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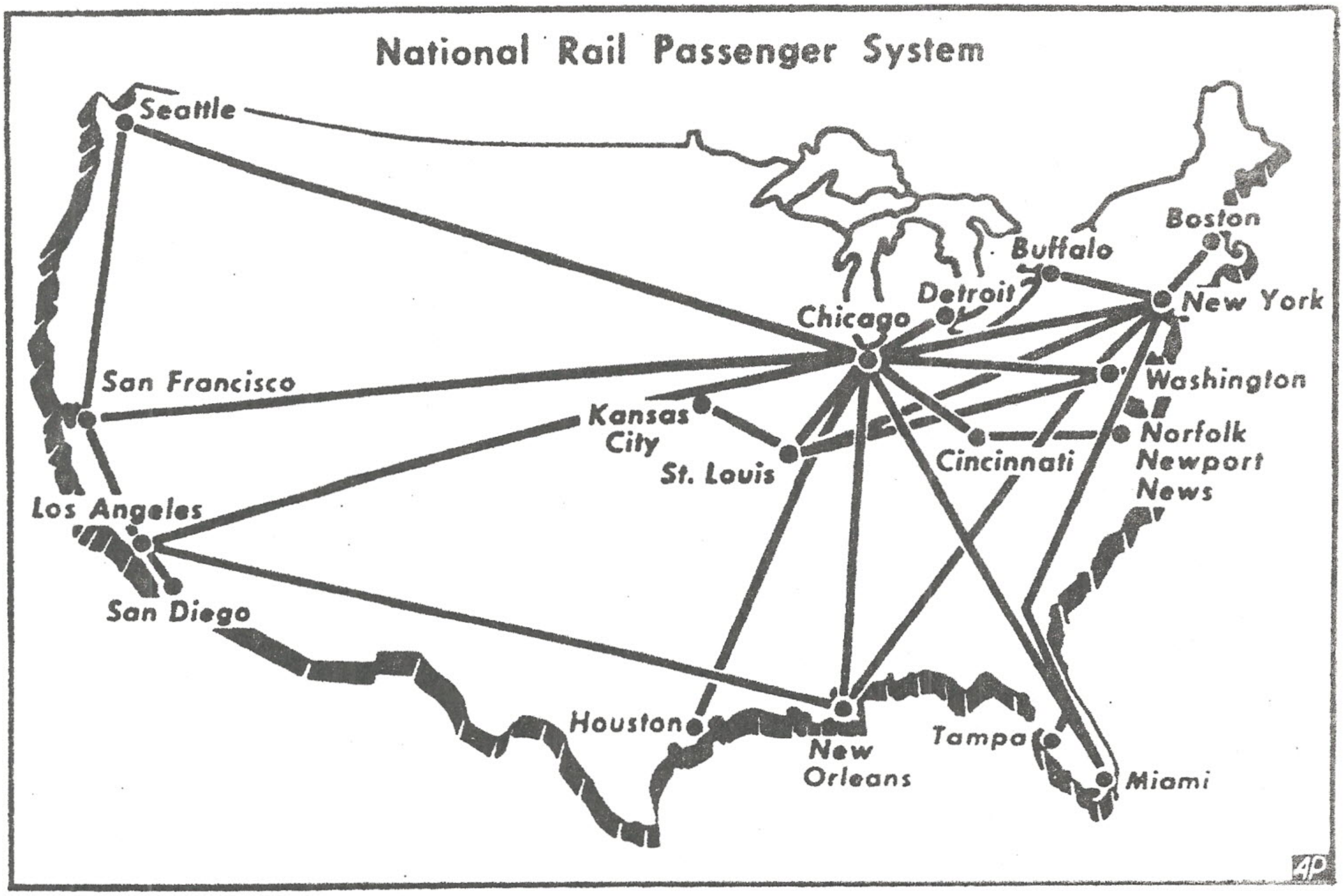

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STAFF NOTES

With this issue, our semi-annual address label updating has become effective. We ask all our readers to carefully check their label for correctness, and to inform us immediately of any errors.

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NEWSFRONT

✓AIR: ONWARD AND DOWNWARD

✓RAIL: PICKING UP SOME OPTIONS

✓URBAN: A SECRET DONOR UNMASKED

ONWARD AND DOWNWARD

Onward and Downward With the Airlines

The financial troubles of the airline industry were heavily underlined the other day by Charles C. Tillinghast, chairman of Trans World Airlines, when he suggested that the problems might not be solved without setting up what would amount to a domestic cartel.

With TWA and other lines reporting large losses for 1970, it's evident that the companies will have to try to get their costs in hand. One way to do this, Mr. Tillinghast said, would be to allow airline officials "to sit around a table and bargain out essential economic interests."

When competitors get together to talk about their economic interests, the outcome isn't always in the public's interest. That of course is the reason why such conversations are barred by the antitrust laws.

Still, the TWA executive does have a point. What bothers him is that airlines are expected to be highly competitive and yet are denied the freedom to compete, the freedom "of pricing their product in accordance with their business judgment and that of being free to deploy their assets in such markets as they may deem wise."

Federal regulation frequently decrees what the airlines can charge and where they can fly. It's the same sort of regulation that has pushed the railroads so close to collapse, and the result for the airlines eventually could be much the same.

It could, that is, unless the Government begins allowing the airlines to be more truly competitive. The change probably would mean that some cities would lose all or part of their air services and that airline charges wouldn't always suit everybody.

Somehow, though, that prospect seems far less worrisome than allowing the airlines to slide into bankruptcy —or permitting them to set up a cozy little cartel.

--The Wall Street Journal

According to the Associated Press, most major airlines said they do not plan to follow United Air Lines' plan of economizing by cancelling or cutting back orders for jumbo jetliners. Only one, TWA, appeared to be moving in a similar direction. Trans World Airlines said it was negotiating with Lockheed for a stretchout of deliveries of "several" L-1011s. TWA said it would take delivery this fall on the first of 33 L-1011s on firm order, and that it was scheduled to receive 21 planes in 1972 and 11 in 1973. A spokesman said the carrier was talking with Lockheed about delaying delivery of some of the 1972 craft until 1973.

On the other hand, Pan Am said it had received the first 25 of 33 747s, and the remaining 8 were scheduled to be delivered by the middle of June. Eastern Air Lines said it had 37 wide-bodied L-1011s on order (plus options for 13 more) and was sticking to its original plans. American has 25 jumbo jets on order, and options for an equal number, and has no plans for delays or cancellations at present.

The United move that prompted the speculation on other carriers' plans involved UAL's reduction of its DC-10 order from 30 to 22, with deliveries reduced by 3 in 1972 and five in 1973. Beginning with the first DC-10 delivery this summer, United is scheduled to receive five in 1971, ten in 1972, three in 1973 and four in 1974. Cancellation of the additional eight will save UAL approximately $130 million in cash, funds the hard-pressed carrier can use elsewhere.

Elsewhere in the world, foreign-flag carriers, while acknowledging far smaller profits during 1970, still are facing the future with considerably less gloom than their American counterparts. Both BOAC and BEA, the two British state owned airlines, plan to expand their staffs and number of flights in 1971. Air France, despite a possible 1970 loss, plans to hold the line on layoffs.

Alitalia, the Italian carrier, expects to post a gain for 1970, as does West Germany's Lufthansa and Israel's El Al. Even the USSR-owned Aeroflot has been steadily expanding its budget, services and personnel. In Asia, Japan Air Lines expects to post lower-than-average earnings figures, which will probably force postponement of certain expansion plans, while in Canada, both CP Air and Air Canada showed a profit in the latest available reports, and both carriers are continuing to grow.

The U.S. figures for 1970 are not all in, but as a group the 21 scheduled and 10 non-scheduled airlines are expected to show a loss of more than $150,000,000. About $130,000,000 of this loss is being borne by the twelve U.S. "majors"; Pan Am, for example, posted a 1970 loss of $48,000,000.

The economic downturn for U.S. carriers has caused, understandably enough, some severe belt-tightening among the most hard-hit airlines. United is furloughing 100 more stewardesses March 2, and boosting its previously-planned furloughs of pilots between January and July to 394 from 260.

In New York, TWA said it will lay off 50 more pilots and other cockpit personnel in mid-April, in addition to the furloughs already announced. The carrier, which laid off 295 flight deck employes last year, said earlier it would furlough 80 more at the end of March and 100 in mid-April. Other airlines polled said they were adopting a "wait and see" approach.

TURNING THE OTHER CHEEK

As if that encouragement were not enough, the majors are also enmeshed in trying to determine exactly how badly they have been hurt by a new Civil Aeronautics Board ruling that appears to award a large slice of the lush transatlantic market to their arch-competitors, the non-scheduled airlines.

A long-awaited CAB ruling announced last week gave the nonsked carriers alomst total victory in their drawn-out fight with the scheduled carriers; the new ruling further relaxes regulations covering cut-rate group charters, and indefinitely deferred action on an earlier proposal that the National Air Carrier Association, spokesman for the nonsked carriers, had warned would put them out of business,

The unkindest blow of all to the majors was a CAB companion also taken last week that proposed removing all restrictions on groups which legally may take part in charter flights. Current rules--which the majors complain are often violated--

require that group charters be restricted to bonafide organizations, not groups formed solely for the purpose of obtaining low-cost transportation to Europe.

The proposed new rule would permit nonaffinity groups of 50 or more individuals to take advantage of charter rates with only these restrictions: That charters would have to be organized six months in advance and that a 25 per cent deposit be paid at that time. The CAB will accept arguments on both sides of this proposal until May 6, then weigh the testimony for several months before reaching a decision.

The other new rules governing group charters also cover scheduled airlines (all of which operate charters as well as regularly-scheduled service) and go into effect in 60 days. According to the CAB, "Certain existing rules are relaxed and under the new rules tour operators, affinity groups, travel agents and individual travelers will enjoy greater freedom in making charter arrangements."

One important respect in which current rules are relaxed is in permitting different types of passenger charters to be combined on the same aircraft and will "permit any number of groups of 40 or more members to fly on the same plane". This provision will do away with the need for one charter group to assemble a whole planeload, and appears to open the door to use of the 350-passenger jumbo jets hauling a number of small charters at the same time.

Unless amended or rescinded by the CAB, the ruling adopted last week will become effective in ample time for charters to reap a bonanza in the transatlantic vacation season. The proposed rule, even more permissive, may not take effect until late in the year.

At the same time, the CAB also granted the airlines greater "intermingling authority". In the charter business, that means flying a group to a destination on one airplane, but using a different plane to fly the group back. The old regulations required going and returning on the same plane.

STOL SAGA

According to a report in the San Francisco *Chronicle*, the performance of modern, short-runway airplanes is so good that many people can't quite believe it and are hesitant about riding in them. That was an ironic conclusion emphasized recently in the San Francisco Chamber of Commerce's report on a month-long schedule of trial flights linking Candlestick Park's parking lot and Sacramento's Cal Expo fairgrounds. The STOL aircraft used was a Britten-Norman Islander, a twin-engine, fixed-wing plane carrying nine passengers and one pilot, taking off in less than 600 feet of runway and landing in less than 500. Even fully loaded, it can climb at 1050 feet per minute.

The Chamber of Commerce's NORCALSTOL project manager, P.H. Stephenson, noted in a final report of the one-month trial that:

> *"One reaction to the operation was discovered that could be a critical problem: The fear of flight in 'small' airplanes. This was the case in at least a dozen telephone or personal contacts made with adult businessmen..."*

Most of the businessmen, the report said, expressed the same thoughts: "Small" airplanes are unsafe--and "small" meant, to them, anything smaller than a commercial airline jet. Hence, the report concluded, since the STOL has proved its capability, but since the public has doubts of its safety, a longer trial run must be arranged--to show the public it is safe. During the month's trial flights, there were no accidents of any kind, and the only interference with regular schedules was unexpectedly early winter weather.

As a result, Stephenson's report concluded:

"Short-runway aircraft could make a highly-significant contribution to needed 'air commuter' service between downtown San Francisco and Sacramento (or city cores anywhere) if:

√ Equipment now under test by the Federal Aviation Administration and the National Aeronautics and Space Administration is developed to provide all-weather service.

√ An education program can be developed to convince the public that these high-performance, agile smaller air carriers are safe.

The Chamber of Commerce, as a result, is proposing "an extended commercial operation (charging fares, which the trial did not) of up to one year's duration" to prove conclusively that STOL aircraft inter-city commuter service can fill a real need and do it safely.

NEW ENGLAND NOTES

The *Wall Street Journal* reports that Executive Airlines, an air taxi operator in the Northeast and Florida, has asked the CAB for extensive route authority in New England paralleling many routes currently operated by Northeast Airlines. Executive moved to make its application part of the New England service investigation ordered by the Board.

The Board has given Northwest Airlines six months to come up with a comprehensive plan for improving air service in New England, as one condition in its approval of a proposed Northwest-Northeast merger. The Executive move could relieve some of the pressure on Northwest to improve New England service.

BARGAIN BASKET

Southern Airways is offering a weekend fare plan that provides a significant saving in return-trip travel. The carrier offers a discount of 2/3 on the return portion of the trip if both legs are completed on a Saturday or Monday. From the Windy City to New Orleans, for example, the one-way coach fare is $63; the round-trip fare at regular rates is twice that. Under the new tariff, the return leg of the journey would cost but $21.

ATLANTA ACTION

Welcome to the club: Atlanta Airport is saturated beyond its capabilities. The FAA says its controllers can't handle the 81 arrivals and departures scheduled each hour during peak periods, and the flights are in consequence stacked up as far away as New York. There are 1,000 arrivals and departures of passenger carrying aircraft every day at Atlanta Airport, not including private or military flights. In consequence, the FAA now rates Atlanta Airport third nationally behind O'Hare and L.A. International in passengers carried and number of operations.

railway report

THE SECOND TIME AROUND

Let the UPI dispatch tell the story:

Transportation Secretary John A. Volpe, responding to criticism, added five major routes to the new railroad system that a semipublic corporation will operate in an effort to save the vanishing passenger train.

Volpe announced that the National Rail Passenger Corporation (Railpax), created last year by Congress, would offer service from Seattle to San Diego, New Orleans to Los Angeles, New York to Kansas City, Washington to Chicago, and Norfolk to Cincinnati.

These routes were left out of the original Railpax network plan and the Transportation Secretary acknowledged at a news conference that the revision was prompted by demands for passenger train service linking these cities. The network proposed last November included 16 basic routes. Since then, Volpe said he had received 3,000 letters.

"Because of the thoughtful comments submitted since November 30, the basic system designated at that time has been subjected to intense reappraisal with the result that my final designation significantly increased the number of cities to which service will be provided by the Corporation," Volpe said.

The revised plan, to be served by about 150 trains or half as many as were running a year ago and a fraction of the high of 20,000 in 1929, now will be sent to Congress for approval and scheduled implementation on May 1.

Volpe did not divulge the names of any cities that will serve as intermediate stops between the so-called terminal points of these new routes. Under the legislation setting up the corporation, the Secretary was only to recommend the terminal points, not the specific routes connecting them.

But he said the Corporation had agreed to provide some service to Denver and Minneapolis--two cities not chosen as terminal points--and that the west coast of Florida, also left without service under the original announcement, would have a route linking Miami with Tampa and St. Petersburg.

And thus the public has been heard, and most of the big gaps in the original network have been plugged. One of TC's more articulate readers, "Old Prof" Bill Thoms, points out that the emphasis has apparently irrevocably been placed on long-haul rather than short-haul operation, in a turnabout from most previous assessments, in effect following the recommendations of the Interstate Commerce Commission; NARP's recent emphasis has been on short-haul service as being more viable. Reader Thoms also notes that the only Railpax route not currently operating is New York-Kansas City, and that the revised plan calls for all service to Seattle from the Midwest operating via Minneapolis, runs to San Francisco operating via Denver, and those to Los Angeles operating via Kansas City. Still missing from the revised proposal is any type of international service linking the U.S. with Canada and Mexico, though the ICC recommended several such runs in its report of objections filed with the Department of Transportation.

metro memo

UNMASKED

United Press International reports that the Standard Oil Company has been identified as an anonymous donor of $45,000 to defeat a California referendum that would have allowed gasoline taxes to be used for rapid transit.

California Secretary of State Edmund G. Brown Jr. identified the oil company as the source of the large anonymous donations and said the company admitted making them after he threatened to subpoena bank records. A company spokesman said the donations were not identified earlier as coming from Standard thru "some sort of oversight" by the campaign organization.

Standard Oil of California (Chevron) had been identified as the source of another contribution of $30,000 to the campaign fund totalling $348,000 which was used last year to defeat the ballot proposal. California election law requires the identification of any donor of more than $1,000 to such a campaign.

The total of $75,000 contributed by Standard Oil made it the largest backer of the successful campaign to defeat the proposal. Standard is the leading marketer of gasoline in California; other oil firms were also heavy contributors.

EXOTICA: YET ANOTHER PROPOSAL

A "triple-threat" rail car is being developed by the General Motors Corporation. The mass transit car will be able to run on its own diesel-electric engine or the engine can be powered by electricity from a third rail or overhead trolley.

The car would carry 100 passengers in suburban and urban operations, said B. B. Brownell, general manager of the Electro-Motive Division. The units are designed to enter and leave third-rail or trolley territory without even slowing down.

Engineers are working on the prime mover, electric transmission, controls, body and suspension systems, said Brownell.

Comment from this desk: When will the concept of the "all service vehicle" finally be laid to rest? Many experiences with hybrid units have shown that they simply are not economical enough to justify the increased expenditure over conventional units; witness the Newark (PSCT) ASV's and the ill-fated New Haven FL-9 locos, for example. It seems to this writer that our technology is sufficiently advanced to be capable of designing an all-electric system that will be easy to install and economical to operate or, failing this, to design a self-propelled unit that will be equally inexpensive to operate, and that will not pollute. We need not once again tread over well-worn paths.

MISCELLANY

Just when everyone thought the old animosities had been buried once and for all, a proposal to erect parking garages at Chicago rapid transit terminals such as Jefferson Park flared the tempers of the suburban railroads whose "turf" would be invaded and riders siphoned off. Charging that the CTA should not thus be "expanded", the roads reiterated their own "super-Authority" proposals,