set at a figure that provides for the return of the full prototype investment with the sale of the 300th airplane. The manufacturers and the airlines are sharing in the costs of the program under an arrangement which provides an incentive for diligent pursuit of program objectives.

The SST program has been subjected to careful evaluation at each critical point of its development. The program was given a particularly intensive review last year, both by the new Administration and the Congress. The Administration's review culminated in a decision by President Nixon last September to proceed with the program. The Congress approved this decision in December by appropriating the funds necessary to continue the program.

The Committee has asked the Department to discuss the public costs and benefits of the Federal investment in the development of a supersonic transport. I should note at the outset that this type of program is not susceptible to a traditional quantitative benefit/cost analysis. The many intangible factors involved simply defy quantification. Nonetheless, the benefits and costs of the program have received careful scrutiny and a great deal of effort has been devoted to weighing and balancing the various elements involved. I doubt that any Federal investment has ever been subjected to more extensive and intensive analysis.

While I cannot quantify all of the costs and benefits of the program for the Committee, I can review the considerations involved in the President's decision to proceed. The President referred to two of these when he announced his decision: first, the future of American leadership in air transportation; and, second, the opportunity to make a massive stride forward in transportation art.

For many years the United States has dominated the free-world aircraft market. More than 80 percent of the total commercial fleet was built in this country. If we do not choose to compete for the

market for the supersonic family of aircraft, we stand to lose the preeminence we have enjoyed in this field and the accompanying economic and political benefits.

This preeminence, of course, is not the only factor. Also involved are the impact of changes in the health of our aircraft industry on persons who work in the industry, the importance of maintaining a high level of competence in this area of technology, and the effect on our balance of payments.

With respect to the balance of payments issue, there are uncertainties in any assessment of the over-all impact of the SST. In terms of aircraft imports and exports, however, the picture is relatively clear. Of the 500 U.S. SST sales now projected, we estimate that 270 would be to foreign carriers. The sale of these aircraft and spare parts abroad would produce \$11.5 billion in export revenues over a 13-year period. In the same period, we estimate the U.S. airlines would buy about 60 Concorde at a total cost of \$1.4 billion, for a favorable net balance of \$10.1 billion.

Without a U.S. SST in being or on the way, U.S. carriers, for competitive reasons, would import about 300 Concorde by 1990, at a cost of 7 billion U.S. dollars flowing out of the country. Offsetting that flow to some degree would be exports of about \$1.3 billion in additional subsonic jets that could be sold if a U.S. SST were not available. The difference, combined with the \$10.1 billion in gold flow that would otherwise be earned through the sale of U.S. SST's

overseas adds up to a possible net loss of \$15.8 billion for the United States.

On the issue of employment, we estimate that the production program will result in the direct employment of 50,000 persons. The work will be spread throughout the country, touching most of the 50 states. Because it is difficult to predict what the labor needs will be throughout the production stage -- both in the technical and unskilled areas -- the extent of the benefit attributable to the employment factor is indeterminable. On balance, however, it is a plus factor.

On the technological side, the SST program provides a seed-bed for the application of advanced technology. The SST program has already been responsible, for example, for advances in titanium fabrication techniques applicable to other sectors of our industrial society.

Another significant, but intangible factor to be considered is that of enabling travellers to move between distant points at supersonic speeds. Man has always sought ways to speed up communication, and the fact is that the supersonic transport is the next step in that process, whether the United States builds it or not. And this is not simply a case of providing an added convenience or commercial benefit to be realized by a select group of individuals -- it concerns the impact that another step in the shrinking of the globe has on the outlook of man and his way of life. The United States SST presents an opportunity to make a giant stride in this regard.

In the environmental field, noise and sonic boom present the greatest difficulty. Both are being vigorously attacked along technological as well as regulatory lines. We believe the environmental consequences of the SST in these areas can be minimized.

I know of no major technical program where the environmental issues have been given more consideration than the SST program. Government studies of environmental effects over the last several years have significantly influenced the design of the SST. Smokeless engines, work on improved noise suppression devices, and the incorporation of a fixed horizontal stabilizer to provide high lift performance for community noise reduction are but a few examples of this design influence. Results of sonic boom studies have provided the basis for the current FAA rule-making action providing for the prohibition of boom-producing supersonic flight over populated areas.

In conclusion, Mr. Chairman, an extensive evaluation of the costs and benefits of the SST has been made. Many of the elements involved, however, cannot be assigned a monetary value because of their intangible nature. Therefore, in the final analysis, the decision to proceed with the SST program had to rest on a combination of informed judgments, technical evaluations and economic studies. In our view, the President and the Congress exercised sound judgment and the public interest has been served thereby.

Mr. Chairman, that concludes my prepared statement. Now I will be happy to answer any questions you may have.



DEPARTMENT OF TRANSPORTATION

NEWS

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

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REMARKS PREPARED FOR DELIVERY BY UNDER SECRETARY OF TRANSPORTATION JAMES M. BEGGS AT THE CHICAGO TRAFFIC CLUB ANNUAL DINNER HONORING NATIONAL TRANSPORTATION WEEK, CONRAD HILTON HOTEL, CHICAGO, ILLINOIS, MAY 14, 1970, 7:30 P. M.

"THE CHANGING COMPLEXION OF TRANSPORTATION"

It is indeed an honor for me to join one of the Nation's most outstanding traffic clubs in celebrating National Transportation Week. Chicago and transportation have been linked economically and romantically ever since the first traders from New York ventured through the Erie Canal. Carl Sandburg poetically called it the city of big shouldered men, the "player with railroads and the Nation's freight handler."

Out of this heritage has developed an area that is the world's largest intermodal traffic hub; a terminus for one-half of all rail mileage in the United States, 200 freight terminals, a yard capacity for 200,000 freight cars, 1,225 transit cars carrying 100,000 commuters, 20 airports, 2,000 cartage companies, over 700,000 aircraft operations annually and thousands of Chicago Transit Authority conveyances of all shapes, forms and sizes.

National something-or-other Week speeches usually extoll the virtues of what has been achieved. I would like to touch on this briefly, but just long enough to introduce what I believe should be achieved in a few of the most vital areas of transportation.

But before I turn to this primary theme for the evening, I would like to say just a few words about a subject which is perhaps foremost in the minds of all Americans at this time.

This of course concerns the events of the past two weeks since President Nixon announced that American and South Vietnamese troops were engaged in cleaning out the "pockets of sanctuary" of North Vietnam forces in Cambodia. This action may well turn out to be the critical turning point in the tragic war in Southeast Asia. I would like to take just a moment to comment on the facts that led to the President's decision.

First -- the entire matter of war in Southeast Asia -- a war that has so far claimed over 40,000 American lives stretched over the terms of three separate Presidents. President Nixon didn't get us into the Vietnam situation -- the fact is, we are there.

For some five years, North Vietnamese have been using the territory of neutral Cambodia from which to launch attacks on American and South Vietnamese forces. And it is worth noting that Hanoi's Government participated in -- and signed -- the 1954 agreement guaranteeing Cambodia's neutrality.

Literally thousands of Americans have been killed because of the support provided to North Vietnamese troops by the supply and command posts and ammunition dumps within Cambodia's 600-mile border with Vietnam. The President's action was taken to wipe out these privileged sanctuaries inside Cambodia before the start of the monsoon season. This is a limited military plan and is not designed to occupy or take over Cambodian territory. The action is designed to destroy the enemy's capacity to kill allied and American troops in South Vietnam.

The President took the only alternative he could choose in the best long-range interest of this Nation. It was an action taken after a searching appraisal of all alternatives -- a decision made despite the criticism he knew would come, and despite the possible political pitfalls which inevitably open up following a momentous decision of this sort. As he said in his April 30 speech to the Nation: "We take this action not for the purpose of expanding the war into Cambodia, but for the purpose of ending the war in Vietnam and winning the just peace we all desire." I, for one, applaud the President for his decision.

I trust you will give our President -- and our fighting men -- the support they need and deserve.

Now, to return to our theme of the evening, let me turn quickly to what has been achieved in transportation and then spend the balance of the time on what should be achieved. I don't mean this in terms of utopias or corporate profit margins, although I would be the first to speak out for a healthy, profitable transportation industry. Rather I refer to those yardstick qualities written into the Department of Transportation Act: economy, efficiency, speed and safety.

One historian wrote as follows about the Cumberland Road, which at the beginning of the 19th Century joined the Potomac and Ohio Rivers: "Military necessity, private initiative and small appropriations by States immediately concerned were not sufficient for the construction of a good road over the mountains through a sparsely settled country. As no single State was financially able or willing to undertake such a work, attention was turned to the Treasury of the United States . . ."

That attention has not waned in the intervening years and neither has the need. But it has changed. The Cumberland Road of the 20th Century is now a conglomerate, including highways, airports and airways, railroads, marine transport and urban mass transit. All five modes are really just one system -- one effort to improve communications. Realization of this fact is inherent in our Congressional mandate. And whether you are a trucker, a railroader or an automobile manufacturer, you will be affected by the changing priorities inherent in that concept.

For several years now -- certainly since the Department of Transportation was established in 1966 -- we have been preaching intermodal balance -- a balanced system that provides mobility for all segments of the population and balanced funding by State, local and Federal agencies.

In the past year we have initiated several new policies and programs designed to give substance to the balanced transportation concept. Perhaps the most significant is the legislative proposal now before the Congress known as the Urban Mass Transportation Assistance Act, which is the first long-term substantial Federal commitment to build and improve transit systems. This legislation would provide \$10 billion over the next 12 years for mass transit. At the same time, we're going to spend \$500 million of that \$10 billion in research and development to try to find new approaches and innovative ways of getting people out of the automobile. Yet this will only be a first step at establishing more balanced financing.

Since 1957, the Federal Government has spent \$65 billion for domestic transport. Of this amount, 73 percent or \$47 billion has been spent on highways, 15 percent or \$10 billion for airports and airways, 11 percent for the Coast Guard and less than one percent for public transit. With the exception of a token amount of \$6 million for the High Speed Rail program, there have been no expenditures for railroads.

The parallel between Federal expenditures and systems success in terms of profits and patronage is more than coincidence. It is a fact. And it is just as much a fact that we are not going to achieve a balanced system until we fill the appropriate Federal troughs with coins instead of words --

until we quit financing according to modal requirements and begin financing according to system requirements.

Consequently, I think it is imperative that we seriously consider the establishment of a national transportation trust fund -- one that would provide continued financing assurance for long-term projects such as highways, airports and mass transit systems; and, at the same time, allow a maximum degree of flexibility in determining appropriate modal expenditures.

I realize that the economic and political climate is not conducive to the establishment of such a fund at this time. But the awareness is growing that balanced planning and promotion must be accompanied by balanced funding. Indeed just as these two factors are mutually productive, they can also be individually counter-productive.

In 1956, we created a trust fund to build highways. It has been enormously successful. But at the same time it accentuated the imbalance in the system. It configured the system in such a way that more and more people must resort to the roads for their transportation. We bankrupted a number of transit companies and rail lines. We succeeded in creating a number of environmental problems.

But the real imbalance has been in the planning process, especially at the local level. In 1969, we spent \$4.7 billion on the Federal-aid highway program, much of it on a 90-10 matching basis.

When a city or State has to choose between a highway which costs only 10¢ on the dollar or a mass transit system which costs from 33 1/3 to 50¢ on the dollar -- and very limited dollars at that -- planning becomes little more than a ledger of statistics on the proliferation of cars and trucks, rather than a judgment as to the best way to move people and goods.

We want to change this kind of planning on the local level. The best way to do this is to show that it can be done on a national basis. Formation of the Department was a beginning. We are now working on a new national planning process. And a national transportation trust fund that allows States and municipalities to allocate funds according to need is the next logical step.

I want to comment very briefly on our new national planning process. The first step is to include all modes which come under Federal regulatory or financing responsibility -- or those which are heavily dependent on Federal programs.

We need an aggregate of statistics which would compare the effectiveness and responsiveness of transportation alternatives on a national basis. This would allow a programming and budgeting operation capable of matching available resources to priority needs. Determining those priorities would be primarily a local responsibility. Each State governor would be a focal point for decision-making. In addition to making State decisions, he would serve as a channel for the decisions of mayors and other local officials.

This is the only realistic way to meet the need for a penetrating examination of our existing transportation system. We must analyze again the basic purposes of transportation and evaluate the means for meeting these purposes. We must consider the trade-offs in the cost of doing business between freight transportation and warehousing and inventory costs. And as a mobility index, we know that too much passenger transportation of the wrong kind can impede mobility. Too many cities have found that the excesses of driving, like drinking, can cause a hefty hangover.

We need to know those areas of intermodal coordination that we can promote with the greatest effect -- standardization, containerization, facilitation or whatever. And we need to define a new role for the railroads in intercity passenger transportation. I would like to spend the remaining time discussing this particular aspect of our transportation challenge.

The passenger train had its glory days. It offered an improvement over the stagecoach that probably exceeded that of the airplane over the long haul train. But, if present trends continue, the future of the passenger train is bleak, with the possible exception of operations in highly populated corridors, where airway and highway congestion often robs those modes of their usual advantages. When congestion sets in, the train may still prove to be the fastest and most convenient mode for short to medium distance trips.

Last year the Penn Central Railroad, urged on by the Federal Government, began its Metroliner service between Washington and New York. Although this service has been only moderately well promoted, and while the number of trains being operated between these two cities has been limited, the actual results are impressive. In the first 11 months of Metroliner operation, the number of riders using the New York-Washington corridor service rose by almost one-half million, from 6.35 million to 6.85 million.

The results are even more significant for the New York-Washington link -- the long haul segment that is in direct competition with air. During the month of November 1969, total ridership increased by 24,000 (about 60 percent). These results are far more favorable than even the most optimistic analysts anticipated, and they confirm the belief that improved rail passenger service is an attractive alternative to air congestion. Similar assessments of intercity transportation in a number of other principal corridors have been conducted and show that even with existing speed -- but with qualitatively superior service -- the rails would carry significantly increased numbers of passengers.

Unfortunately, however, passenger railroads, under their current operating conditions, no longer attract enough travelers to pay their way. Intercity passenger trains (both long and short haul) have declined from about 1,500 trains daily in 1958 to approximately 590 in June 1968, and to some 450 trains today. Another 50 trains are presently involved in discontinuance proceedings before the Interstate Commerce Commission. Revenues from passenger service are declining and costs are increasing, resulting in sharply increased passenger deficits, now totalling some \$200 million annually. Not only the quality of passenger service but also the quality and cost of freight service is being adversely affected.

A number of proposals concerning rail passenger service have been advanced recently. These include maintaining the status quo; accelerating discontinuances -- especially where a reasonably comparable substitute service can be shown to exist -- or, in contrast, declaring a moratorium on discontinuances and subsidizing the present passenger service of the railroads.

We have considered these alternatives, and have reached the conclusion that a new and positive approach to rail passenger service is needed. We believe that any proposal that simply preserves the present quality of service or management in the status quo, or less, is foredoomed. We need to move up to comfort, to speed, to convenience and to profitability. We need a meaningful national test of modernized passenger service over selected rail passenger routes.

Such an undertaking, however, makes sense only if a number of criteria can be satisfied. First, it is critical that the test program specifically include assurances that the service provided will indeed be of a substantially higher quality than is now provided by the Nation's railroads. Second, it is vital that a new organizational force be introduced, with managers primarily committed to passenger service. Third, the

government's financial commitment should be limited. Fourth, the test of improved rail service must be designed so that it comes to an end, concluding direct Federal involvement and fully exposing intercity rail service to the test of the market.

On May 1 Senators Magnuson, Hartke, Cotton and Prouty introduced a bill which we believe provides a method for meeting those criteria. That bill, the Rail Passenger Service Act of 1970, passed the Senate on May 6 by a vote of 78-3, which is a good example of the urgent concern over this problem. We expect the House to take up action on the bill soon.

The new legislation proposes that a corporation be chartered for the purpose of providing rail passenger service to the Nation. But it would not preempt the railroads out of the passenger trade. If any wanted to, they could continue present operations.

Assuming that most railroads, however, are anxious to get out of the passenger business, the corporation would provide nearly all the Nation's rail passenger service over a carefully tailored intercity network of short-haul, high-density corridor routes and a few long-haul routes.

Without getting into all of the details of this proposal, let me outline some of its principal features. The corporation will provide a central management organization dedicated to providing services most desired by the public. The operation of the trains would be contracted to the railroad companies on terms profitable to them.

The initial basic network of cities to be served will be designated by the Secretary of Transportation. Service over this network will constitute the minimum service offered until January 1, 1975. After that date, the corporation will make its own decisions on routes, based primarily on profitability criteria, but subject to the existing section 13a of the Interstate Commerce Act.

Should additional service be desired beyond that provided by the corporation, States or municipalities may contract with the corporation to add rail passenger service as long as those public bodies are willing to fund a reasonable portion of any losses associated with such service.

Since the legislation's intent is that existing carriers would no longer remain in the business and would thereby be relieved of a significant financial burden, a quid pro quo arrangement would aid in the initial capitalization and

financing of the corporation. The legislation proposes that, on a voluntary basis, any railroad desiring to withdraw from passenger service will make a contribution to the corporation equivalent to one-half of its fully distributed passenger service deficit for 1969 (or an alternative avoidable cost formula). A portion of the contribution may be in the form of passenger equipment, or credits for future service to the corporation, and the corporation's stock will be received in return. Any railroad desiring not to join the corporation would be required to continue any service it presently operates until January 1, 1975.

As additional support, there would be limited Federal aid for the corporation, to consist of three parts:

First, cash support of \$40 million to be used for initial organizational expenses of the corporation, managerial overhead, including improved reservations systems and advertising, selective upgrading of roadbed and signals to assist the corporation to conform to quality of service and safety standards, demonstration of new services such as the auto-train, and research and development.

Second, a loan guarantee authority, to assist the corporation in securing loans for purchase and rehabilitation of rolling stock. No more than \$60 million of loans guaranteed under this program could be outstanding at any one time.

Third, either direct loans or loan guarantees to railroads as interim emergency financial assistance. These loans may not exceed five years and a total of \$75 million.

Taking into account the desirability of a meaningful test of improved, better structured rail passenger service in meeting future intercity transportation requirements, and the importance of relieving the railroads of continuing passenger deficits, I believe the corporation proposal to be a creative, positive program. And I hope that you will see it that way also -- and give it your positive support.

In closing, I want to say just a few words on behalf of the greatest transportation system in the world. During this week, set aside by the President as National Transportation Week, we honor the one out of every eight Americans who work in some phase of the transportation industry.

I needn't repeat the endless statistics which show the size and capacity of our present transportation system.

Rather, I think we should focus on the individuals which make up this great system -- those who spend their days and their years working together so that this Nation's mobility will be preserved.

America today is experiencing a number of internal struggles -- between organizations and causes, and management and labor, and governments and ideals. But even in this setting, millions of people are working together for the same causes, for the same freedoms, for the same quality of life, and for a better America. A large portion of these are the men and women in transportation, and I am proud to be among their number.

As we face the decade ahead, the complexion of transportation will be changing. I have mentioned two or three areas which will experience significant change. But what is happening to the railroads, and on our highways, and in our skies, and in our cities is only part of a total reorientation required to meet the challenges of an expanding population, a precarious environment, and a rapidly changing world.

I believe that the transportation industry, personified by the people in it, has the fiber necessary to meet those challenges. And with your guidance and creativity, surely we will be successful.

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Beggs, James M.

DEPARTMENT OF TRANSPORTATION

U.S. DEPARTMENT OF
TRANSPORTATION
AUG 7 1974
FBI NEW YORK

NEED FOR U.S. SUPERSONIC TRANSPORT

Opponents of the program for development of the SST have produced a host of reasons for halting the project. Many of these arguments are specious. None has any substantial basis in fact.

In contrast are the arguments for carrying the program to conclusion as presently scheduled. While there is little or no substance to the claims of the SST critics that harm will result from the plane's development, there are some very real threats to the national interest if it is not put into production on schedule.

Without an SST program, the United States would surely lose its world leadership as an aircraft supplier. The aircraft industry which presently supplies 80 percent of all commercial planes and plane parts in use throughout the world would be subject to disintegration, as air transportation moved into a supersonic age. The loss of sales of a U.S. SST, combined with the increased purchase by U.S. airlines of foreign-built supersonics, is estimated to result in an unfavorable swing of some \$16 billion in balance of payments through 1990.

The effect of a halt or a slow-down in the SST program would be equally serious to the domestic economy. More than 600,000 persons now are employed in aircraft research, development and production. Without an SST in production thousands of these jobs would be lost as airlines went to foreign suppliers for their new supersonic planes. The jobs of more than 50,000 production workers will be saved by the SST and economists estimate that at least another 200,000 will be saved in allied services. These

economic benefits of the program will be spread throughout all 50 states with heavy impact coming from Boeing facilities in Washington and General Electric facilities in Ohio and New York.

The United States already has much time to make up in the competitive race involving the SST, the British-French Concorde and the Russian TU-144. Both of those foreign versions of the supersonic transport already are in the air, undergoing flight tests. Tentative orders have been placed for 74 Concorde and the Russians are believed to be preparing for a major challenge of U.S. leadership with their TU-144 in the world market.

Airline officials of the United States, India and France have been invited to Moscow to inspect the TU-144. It is widely reported that the Soviets intend to fly their big supersonic plane to Tokyo on a promotional flight during EXPO 70, and several authoritative aviation journals have reported that they are offering favorable credit terms and traffic rights over Russia to prospective foreign buyers of the TU-144.

Managers of the United States SST program are convinced they still will be in a competitive position with the Russians and the British-French combine, even though the first SST's are not scheduled for delivery until 1978, provided the development program is continued on schedule. This is based on the fact that the U.S. plane will have more than twice the capacity of the two foreign versions. With its cruising speed of 1,786 miles per hour it also will be more than 400 miles per hour faster than the Concorde and more than 225 miles per hour faster than the TU-144.

A comparison of the three planes follows:

DESCRIPTION/PERFORMANCE COMPARISON SUMMARY

	Boeing 2707-300L	Concorde	TU-144
Maximum takeoff gross weight, pounds	750,000	385,000	330,000
Maximum landing weight	460,000	240,000	
Material	Titanium	Aluminum	Aluminum
Wing configuration	Delta	Delta	Delta
Length	298 feet	193 feet	188.5 feet
Height	53 feet 2 inches	38 feet	34.5 feet
Span	143 feet 5 inches	83 feet 10 inches	72 feet
Wing area (square feet)	7,700	3,856	
Engine	4 GE4/J66	4 Bristol Siddley Olympus 593 stage-1	4 Kuznetsov NK-144
Thrust (augmented) pound/engine	67,800	38,300	38,500
Passengers	298	128	120
Range, statute miles	4,000	4,000	4,000
Takeoff speed, knots	197	201	180
Takeoff distance, standard day plus 15 degrees	10,540	10,900	
Cruise speed, mach No.	2.7	2.05	2.35
	11,786	11,350	11,550
Mean cruise altitude (feet)	63,000	56,000	59,000
Approach speed, knots	153	160	157
Landing distance	8,250	8,200	

¹ Miles per hour.

Source: Concorde—BAC/SUD; TU-144—Report from Halaby, Pennell, Borger Spannuth and Flower.

Total cost of the SST prototype program will be \$1.4 billion of which the government's share will be approximately \$1 billion. The remainder will be shared by Boeing, \$219 million; General Electric, \$86 million; and the airlines, \$59 million.

The Government will recover its full investment with royalties from the sale of the first three hundred planes. A total sale of 500 planes would give the Federal Government a profit of about one billion, which is within the realm of probability since estimates of future sales have gone as high as 800.

Of the total U.S. Government investment, \$604 million will have been spent by June 30 of this year. The appropriation requested for FY 1971 is \$290 million.

Many opponents of the program base their objections on the noise factor. The focal point of these objections originally were the harmful effect of the sonic boom on ground areas over which an SST would travel at supersonic speeds.

This has been met by pledges from President Nixon and Secretary of Transportation John A. Volpe, and a proposed Federal Air Regulation by the Federal Aviation Administration that no commercial plane will be permitted to fly over inhabited areas at speeds that would cause a sonic boom to be heard on the ground. This would apply both to the SST and any foreign-made supersonic transport with landing rights in the United States. The noise the SST will make over the community will probably not differ greatly from that of subsonic jets already in operation and will be less than that of some.

The sideline noise (that is, the noise in the immediate area of the plane on take-off) is not as easily handled. However, planned flight rules for an SST would require that it not be permitted to use runways adjacent to populated areas. In other words, the noise would be confined to the airfield.

One solution of this would be in the future design of airports, all of which must be expanded to take care of increasing air traffic whether the SST is put into operation or not. Funds for such modernization of air traffic facilities are available through user taxes authorized by the recently enacted airport/airway bill.

One of the alarmist allegations by critics of the program presents the possibility that large numbers of supersonic flights at altitudes of about 60,000 feet would pollute the upper atmosphere and drastically change the earth's weather. While there is no scientific support for such an allegation, it has injected into the controversy a "scare" issue at a time when the public is sensitive to hazards of pollution.

The National Research Council of the National Academy of Sciences and the Office of Meteorological Research have made studies of this situation. Their reports indicate that there would be no appreciable disturbances of the earth's normal atmospheric balance by as many as 1,600 daily flights by supersonic jets at altitudes of 60,000 feet.

Further, it is worth noting that abandonment of the SST program would not prevent supersonic flights at those altitudes. Both the Concorde and the TU-144 cruise at roughly the same altitudes as will the SST, and whether the SST is built or not there will be supersonic air travel at 60,000 feet.

There have been many fanciful charges that the overpass of an SST at supersonic speeds would disrupt the earth's natural environment. This is not true for several reasons. First, there are very few land areas over which an SST would fly at supersonic speeds. Furthermore, once an SST reached supersonic speed it would be at such a high altitude that the sonic boom which would be transmitted to land or water surfaces would be greatly reduced below the sonic booms with which the public is familiar.

The popular concept of a sonic boom is that which is produced by a military aircraft flying supersonically at low altitudes. These booms have an intensity 10 to 25 times greater than the booms which would be produced by an SST flying at supersonic levels. It should be remembered that the SST is not designed to fly supersonically at low altitudes. Such speeds normally would be achieved only at altitudes seven to ten miles or more above the earth's surface.

Perhaps the greatest argument in favor of development and production of the SST is that the plane is a product of the progress of mankind. Transportation has progressed to the age of supersonic travel. To ask American industry to produce yesterday's products for today's markets would not be realistic.

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May 21, 1970

May 25, 1970

Editor
New York Times
New York, N.Y.

Dear Sir:

In the interest of fairness I would like to point out some rather serious inaccuracies in your May 21 editorial, "Decision on the SST."

It is not surprising, in view of the storm of misstatements being made about the supersonic transport program, that your editorial writers have been misled. However, this makes it all the more imperative that the facts be presented fairly, since the public lacks the resources available to your staff for determining what is fact and what is not.

To begin with I never made the statement you attribute to me that the "Government's liability for developing the SST may have to reach \$4 billion instead of the \$1 billion hitherto mentioned." My testimony was that the development phase would cost the Government approximately \$1 billion and that there is every indication that private financing would be available for production. I did say that if private financing were not available, we would probably recommend some Government guaranteed loans of perhaps \$1 billion which would be liquidated as the production phase was completed. But that is a long way from the statement you attribute to me.

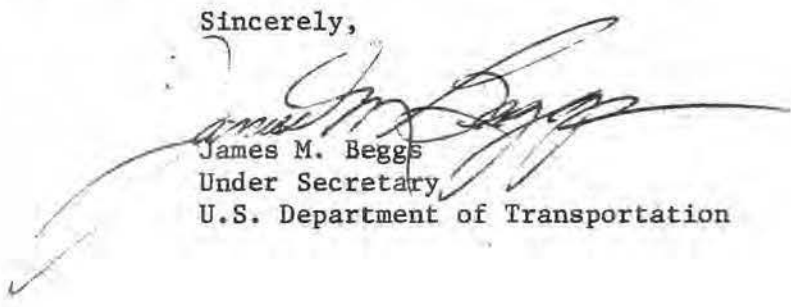
Your editorial quotes General Quesada as suggesting that the air transport industry is not ready for a supersonic plane, but it ignores studies by recognized experts forecasting the purchase of from 420 to 800 SST's. Since the entire Government investment would be recovered from royalties on the sale of 300 planes, your phrase "the continued pouring of Federal funds into the SST project" hardly seems justified.

Also, your comments on Dr. Garwin's statement regarding noise levels ignores all of the research, not to mention other testimony, on this subject. Instead of reaching the "earsplitting equivalent of 50 subsonic jets taking off simultaneously," the SST will actually create less "community" or flight path noise on approach and takeoff than present subsonic jet aircraft. The "sideline noise," perpendicular to the runway, is 3 to 4 times louder than current FAA standards (not 50 times), and is not so great that technology and proper airport land use cannot bring it to within a level of public acceptability by the time SST's are operating.

You speak as though the \$290 million requested for next year to fund the SST program is an exorbitant sum for this purpose. While this does represent a substantial commitment, it is my view that the maintenance of U.S. leadership in aircraft production, the health of an industry involving three-quarters of a million American jobs, and an estimated \$16 billion trade balance advantage over the next 20 years is worth this investment. And I reiterate that this investment will be fully recovered by the Government with interest.

I do not believe the American people are ready to relinquish to the British and French with their Concorde, or to the Russians with their TU-144, the leadership in world aviation. If the facts are presented clearly, the case for the SST is a compelling one.

Sincerely,



James M. Beggs
Under Secretary
U.S. Department of Transportation