FLIGHT International, 7 January 1971

There's simply no way to economise the industry into prosperity. Halaby, Spater, Lawrence and Tillinghast [of Pan American, American, Braniff and TWA] have had the lard presses working through the night throughout 1970, but there just isn't that much fat to render. And aspirin and bed rest won't do it either, while we wait for the consumer to release his hoard of disposable income."
Mr Charles Tillinghast, who is board chairman of TWA. has denied rumours that he is considering resigning, and that TWA may be bought back by its former owner, millionaire Mr Howard Hughes. TWA suffered heavy losses in 1970 (Flight for December 17, page 929).

"Il i\ In•! 111111111', increasingly rare," says the association, "for gmeiniin ills to accept airline recommendations with-out qui" I Mm "
On I he question ol fare levels, lata suggests that Whicli? should examine more closely the questions of whether undue profits have been made, of whether fares have risen fastei Hi.in lln < ost of living, of whether Ihe tare structure has been inflexible and static, and ol whether services have, improved. However, lata adds that, as the director-general, Mr Kuui Hainmarskjold, said recently, it welcomes the increasing interest of consumer associations in the air transpoi t industry.

CAPACIT Y RESTRAIN T URGE D
A PROPOSAL which would allow US domestic airlines to enter into mutual agreements for the reduction of capacity-has been put to the Civil Aeronautics Board by TWA. Many observers in the USA believe that the competitive environment is producing wasteful duplication of services at present, and that with a slump in domestic trunk traffic the airlines' load factors are taking a beating as a result. Agreements to limit capacity are illegal without CAB approval, but there have been indications that the board will be willing to countenance such a radical departure from normal competitive practice, although only as an emergency measure. An earlier application by TWA, American and United was rejected by the board, which however left its options open.
TWA's proposal is that airlines should be permitted to reduce: capacity mutually on any route where the average load factor falTs below 55 per cent. Provision would also be made for increasing the number of services as load factors improved, but in a manner which would avoid swamping the route. TWA estimates that its proposal would allow savings of perhaps $200 million a year by the whole industry.

FARE S "NO T RUBBER-STAMPED "

IN a letter lo the Consumer Association, fata has taken issue with an article criticising airline fares machinery in a recent issue of Ihe CA magazine Which? (see Flight for December 17, page 932;. The article said that the present level of international tares was artificially high because it was set by lata, whose recommendations were "generally accepted without question" by Governments. lata has told the Consumer Association that it believes that few airline men responsible for governmental relations would agree with the Which'.' viewpoint. In fact, lata says, many government ; require member airlines to brief them before, during, and particularly after traffic conferences.

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I mis. signed Ihe agreement under which his allocated Off 100 million (£11.0 million) or 6.0 per
llie development eosls of the aircraft. The remain-
. 1 per (cnl is being supplied by the French
inent and the German Government and industry in proportions. Of that German share, the private
v is having to put up fO per cent.

Pan American suffered losses reported as $27 million (£11 million) in the first II months of 1970, compared with $19.7 million (£8.2 million) in Ihe similar period of 1909.

Eastern Airlines reported a net profit of $741,000 (£309,000) for the first fl months of the year. By contrast TVVA's losses for the same period were running at $01.9 million (£25.8 million).

Step Further The proposed merger of American Airlines and Western Air Lines lias now been approved by the boards of both companies, and is being put to a share-holders' vole; CAP) approval will also be needed before linalisation. '1'he merger agreement tiled with the CAB provides for 18 of the 21 board members of the new airline to be appointed by American and three by Western. The resulting airline would take the name of American.

Eastern's first 747, one of three being (eased from Pan American, is to
go intu service on the New York-Miami and New York-San Juan routes
on January 7, and between Chicago and Miami on January 21. It has
a 352-seat layout, which features an eight-seat economy-class lounge

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