

Dear Congressman Flood:

Appropo our meeting last Friday afternoon at the Butler Air Terminal in Washington, I am happy to enclose for your consideration a proposed draft of the letter which we discussed relative to MATS non-responsive and irrelevant answer to your previous request.

I am taking the liberty of enclosing excerpts from the Holifield Committee hearings of April 25, 1963, which further point up the serious deficiencies in MATS' policies and methods relative to its purchase of commercial air transportation.

How MATS can take a small carrier which grossed approximately \$570,000 in 1959 and inflate them by non-competitive negotiated contract to approximately 30 million dollars a year defies logic or reason. This is a 60-fold increase whereas other carriers who were previously much stronger and more experienced, going back ten years in their services to the military, have been emasculated to a skeleton by this arbitrary policy which bears no relationship to the intent of Congress to broaden the base of the available commercial carriers for emergency reserve. Simple justice in the allocation of business to smaller companies striving for free enterprise is not being done. These present MATS' policies contravene the long hard years of work done by your Committee to prod MATS into ~~equitable~~ equitable policies which take MATS out of competition with private enterprise and simultaneously strengthen the commercial reserve fleets both in qualified airmen and experienced management.

Sincerely,

R. Cox

*Appropriation legislation must state explicitly that all approved MATS. Carriers will get some business plus some expansion business.*

Dear Mr. Secretary:

Appropo my telegram to you of recent date inquiring as to the merit of increasing the number of carriers doing business with MATS, I consider your answer not responsive. It is quite obvious to anyone with the least knowledge of the problem that TWA has many airplanes. This is irrelevant and begs the question.

I understand that TWA has a Category A contract amounting to over \$4,000,000 per year for which the government pays for a certain number of seats on each scheduled flight in the North Atlantic whether they are occupied or not and I presume, therefore, that since these seats which are blocked to and from Europe are blocked indiscriminately on whatever aircraft TWA happens to schedule; and that these planes by virtue of the contract would already be pledged to the CRAF Program.

As a result of your appearance before my appropriations committee it is clear to me that Mr. Ed Driscoll, your assistant, I have discovered, acts as follows: He is a fly in the ointment. He engages in sophistry and in double talk such as "we allocate business by considering the dollar volume vs. the mobilization base." What this means in English, I have yet to discover. Both you and he have admitted before Congressional Committees that you are in effect not broadening your base of carriers for emergency use. That you have selected a chosen few whose gross income from you, in certain cases, has increased over the last three years as much as 3000%, whereas other carriers equally desiring to do business with MATS have had their contracts reduced to ~~virtually~~ virtually zero.

I consider this contrary to the will of Congress and  
contrary to its established intent that:

"MATS....."

I ask you why, therefore, that a small business contract  
of some \$4,700,000, which was taken away from a small air carrier, ~~when~~  
I am told, because they did not produce jet aircraft for this bid, was not  
given to another small carrier which happens to be headquartered in a distressed  
area and who offered a modern jet aircraft and who stood willing and  
able to perform? Instead this contract was awarded to a giant of the industry.  
It seems that the ~~logic and~~ larger the business today the more patronage  
they receive from MATS at the expense of the smaller companies. I would point  
out this policy of yours likewise reduces and possibly permanently eliminates  
one more small carrier who could assist in expanding the available nucleus of  
trained personnel and management in case of national emergency.