selves have potential value as a reserve for wartime transport purposes.

All hidden subsidies can be criticized as being liable to abuse, there are also arguments against straightforward compensation for deficit, as paid to the British Corporations. The latest B.E.A. report, noting that April 1952 fares show that 400,000 passengers flew the Atlantic last year, about 20 per cent more than in 1951—as lines concerned; provisional 1952 figures show that 400,000 passengers to Europe, so the term "tourist" loses its point) are normally made possible.

The figures certainly show that real progress has been made in some parts of the world, where operating conditions are most favourable, which enable other European operators to offset the losses often incurred on regional services.

International Mail-rates.—About three-quarters of international air-mail is carried by aircraft of the country of origin at a rate determined by the United Nations Postal Treaty. The rates flown by foreign aircraft are fixed by the Universal Postal Union; since 1948 these rates have been six gold francs per metric ton-km (about £8.40 per 1,000 miles). On three gold francs haul services. Last year the U.P.U. decided to introduce lower rates of four and three gold francs in these respective categories. This unilateral action was taken without negotiations with the airlines. In the interests of stimulating traffic-growth (which benefits owners of air-mail in addition to other services), the airlines contend that a high mail-rate, based on the price which the sender is prepared to pay rather than the actual cost of carriage, is fully justified. The effect on passenger-traffic of the introduction of these lower rates is unusually great because of the effect of a proportionate increase in mail-rates. These arguments, however, were ignored by the U.P.U.

Combined U.P.O.—The past few years have shown a pronounced trend toward co-operation, and in some cases co-ownership of airlines, as a means of improving efficiency of economy. An outstanding example was the formation of the Scandinavian Airlines System "consortium" in 1947, which the Norwegian, Swedish and Finnish national carriers became a single, sizeable airline which has since greatly strengthened its competitive position. The individual companies retain their legal identity, but, as far as air traffic is concerned, they are regarded as a single entity. This trend towards mergers of American domestic operators has taken place, the latest—between Delta Air Lines and Chicago and Southern Air Lines—being due to take effect in June. Further American mergers are likely, and the possibility of similar combinations of British independent operators is not to be excluded.

References B.O.A.C.'s chairman to projected global services by British Commonwealth operators suggest the possibility of closer grouping of companies. An area of Commonwealth co-operation is found in the partnership Springbok and Kangaroo routes operated jointly by B.O.A.C. and, respectively, South African Airways and Qantas.

Pooling of services—and in some cases of spares and overhaul facilities—is already widely practised on the Continent. A number of proposals have been put forward for unifying European air transport, but so far such schemes remain on paper.

Trends towards gradual reduction of the number of large operators have been accompanied by a very marked contraction in the field of private and non-scheduled operators—particularly in America. Employing war-surplus aircraft and keeping their overheads at a minimum, the "mail-carrier" has occupied its role in bringing down the cost of air travel in the last 10 years in the United States to where the average small city airways has reduced its fares by over 65 per cent. The point was made recently by the late Mr. H. B. Luft, of Qantas: "The most important of I.A.T.A.'s activities is that of fixing rates on international routes in each of three traffic areas—No. 1, Nordic and Southern Europe to the Far East; No. 2, Europe and North Africa to the Middle East, including Iran; and No. 3, Asia, Australasia and the Islands of the Pacific, with headquarter offices at New York, Paris and Singapore. The annual meeting of I.A.T.A., which is attended by the staffs of each member airline, is concerned with the fixing of the lowest category of fares, with the object of confining the subsidized scheduled airlines, and thus forcing them to become "coach"-minded, these small but tenacious operators, who have done it well for seven years, who understand its ramifications to the public and has no opportunity to work on the long-haul routes which enable other European operators to offset the losses often incurred on regional services.

* Colonial Coach, + Hypothetical case; based on £8 weekly return fare (winter only).