

HISTORY OF THE INDUSTRY

Today's supplemental airline industry had its start shortly after World War II when a group of Air Force veterans returned home to establish the first aircoach service, using their own capital and with no Government subsidy.

In 1951, Congress, through the Senate Small Business Committee found that these carriers were performing useful and important services to the public and to the national defense. It asked the CAB to study the industry and determine how best to preserve it.

In 1959, the CAB after the longest regulatory investigation in history, granted certificates of public convenience and necessity to 25 supplemental air carriers. These carriers are authorized to operate (1) unlimited charter flights in the domestic field; (2) 10 route-type scheduled individually-ticketed round trips per month between any two points in U.S. and (3) charter trips in the foreign and international field subject to individual exemptions by the CAB.

In April, 1960, the U.S. Court of Appeals ruled that the CAB does not have the authority to grant such certificates. Following this decision the Congress passed a stopgap bill permitting CAB to grant such certificates for 20 months until Congress could decide on permanent operating authority.

If supplemental industry is driven out of business by failure to obtain operating authority broad enough to survive, national defense will be impaired by loss of nation's only ready-reserve civilian airlift; development of a low cost air service in the public interest will be halted, and the only competitive yardstick available to measure claims of public service and national utility of big trunk airlines will be eliminated.