

# FUTURE OF IRREGULAR AIRLINES

---

## REPORT

OF THE

### SELECT COMMITTEE ON SMALL BUSINESS

UNITED STATES SENATE



JULY 31 (legislative day JULY 27), 1953.—Ordered to be printed

---

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1953

## FUTURE OF IRREGULAR AIRLINES

JULY 31 (legislative day, JULY 27), 1953.—Ordered to be printed

### SELECT COMMITTEE ON SMALL BUSINESS

(Created pursuant to S. Res. 58, 81st Cong.)

EDWARD J. THYE, Minnesota, *Chairman*

New Hampshire	JOHN SPARKMAN, Alabama
Michigan	RUSSELL B. LONG, Louisiana
TALL, Massachusetts	GUY M. GILLETTE, Iowa
WILKSON, New Jersey	HUBERT H. HUMPHREY, Minnesota
WEL, Kansas	LESTER C. HUNT, Wyoming
Pennsylvania	GEORGE A. SMATHERS, Florida

LAURANCE G. HENDERSON, *Staff Director*

WALTER B. STULTS, *Assistant Staff Director*

ROBERT A. FORSYTHE, *Chief Counsel*

MINNA L. RUPPERT, *Chief Clerk*

### COMMITTEE ON RELATIONS OF BUSINESS WITH GOVERNMENT

EDWARD J. THYE, Minnesota, *Chairman*

WILKSON, New Jersey	LESTER C. HUNT, Wyoming
New Hampshire	GEORGE A. SMATHERS, Florida

Mr. THYE, from the Select Committee on Small Business, submitted the following

## REPORT

The Senate Small Business Committee was established in the 81st session of the 81st Congress to make a continuing study of the problems of American small business. Almost since its creation, the committee has been faced with the problems of the small independent airlines, the so-called irregular or nonscheduled carriers. Your committee has believed that these airlines constitute a valuable asset to the Nation that should be preserved. Your committee feels that these smaller companies, certainly the nondominant elements in air transportation and thus small business, have not received the unprejudiced and sympathetic attention that any businessman has a right to expect from his Government.

In the spring of 1951, the Civil Aeronautics Board issued an economic regulation which would have so restricted the operation of these air carriers that most, if not all of them, would have been forced out of business within a few months. No question concerning the safety of operations was involved. At that time, your committee conducted an intensive investigation into the role of these small airlines in the United States air-transportation industry. Recommendations were made to the Civil Aeronautics Board on how these airlines could be utilized for the general welfare without impairing the economic strength of the certificated carriers.<sup>1</sup>

In the intervening months, your committee has watched with concern the constant pressure by the Civil Aeronautics Board to put these small carriers out of business. In the committee's annual report, issued in January of 1952,<sup>2</sup> your committee pointed out:

The recent and rapid growth of administrative law in this country has flourished when busy and well-intentioned legislative bodies confer broad permissive powers upon regulatory agencies. The maladministration of such discretionary authorities, whether it stems from prejudice or mere wrongheadedness, had often hindered our traditional freedom of enterprise. This threat to innovation vis-a-vis

<sup>1</sup> S. Rept. 540, 82d Cong., 1st sess., July 10, 1951.

<sup>2</sup> S. Rept. 1068, 82d Cong., 2d sess.

## APPENDIXES

## APPENDIX I

## Large irregular and irregular transport carriers revenue passenger-miles, 1952

Carrier	Passenger-miles
Aero Finance Corp. <sup>1</sup>	27,046,000
Air America, Inc. <sup>12</sup>	42,886,000
Air Cargo Express, Inc. <sup>12</sup>	6,297,000
Air Services, Inc. <sup>1</sup>	(3)
Airline Transport Carriers, Inc., <sup>2,4</sup> doing business as California Hawaiian Airlines	9,160,000
All-American Airways, Inc. <sup>12</sup>	16,896,000
American Air Export & Import Co., Inc. <sup>4</sup>	(3)
American Flyers Airline Corp. <sup>4</sup>	9,253,000
Arctic-Pacific, Inc. <sup>12</sup>	(3)
Argonaut Airways Corp. <sup>1</sup>	9,682,000
Arnold Air Service, Inc. <sup>1</sup>	(3)
Associated Air Transport, Inc. <sup>4</sup>	10,636,000
Aviation Corp. of Seattle <sup>1</sup>	19,525,000
Blatz Airlines, Inc. <sup>4</sup>	4,537,000
California Air Charter, Inc. <sup>1</sup>	10,243,000
Capitol Airways, Inc. <sup>4</sup>	14,236,000
Caribbean American Lines, Inc. <sup>1</sup>	63,618,000
Central Air Transport, Inc. <sup>1</sup>	10,623,000
Coastal Cargo Co., Inc. <sup>1</sup>	14,791,000
Conner Air Lines, Inc. <sup>4</sup>	19,587,000
Continental Charters, Inc. <sup>1</sup>	33,796,000
Currey Air Transport, Ltd. <sup>2,4</sup>	34,022,000
Economy Airways, Inc. <sup>1</sup>	8,510,000
Federated Airlines, Inc. <sup>1</sup>	22,355,000
Freight Air, Inc. <sup>1</sup>	(3)
General Airways, Inc. <sup>1</sup>	9,353,000
Great Lakes Airlines, Inc. <sup>1</sup>	36,004,000
Hemisphere Air Transport <sup>1</sup>	71,534,000
Johnson Flying Service, Inc. <sup>4</sup>	1,063,000
Los Angeles Air Service, Inc. <sup>1</sup>	(3)
Mantz, Paul, Air Service	259,000
Meteor Air Transport, Inc. <sup>1</sup>	15,046,000
Miami Airline, Inc. <sup>1</sup>	32,349,000
Modern Air Transport, Inc. <sup>1</sup>	26,542,000
Monarch Air Service <sup>1,2</sup>	17,111,000
Overseas National Airways <sup>4</sup>	35,237,000
Peninsular Air Transport <sup>1</sup>	28,130,000
Quaker City Airways, Inc. <sup>4</sup>	(3)
Regina Cargo Airlines, Inc. <sup>1,2</sup>	(3)
Robin Airlines, Inc. <sup>1,2</sup>	4,813,000
Royal Air Service <sup>1</sup>	(3)
S. S. W., Inc. <sup>4</sup>	8,978,000
Seaboard & Western Airlines, Inc. <sup>1</sup>	98,905,000
Sourdough Air Transport <sup>1,2</sup>	550,000
Southern Air Transport <sup>1</sup>	7,930,000
Standard Airways <sup>4</sup>	8,299,000
Stewart Air Service <sup>4</sup>	2,218,000
Trans-Alaskan Airlines, Inc. <sup>1,2</sup>	620,000
Trans-American Airways <sup>1</sup>	40,376,000

See footnotes at end of table, p. 21.

## Large irregular and irregular transport carriers revenue passenger-miles, 1952—Con.

Carrier	Passenger-miles
Trans-Caribbean Airways, Inc. <sup>1</sup>	20,055,000
Trans-National Airlines, Inc. <sup>1</sup>	53,621,000
Transocean Air Lines <sup>1</sup>	144,274,000
Twentieth Century Airlines, Inc. <sup>1</sup>	66,782,000
United States Aircoach <sup>1</sup>	27,016,000
Unit Export Co., Inc. <sup>4</sup>	6,512,000
United States Overseas Airlines, Inc. <sup>1</sup>	2,453,000
World Airways, Inc. <sup>1</sup>	22,202,000
World Wide Airlines	5,549,000
Total all carriers	1,181,480,000

<sup>1</sup> Large irregular carriers.<sup>2</sup> Data reflect transport operations for less than a year due either to revocation, suspension, termination of exemption, or no reported operations.<sup>3</sup> No passenger-miles were operated.<sup>4</sup> Irregular transport carriers.

## APPENDIX II

## Irregular carriers' aircraft

Carrier	Aircraft type and number
Aero Finance Corp. (A)	C-46 2
Air Cargo Express, Inc. (A)	C-46 1
Air America, Inc. (A)	C-46 5
Air Transport Associates, Inc. (A)	C-46 4
All American Airways, Inc. (I)	C-46 2
American Air Export & Import Co. (I)	C-46 4
American Air Transport, Inc. (A)	C-46 1
American Flyers Airline Corp. (I)	DC-3 2
Associated Air Transport, Inc. (I)	C-46 2
Arctic-Pacific, Inc. (I)	PBY-5 1
Argonaut Airways Corp. (A)	C-46 1
Arnold Air Service, Inc. (A)	C-46 1
Associated Air Transport, Inc. (I)	C-46 2
Aviation Corp. of Seattle (I)	C-46 2
Blatz Airlines, Inc. (A)	DC-3 1
California Air Charter, Inc. (A)	DC-3 2
California Hawaiian Airlines (A)	LO49 1
	2-0-2 5
	DC-3 3
Capitol Airways, Inc. (I)	C-46 1
Caribbean American Lines, Inc. (A)	C-46 1
Central Air Transport, Inc. (A)	C-46 1
Coastal Cargo Co., Inc. (I)	C-46 2
Conner Air Lines, Inc. (A)	C-46 1
Continental Charters, Inc. (I)	C-46 3
Currey Air Transport, Ltd. (A)	C-46 1
Economy Airways, Inc. (I)	C-46 1
Federated Airlines, Inc. (A)	C-46 1
General Airways, Inc. (A)	DC-4 3
Great Lakes Airlines, Inc. (A)	DC-4 1
Hemisphere Air Transport (A)	DC-3 1
	DC-4 2
Johnson Flying Service, Inc. (A)	DC-3 2
Los Angeles Air Service, Inc. (A)	(1)
Meteor Air Transport, Inc. (A)	C-46 2
Miami Airlines, Inc. (A)	DC-3 2
	C-46 1
Modern Air Transport, Inc. (A)	C-46 2
Monarch Air Service (A)	C-46 1
North American Airlines, Inc. (A)	DC-3 2
	DC-4 5

<sup>1</sup> Not available.

Source: American Aviation, April 27, 1953.

Company	Total Operating Revenue	Profit or Loss*	Status on Jan. 28, 1959	Status on June 30, 1960	Location
Aero Finance Corp. ✓	\$373,253	(\$9,594)	Denied certificate	Not operating	
Air Cargo Express ✓	1,083,286	(38,388)	Denied certificate	Not operating	
Air Services ✓	225	58	Denied certificate	Not operating	
Airline Transp. Carriers	2,526,015	33,324	Further hearing	Operating	Burbank, Calif.
All American Airways	4,326,203	237,799	2-year certificate	Operating	Miami, Fla.
American Air Export & Import ✓	4,047,208	166,621	Denied certificate	Not operating	
American Flyers Airline Corp.	1,386,905	18,927	5-yr. certificate	Operating	Ft. Worth, Tex.
Argonaut Airways	1,056,012	(72,610)	2-yr. certificate	Operating	Miami, Fla.
Arctic-Pacific	848,425	(13,762)	2-yr. certificate	Operating	Oakland, Calif.
Associated Air Transport	2,260,750	(17,433)	2-yr. certificate	Operating	Miami, Fla.
Aviation Corp. of Seattle ○	4,939,967	(255,596)	2-yr. certificate	Not operating	
Blatz Airlines	950,073	20,304	2-yr. certificate	Operating	Burbank, Calif.
Calif. Air Charter ✓	369,871	(36,684)	Denied certificate	Not operating	
Calif. Eastern Aviation ○	7,913,430	461,405	5-yr. certificate	Not operating	
Capitol Airways	30,210,179	244,229	5-yr. certificate	Operating	Nashville, Tenn.
Central Air Transport	3,883,960	(110,236)	Court of Appeals	Operating	Burbank, Calif.
Coastal Cargo Co. ○	1,715,305	(67,362)	5-yr. certificate	Not operating	
Conner Air Lines ○	360,308	(115,169)	2-yr. certificate	Not operating	
Continental Charters ✓	59,671	4,863	Denied certificate	Not operating	
Curry Air Transport	6,552,319	223,132	Court of Appeals	Operating	Burbank, Calif.
General Airways ○	4,234,887	(431,894)	5-yr. certificate	Not operating	
Great Lakes Airlines	19,374,196	847,829	Court of Appeals	Operating	Burbank, Calif.
Johnson Flying Service	1,851,617	129,966	5-yr. certificate	Operating	Missoula, Mont.
Los Angeles Air Service	4,208,467	(494,212)	2-yr. certificate	Operating	Burbank, Calif.
Meteor Air Transport ○	5,009,421	(711,157)	Further hearing	Not operating	
Miami Air Lines	1,338,042	(314,780)	Further hearing	Operating	Greensboro, N.C.
Modern Air Transport	3,165,950	297,815	2-yr. certificate	Operating	Newark, N.J.
Monarch Air Service ○	366,237	18,727	Court of Appeals	Not operating	
Overseas National Airways	23,171,367	(2,098,480)	5-yr. certificate	Operating	Oakland, Calif.
Paul Mantz Air Service	195,179	37,338	2-yr. certificate	Operating	Burbank, Calif.
Peninsular Air Transport ✓	402,559	5,316	Denied certificate	Not operating	
Quaker City Airways ○	261,092	(14,655)	2-yr. certificate	Not operating	
Regina Cargo Airlines	2,350,830	(7,964)	2-yr. certificate	Operating	Miami, Fla.
S.S.W. (Universal Airlines) ○	3,625,439	(358,916)	Further hearing	Not operating	
Sourdough Air Transport ○	6,601	(7,076)	2-yr. certificate	Not operating	
Southern Air Transport	1,796,288	(38,757)	5-yr. certificate	Operating	Miami, Fla.
Standard Airways ○	417,737	162,980	5-yr. certificate	Not operating	
Stewart Air Service	1,521,633	161,876	5-yr. certificate	Operating	Los Angeles, Cal.
Unit Export Co. ○	930,600	4,351	Court of Appeals	Not operating	
Trans-Alaskan Airlines	967,926	49,606	Court of Appeals	Operating	Burbank, Calif.
Trans Caribbean Airways	3,930,878	2,086,819	Now has rt. cert.	Cert. carrier	
Transocean Airlines ○	50,846,495	(12,151,441)	5-yr. certificate	Not operating	
United States Overseas	30,720,158	(2,011,536)	2-yr. certificate	Operating	Wildwood, N.J.
U.S. Aircoach ✓	117,319	830	Denied certificate	Not operating	
World Airways ○	6,008,818	140,281	5-yr. certificate	Not operating	
World Wide Airlines	172,843	(128,072)	Further hearing	Operating	Burbank, Calif.
<b>TOTAL</b>	<b>241,862,944</b>	<b>(14,151,378)</b>			

\* Parenthesis indicates loss.

NOTE: Revenue covers all sources—military, charter, 10-trip authority, etc. Jan. 28, 1959 was date of CAB decision in supplemental case, prior to which carriers operated under exemptions. "Court of Appeals" notation means certificate was denied and carrier has appealed. "Further hearing" means

CAB is considering the case. California Eastern's revenues during the period were primarily from leasing, overhaul and maintenance. Trans Caribbean's revenues, for the period before it became a scheduled carrier, include aircraft rentals.