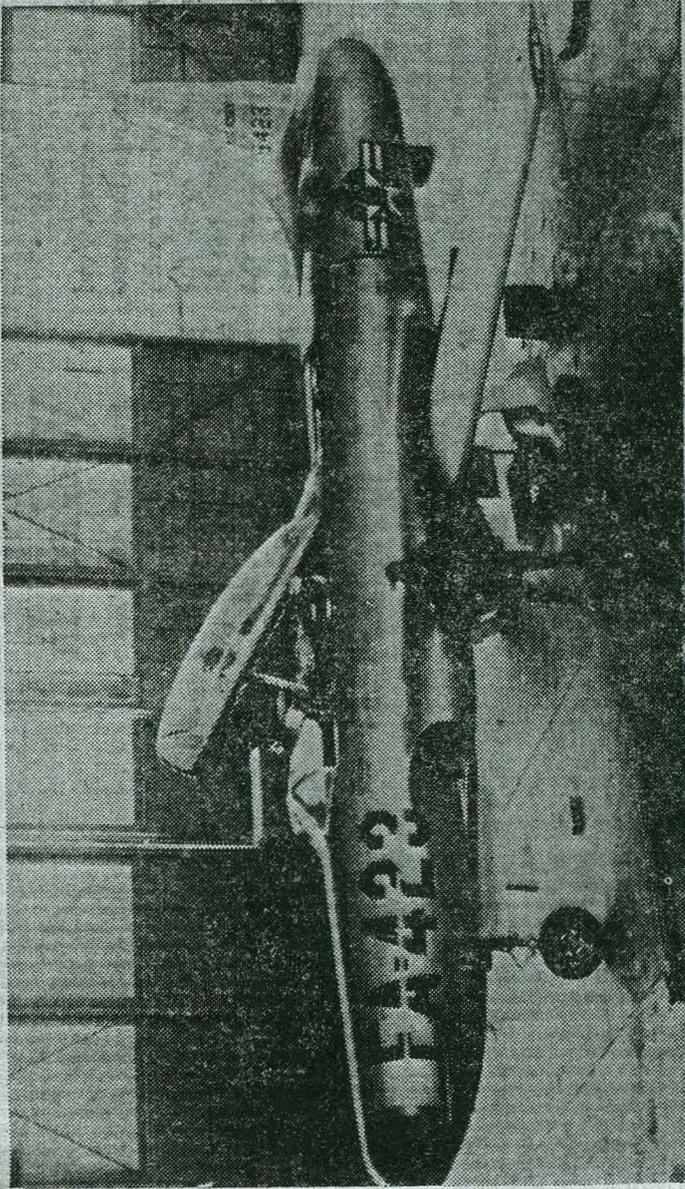


File

THE LEADER, WILDWOOD, N. J., THURSDAY, APRIL 10, 1952



JET PLANE REPAIRS—Repairs to the second USAF jet plane to use the Cape May county airport for an emergency landing last week were completed recently with the plane taking off shortly after for its home base at Wilmington, Del. A new motor was placed in the jet at the hangars occupied by the United States Overseas Airlines, with USAF mechanics in charge of the work. The jet is pictured above it was being worked on in the hangar.

Monday, April 23, 1956

THE STARS AND STRIPES

Airlines Study Cheap Rate for Atlantic Trips

WASHINGTON, April 22 (UP)—U.S. airlines are expected to propose next month that transatlantic air carriers of all flags inaugurate a third class of passenger service at fares averaging 25 per cent below current "coach" rates.

The proposed "thrif" class air service was worked out by Pan American World Airways as an answer to Civil Aeronautics Board (CAB) demands for cheaper transatlantic rates by Aug. 30.

Unless a better suggestion is produced in the interim, the U.S. carriers are expected to present the "thrif" class plan at the May 29 meeting of the International Air Transport Assn. in Cannes.

Seeks Route OK

(Meanwhile, the U.S. Overseas Airlines has applied to the CAB for a transatlantic route, AP reported.)

(The airline, one of many which the CAB recently changed in status from nonscheduled to "supplemental" operations, asked for routes between New York and:

(1)—Frankfurt or Rome by way of Gander, Shannon, London and Paris.

(2)—Rome by way of Gander, the Azores, Lisbon and Madrid.

MEMPHIS, APRIL 30, 1956
THE COMMERCIAL APPEAL

\$145 FARE TO EUROPE

U.S. Airline Will Seek OK For Low-Cost Service

WASHINGTON, April 29. — (UP)—North American Airlines announced Sunday it will apply to the Civil Aeronautics Board for permission to start low-cost service to Europe which will cut existing fares in half.

The airline said the application will ask that North American be allowed to start direct overnight service from Boston, New York, Philadelphia and Baltimore to Luxembourg on June 15. The lowest fare under the new plan—Boston to Luxembourg—will be \$145, the airline said.

North American is asking permission to run the service for an initial three-year period. Recently it was granted full landing rights by Luxembourg to use that country as the European terminal of its new service.

MAR 6 1956

Cape Airline Seeks Puerto Rico Charter

WASHINGTON, March 5 (AP)—United States Overseas Airlines, Wildwood, N.J., and Caribbean Atlantic Airlines, New York City, have filed amended applications for service to San Juan, Puerto Rico. The new proposals:

U. S. Overseas—Nonstop between New York and San Juan, and three New York-San Juan routes with intermediate stops, one by way of Nassau, Bahamas, another by way of Philadelphia and Washington, and the third by way of Miami.

Caribbean Atlantic—Two routes between San Juan and Miami, One by way of Ciudad Trujillo, Dominican Republic; Cape Haitien and Port Au Prince, Haiti, and Nassau. Another by way of Cuidad Trujillo, Capt Haitien, Port Au Prince, Kingston and Montego Bay, Jamaica, and Havana.

A/C P1255
3/6/56

The Sunday Bulletin

PHILADELPHIA, PA.

MARCH 29, 1953

Washington Merry-Go-Round

Secret Plan Aims to Kill Non-Scheduled Airlines

By DREW PEARSON

It doesn't often happen that a government bureau writes a secret memo aimed at killing little business and then proceeds to carry it out. However, this column has obtained a copy of a confidential plan, drawn up by the Civil Aeronautics Board in 1948, and carried out since then, to drive the non-scheduled airlines out of business.

These airlines sprang up after World War II and carried cut-rate, cross-country passengers who couldn't otherwise afford to fly. Most of the outfits were started on a shoestring by pilots just back from the war.

Ironically, they were encouraged and set up in business by the same CAB that later started shooting them out of the skies with economic regulations after they gave the big airlines competition.

Stay of Execution

At one point, the CAB was forcing the non-scheduleds into bankruptcy so fast that the Senate Interstate and Foreign Commerce Committee called for a "stay of execution." The Senate Small Business Committee also raised such a fuss that the CAB promised to try to find a place for the non-scheduleds in the aviation industry. What the senators didn't know was that the man the CAB put in charge of this study, Louis Goodkind, was none other than the author of the secret blueprint to wipe out the non-scheduled airlines.

Goodkind's secret plan was to repeal the blanket authorization that allowed the non-scheduleds to operate, then force each line to come before the CAB separately either for a certificate to operate as a regular airline or for permission to continue on a non-scheduled basis.

"Either procedure has the advantage of affording a means for ultimately terminating the operations of this group of carriers," Goodkind brazenly wrote in his secret memo never supposed to leak into print.

"A second reason in favor of either proposal," the memo continued, "is that it should not lay the board open to criticism of stamping out, without due process, these carriers which they have permitted to come into being..."

Forced to Wall

Dated September 16, 1948, Goodkind's master plan to wipe out the non-scheduleds was followed to the letter by the CAB, which is supposed to guard the public interest, not protect the big airlines from competition.

On April 18, 1949, the CAB abolished the blanket authorization and

ordered the non-scheduleds to file individual applications if they wanted to stay in business.

Of the first 103 applications acted upon, 78 were turned down cold, thus forcing them out of business. No decision was handed down on 14 applicants, whereas only ten were approved. Significantly, the ten that got the OK were too small and insignificant to give the big airlines any competition.

This was also according to Goodkind's blueprint, which made the point that "the small (non-scheduled) carriers continue to perform a negligible amount of business in comparison with the largest and... A perpetuation of the present small degree of regulation over the small carriers should not have any serious effect on the total air transportation picture."

Another Technique

Another technique that Goodkind suggested to squeeze out the non-scheduleds was to abolish route operations.

"Our experience to date convinced us that, with few exceptions, it is necessary for carriers operating large aircraft to routinize their operations..." he pointed out in his secret memo. "They must more and more confine their operations between certain points to build up a clientele and insure themselves of adequate load factors and a balanced directional flow... It is necessary in the case of the (irregular carriers) to make careful provision for their frequent overhauls and maintenance checks, crew changes, etc. Generally speaking, this cannot be successfully accomplished except on route operations."

Knowing this, the CAB deliberately abolished route operations for the non-scheduleds in May, 1950.

Goodkind even opposed letting the few non-scheduleds stay in business that didn't compete with the big airlines. He reasoned: "It is conceded that there are certain limited and special services which can be conducted by large aircraft on a truly non-scheduled, irregular basis. These are the true fixed base operations such as conducted by Paul Mantz in carrying movie crews to and from location. It is believed unwise, however, to keep the door open to such few operators and thus provide entry for a host of undesirables."

This is how one government agency has been stamping out free enterprise and competition. — (© 1953)

Battle of the Airlines:

Non-Skeds Hit Back at CAB, Call It Club for Old Blues

(Fifth of a series)

By GUY RICHARDS

As the 60 non-scheduled airlines see it, the Civil Aeronautics Board is an aloof and snooty club intent on restricting membership to the Old Blues—the 16 trunklines and 19 feeder lines.

As the Old Blues see it, the non-skeds are a bunch of irresponsible youngsters, fouled up with a few gypps, skimming more and more cream from a business that the skeds built up.

The skeds say the non-skeds have given the industry most of the black eyes received in 1950 and 1951.

The non-skeds say the sked set-up is a cozy monopoly, and that all the initiative in price-slashing has come from them—the irregular carriers.

Both say the other is partly subsidized, and both are partly right—

The skeds by mail-pay and other rebates; the non-skeds by taxpayer-built war surplus planes for which many of them pay rental of only \$300 a month. But there are exceptions on both sides of the fence.

LITTLE TO AGREE ON.

Though there's obviously little that the two agree on, a couple of points on which they and the general public might be expected to concur emphatically are:

That the present situation borders on chaos.

That the system by which new blood, new brains and small business is permitted to venture into the air transport industry must be drastically overhauled.

Before weighing the merits of the case, it's necessary to follow the struggles and achievements of both sides. Today we'll look at the non-sked success story.

United, TWA, and the big names in the sked network of 1952 — it provided for what seemed to be the easy admission of new faces.

Those provisions are in Section 604, (a) and (b), of the act, which gave the Authority (now CAB) the right to issue an operating certificate to any person or group which it deemed "adequately equipped and able to conduct" a safe air carrier operation,

SQUATTERS "RIGHTS."

The virtually ineradicable, perpetual certification which the act gave the 16 "grandfathers," who were, after all, the real pioneers, is not so stated in the act. Then, as now, the supervisory government agency had the right to suspend and revoke certification.

But in the light of Federal court realities, lawyers are of the opinion that the 16 trunklines have been presented with inviolate squatters' rights in the business. Individuals in those trunklines may get the whiplash from CAB. Sigmund Janas, forced out of the presidency of Colonial Airlines last year, is a good example.

But not the airline or its certificate. They continue undisturbed.



AVIATION BOOSTER

Irregular airlines have found a champion in their competitive struggle. He is Sen. Sparkman (D-Ala.), pictured above, who is helping them to present their problems to the Senate Committee on Small Business.

Journal-American Photo.

Slick Airways and the Flying Tiger Line.

From headquarters in Burbank, Calif., and using cargo-toting DC-8's, DC-6's and C-47's, they...

until 1949. By postwar years, non-skeds had but those that 150—were giving and tougher com

That was the CAB adopted the icy toward the ended its practical exemptions, called applications, a that no exemption granted to call previously rendered type service even route-type served been legal interpretations.

The honeymoon. The sked vs. non-arrived at the bar. The row which out of Federal years, amid a flood of injunctions, and induced the non-skeds and scrappy list of a vengeance.

IMPAIRED MAIN

Irrespective of main issues, the referred as follows:

Displacement skeds from regions impaired their the very years.

equipment need more attention. "You can't have tenance without tions," Amos E. ident of the Air Association, the

until 1949. By then, in the four postwar years, the ranks of the non-skeds had been weeded out but those that remained—about 150—were giving the skeds tougher and tougher competition.

That was the year that the CAB adopted the get-tough policy toward the non-skeds. It ended its practice of blanket exemptions, called for individual applications, and announced that no exemptions would be granted to carriers that had previously rendered a route-type service even though such a route-type service might have been legal under previous interpretations.

The honeymoon was over.

The sked vs. non-sked fight had arrived at the bare-knuckle stage. The row which has gone in and out of Federal Courts for two years, amid a flurry of stays and injunctions, and which has reduced the non-skeds to a tough and scrappy list of 60, was on with a vengeance.

IMPAIRED MAINTENANCE.

Irrespective of the merits of the main issues, the public has suffered as follows:

Displacement of the non-skeds from regular routes has impaired their maintenance in the very years that their aging equipment needed more and more attention.

"You can't have proper maintenance without routed operations," Amos E. Heacock, president of the Aircoach Transport Association, the non-sked trade

group, told this reporter in Washington.

And the get-tough policy suddenly snagged the non-skeds' ability to borrow money at the very time they were thinking of buying new equipment. Considering the non-skeds hazy future, few bankers will lend the sums necessary for down payments on Constellations, DC-6's, Convairs or Martin 2-0-2's, etc.

NEED DOWN PAYMENTS.

You have to make down payments, in most cases, in order to enter purchase orders.

So—awaiting the decision on their fate—the irregular carriers are forced to fly their routes in equipment that is often in crying need of replacement.

But they aren't taking their troubles lying down. Their achievements have been formidable. They deserve a clearer definition of their future than the CAB has given them and they have found a champion in the Senate Committee on Small Business, of which Sen. John Sparkman (D.-Ala.), is chairman.

Last Spring, Sparkman's committee balked a couple of new attempts by the CAB to restrict the non-skeds still further. And then, from April 23 to May 5, the committee held hearings at which non-sked owners, pilots and stewardesses were allowed to pour out their woes.

They told quite a story.

The owners told of building up a business only to find that the CAB was out to knock it down.

The crews told of airport

heckling and obstructionist tactics—from sked crews who parked their planes in such a way that the non-skeds couldn't take off; from tower crews who allegedly would stack up the non-sked planes in the air by failure to give them landing orders; from CAA inspectors who, it was charged, would conduct protracted plane inspections in the presence of passengers in such a way as to make the passengers doubt the planes safety.

FORCED LOWER FARES.

But the most important story was told by Amos E. Heacock, president of the Aircoach Transport Association, and himself the president of a very successful non-sked line operating from Seattle, the Alaska Air Transport Associates.

It was the story of an overwhelmingly rising public patronage at the lower rates offered by the non-skeds—a patronage that has forced the skeds, one after another, into the air coach (second class) business. That's a definite gain for the public.

Heacock, in an interview with his reporter in Washington, brought the facts up to date.

"Despite all the kicking around we have received," he said, "the non-skeds have definitely pioneered the industry into the new pastures of mass patronage at lower fares. The figures tell the tale.

"In 1950, for example, the U. S. international airlines increased passenger mileage only 9.9 per cent over 1949, the do-

mestic trunklines were up 18.8 per cent and the non-sked passenger miles were up 67 per cent.

PASS BILLION MILE MARK.

"In 1951, non-skeds, for the first time in their history, crossed the billion passenger mile mark to snag about 10 per cent of the domestic business. "We're up 35 per cent and the domestic trunklines are up 33 per cent.

"We don't have to look far for the reason why the domestic picture, sked and non-sked, is doing so much better than the international. The reason is good, healthy, cheap competition. And the skeds, with their rising aircoach volumes, are cashing in on it, too.

"The CAB has prohibited price competition from non-skeds on the international routes. And there the average price per passenger mile is 7 cents—about 2.75 cents more than the skeds' own air coach average.

"Draw your own conclusions."

(TOMORROW: The success story of the skeds and their case against the "intruders" and "cream-skinners"—the irregular carriers.

The Clouds Won't Cry

Murky overhead but probably dry underfoot with a high around 40 degrees is what the Weather Man promises for today and Saturday. Keep the extra blanket handy for tonight though.

FINE LAW IN 1938.

Congress had no presentiment of a postwar era, with hundreds of surplus war planes and hundreds of newly-trained pilots, when the Civil Aeronautics Act of 1938 was written and passed.

It was a meritorious piece of legislation. It was designed to end some of the follies of the scrambling and sometimes cut-throat prewar aviation picture. And though it laid the groundwork for monopolistic tendencies by giving virtually ineradicable certification to the 16 "grandfather" trunklines—American, Pan American,

NEW LINES FOSTERED.

On the other hand, it is wholly untrue to say that the CAB has not fostered competition or new airlines.

There is sharp competition among the 16 "grandfathers" for passengers between many of the same cities.

And 19 new feeder lines have been admitted to the sacred circle of certification. In addition, there are now four certified cargo carriers that used to be non-skeds and two of these are remarkable stories of postwar pioneering in freight—

DC-3's, DC-4's and C-46's, this pair of eager beavers fly regular routes across the nation and accept charter assignments anywhere in the world. They have given the skeds an awful run for their money.

CRUX OF THE ISSUE.

But the crux of the issue between the skeds and non-skeds, and the heart of the CAB's unresolved dilemma which is plaguing the nation today, is this question:

Should the basis for admitting new competitors be economic pioneering or geographical pioneering?

In other words, should new outfits be allowed into the club because they bring new rates, styles and classes of service to existing routes, or because they blaze new geographical trails, link up new cities, inaugurate new airways?

History will probably show that the CAB guessed wrong in trying to decide the issue after the war too much on the side of new feeder lines and geographical pioneering.

History will probably show that the CAB guessed wrong by underestimating the huge, growing conspiracy on the part of the public to find air travel at bargain rates — a conspiracy which the non-skeds have aggravated to the CAB's huge embarrassment.

EASY TO GUESS WRONG.

But it was easy to guess wrong. The deluge, and the problems it brought, started right after VJ Day. A report put out by the Office of Aircraft Disposal, War Assets Administration, on Nov. 1, 1946, summarized the problems.

By the end of September, 1946, War Assets had sold nearly 24,000 aircraft of the types that could be certified for use in civil aviation.

In those days the one thought in the minds of many servicemen was to start their own businesses. And for most pilots, the desire was either to get into flight instruction or with the airlines, or, with a small grubstake start their own airlines.

500 FILE WITH CAB.

By Sept. 3, 1946, a deadline for applying for registration, more than 500 filed registration papers with the Civil Aeronautics Board as non-scheduled air carriers. The majority of what they were using came from war surplus stocks—DC-4's, DC-3's, twin-engine Lockheeds, etc. Later, in a different kind of arrangement the Air Material Command began leasing C-46's (Curtiss Commandos) at \$300 a month.

Naturally, these veterans, on whom War Assets had trained the big guns of its war surplus sales promotion, never believed that the same Government (through the CAB) was going to pull the rug from under them via a suspension or revocation.

The CAB took care of most of new applicants via exemption orders—a process of granting immunity from the stipulations of the Civil Aeronautics Act which, on behalf of some irregular carriers, it had begun in 1938.

This exemption system lasted