

Who stands where?

# Airlines fly different directions on deregulation

During the course of the recently concluded Senate hearings on deregulation proposals many different opinions were offered and not too much agreement was noted, even among the airlines.

The Association of Local Transport Airlines (ALTA) asked in its testimony that Congress confine deregulation at first to this country's major high-density markets in order to protect small and medium sized markets from invasion by the larger trunk carriers. Generally speaking, most of the regional airlines opposed the pending legislation.

Here are comments made by some of the airline executives who testified at the hearings.

**C. E. Meyer, president, Trans World:**

"I must express deep concern that one of the major stated purposes of the proposed legislation is a desire to increase competition in what has been and increasingly is a highly competitive industry. The airlines have long suffered from the unfortunate conflict of being highly regulated and, at the same time, highly competitive. The proposed legislation worsens the situation . . .

"Basically, I urge that additional time be taken . . . before changes in the system are finalized. In the interim, encourage price compe-

tion, by establishing a zone of reasonableness that permits carriers to raise or lower fares and rates up to 15 per cent in any given year.

"Additional changes in the regulatory structure should only be made if it can be demonstrated that the nation's basic air system will not be jeopardized."

**Arthur F. Kelly, chairman, Western:**

"We believe that the current statutes which have fostered air transportation must be retained, understood and properly administered . . . Regulation is essential to the operation of a dependable air transport utility designed to serve the public . . ."

**Frank Borman, president, Eastern:**

"The odds are that the bills you are considering, as written, will not promote a more efficient system, will not result in lower air fares and will not promote effective competition within the industry.

"In fact, we could have another railroad industry on our hands, with old, inefficient equipment it can't afford to replace and the disappearance of all but a few large carriers with a tremendous amount of economic power . . ."

"Gentlemen, Eastern wants change; indeed, we must have it. But I warn you that, in the final analysis, we dare not make the basic mistake of confusing progress with motion."

**L. B. Maytag, chairman, National:**

"Any major revision in the fundamental rules which have successfully guided the development of our airline system for 40 years will generate vast uncertainty . . .

"I recognize that much of the enthusiasm for reform stems from the natural desire for lower fares. I, too, share that desire. Unfortunately, I see no provision in this legislation which will lower the costs for fuel, labor or equipment. Nor do I see how the industry's efficiency can be improved to offset the ever-increasing inflationary spiral. We would be less than candid if we held out to the American public the possibility of fare reductions without dealing with the root problem of inflation . . .

"Presently we are bound by law and school through years of regulation to respond to the public interest. With adoption of this legislation, I would expect less influence upon the industry from the public segment. There would be more concentration on economic survival instead . . .

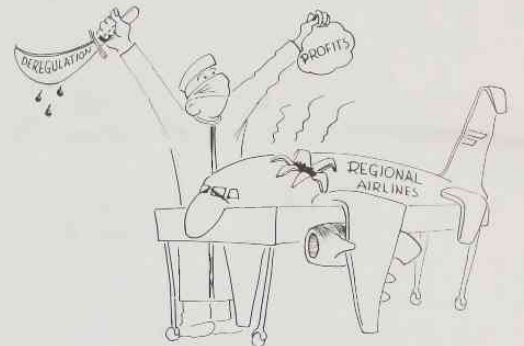
"The simple fact is the present law is sound."

## Imaginable incidents . . .

by Jack Brandon



"THERE NOW... SINCE YOU'VE BEEN DEREGULATED, INCREASE FREQUENCY OF SERVICE AND LOWER YOUR FARES."



THE OPERATION WAS A SUCCESS, BUT THE PATIENT DIED.

