

Remarks by
former Senator Joseph C. O'Mahoney
before a select group of editors
at the Willard Hotel, June 5, 1953.

FOR USE MONDAY, JUNE 8, 1953

Following is text of remarks by former Senator Joseph C. O'Mahoney of Wyoming at a luncheon meeting in the Fairfax Room of the Willard Hotel on June 5, 1953 for use on Monday, June 8, 1953:

INTRODUCTION

"The separation of airline subsidies from air mail pay announced by President Eisenhower this week in the tenth reorganization plan of 1953, and the suggestion of Assistant Postmaster General John C. Allen in his testimony before the House Appropriations Committee that the Postmaster General might well be authorized to negotiate contracts for the transportation of air mail, make it certain that the problem of the expanding demand of the people for more and less costly air transportation will be a major source of public interest throughout this session of Congress.

"I have welcomed the opportunity to become actively affiliated as a member of the Board of Directors of North American Aircoach Systems, Inc. in the fight to expand, improve and advance air transportation for the largest possible number of people. The air space above the continent is a natural resource belonging to all of the people and freedom of entry into the commerce of the airways is an objective that must be maintained.

"The possibilities of air transportation are much greater than even many leaders in the industry have realized. There is more than enough to go around, and I have no hesitation in predicting that in a free economy there will be many more air carriers 25 years hence than there are now."

AIR TRANSPORTATION HAS COME OF AGE

"The President in his message to the Congress recommended an amendment of the Civil Aeronautics Act to provide specifically that compensatory rates for mail transportation should be based upon the cost of rendering mail service, plus a fair return."

"The successful experience of the North American Airlines, Inc., in low-cost transportation of passengers during the past three years has demonstrated that low-cost air transportation for mail as well as for passengers may now be readily achieved. Indeed it has been demonstrated that the next ten years will see new records established in the expansion of civilian aviation provided only that it is recognized in and out of official quarters that the new industry has come of age.

"During the period 1950 to 1952 our group has paid over \$650,000 in income taxes to the federal Government and approximately \$5,000,000 in transportation taxes. This expansion of passenger traffic has been accomplished with safety, without subsidy. Our lines, pioneers in the field of air coach transportation, flew more than 230,000,000 revenue miles during 1952 without a mail contract or a Government subsidy.

"They are now pioneering the latest development of passenger comfort, the rear-facing seat, so that passengers may view the course of the air flight without the visual obstruction of the wings, the propellers, and the blank wall of the crew quarters."

THE NON-SUBSIDIZED INDUSTRY IS IN DANGER

"Unbelievable as it may seem, this financially successful expansion of air transportation stands in danger of liquidation

because of what seems to be a complete misconception of the meaning and purpose of the Civil Aeronautics Act of 1938.

"Air lines have been divided into two categories, the 'grandfathers' who received certificates of convenience and necessity merely because they were flying 15 years ago, and the so-called 'irregulars' who have been struggling to obtain recognition from the Civil Aeronautics Board as carriers entitled on their record of safe and profitable operation without subsidy, to be recognized as regular carriers.

"Unless this new generation is recognized, the 'grandfathers' will not be in a position to serve the transportation needs of the country. They were 16 in number when the Civil Aeronautics Act was passed. They have been reduced to 13 and pending mergers may effect another reduction to only 10 or 11. This is the path which will inevitably lead to the exclusion of newcomers and new capital in the development of the nation's air space. It was never the concept of Congress that the unbounded air above the United States would ever be reserved for use by a few.

"'Irregulars', as in the case of the North American group, have reached maturity and should not now be liquidated because of technical interpretation of the law or a misunderstanding of the extraordinary prospects for the expansion of air traffic."

THE MARKET POTENTIAL IS UNTAPPED

"In 1952 domestic air business accounted for only 6% of the total inter-city passenger traffic, including travel by private automobile.

"Air coach traffic which was initiated by 'irregular' carriers in 1946, 1947 and 1948 was so successful that in 1949 the reluctant 'grandfathers' adopted the plan, and although they did twice as much of this business as the 'irregulars' during 1952, the business of which has been increasing all the time, the 'grandfathers' would like to see the youngsters driven from the air.

"The fact is that the public is so air minded, that existing certificated carriers could more than triple the volume of their revenue passenger business in the next 25 years and still leave for the 'youngsters' more than all the air traffic in 1952.

"For example, our studies have convinced us and we intend to prove to the CAB that Air-Bus transportation can be furnished to inter city traffic at the 3¢ rate to the benefit of passengers and to the profit of the carriers. Aircoach and Air-Bus service will do for air transportation what the Ford car did for motor transportation,-- and the Cadillacs of the air will not suffer."

THERE CAN BE NO EXCLUSIVE RIGHT IN THE USE OF ANY AIR SPACE

"If the fight against concentrated big government or concentrated big business is to be won, if the capitalistic system, which is now under attack by authoritarians on the right as well as on the left, is to be preserved, it can only be done by an open door policy for men and for money. The air space above the continent may well be the frontier in which the new struggle will be won for equal participation by all in a free economy.

"This explains why Congress is interested in the policy of the Civil Aeronautics Board. This is why the President and the Postmaster General have officially recognized that existing statutory

policy needs modification. This is why many members of Congress have introduced various bills to modify existing air law. It is the reason why the Civil Aeronautics Board and the committees of Congress are studying the problem of the 'irregular' carrier.

"It is a problem which cannot be settled until it is settled right. There are new frontiers in air traffic which have not been touched and as was stated by Congress in the Civil Aeronautics Act of 1938, there can be no 'exclusive right in the use of any air space'.

"The encouragement and development of Civil Aeronautics', one of the declared policies of the Civil Aeronautics Act, cannot be brought about except by recognition of the successful, though uncertificated, fliers who since the end of the shooting war have turned the experience they had in military aviation into a dramatic and inspiring expansion of air service for the American public."

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