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SIR GILES'S

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N A FAREWELL MESSAGE to BOAC staff as he approached the end of his five-year tour as chairman of the airline.
Sir Giles Guthrie said that although BOAC was not the world's largest airline it could claim to be the best and at the moment it appeared to be the most profitable. Its financial strength. he added, was more important than sheer size.
In an interview in The Times on Christmas Eve, Sir Giles spoke of the changes on which he had insisted when he was appointed chairman in 1964. "Before 1 came in," he said. "I insisted on receiving a letter from Julian Amery (then Minister of Aviation) making it absolutely clear that I was to run the airline commercially and make profits."
Secondly, said Sir Giles, he had had changes made in the part-time board members, and had wanted to have "a very big say" in who would be appointed—"what I wanted was a collection of men who had proved themselves in their own right."
Thirdly, he had wanted the indebtedness of BOAC to be written off by the Government "when we got to the stage of agreement that the £80 million could be written off, I then chipped in and said that we ought to have £30 million more to start the airline up again, having treated it as a bankrupt business. This was agreed, and has ever since been considered as something of an achievement."
Sir Giles said that full credit had been given to his predecessor for an operating surplus which occurred durirjg his first year, and that in his own first full financial year the clear profit had been £8.9- million. He had been anxious that, after his five-year term, BOAC should have £80 million' in capital and a similar amount in reserves. "In fact, what we have today is public dividend capital of £50 million, loan capital of £30 million and reserves of £61 million. ... 1 expect a profit up to the end of this financial year of between £12 million and £14 million. It is a pretty healthy state of affairs when you look at some of the big private-enterprise businesses."
Sir Giles rejected as ridiculous any suggestion that his management had killed the VC10; the wisdom of its decision to cut down its order for the type had been borne out by the fact that the airline had had sufficient capacity, although some allowance had to be made for, the accidents at Tokyo and Heathrow. London. The spreading of the delivery of the VClOs up, to 1969 dovetailed in neatly with the arrival of the Boeing 747 in 1970. It had never been likely, even before he arrived at BOAC. that substantial numbers of VCIOs would be sold in competition with the Boeing 707, because the air-craft had not been ready in time. "It really had nothing to do with me My job was to look after BOAC and nothing affected this."

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FIVE YEARS

Sir Giles said, in answer to criticisms that BOAC had been run as a banker's airline in the past five years, that a tight financial rein had been necessary. The decline in the airline's share of the North Atlantic market was due to the fact that the American carriers had points beyond in the USA and in Europe as well; these were virtually denied to BOAC in Europe "because it is in BEA territory," and in the USA because of the bilateral agreement.
"We still do not regret," said Sir Giles, "having given up the route to South America. And when we hear that British United Airways is making a profit on that route, we would be interested to know what they mean by the word profit— for instance whether it includes interest on the capital involved, and whether it is an annual profit."
It had been inevitable that when, in the early 1960s, BOAC had said that it would take 50 per cent of the North Atlantic traffic, it would make its worst-ever loss. Conversely, in the 1970s the airline's share of the traffic would have to be increased to make the new larger aircraft profitable.
On industrial relations, Sir Giles said that the number of hours lost in the past five years had been insignificant in comparison with any other industry. "The pilot situation is one of great difficulty, because these men are highly trained. They do think they ought to be members of management, the senior ones. . . . What they fail to remember is to assess their value according to the British market, the British standard of living, and the pay and productivity criteria of the British Government." Nevertheless, said Sir Giles, an early solution to the problem had to be found, and the pilots deserved an increase in salary. It did not help the airline if any section of the staff was disgruntled and prepared to strike.
Sir Giles said that he would leave with a certain amount of sadness; and that he would do the same again—"If you are invited to do any big national job. and you feel you could do it, I think you should accept."

TRAFFIC-GROWT H MAINTAINE D

IN spite of economic and political difficulties in various areas of the world, provisional figures issued by ICAO show that there was a 15 per cent increase in ton-miles performed on
scheduled services by the airlines of member states in 1968
by comparison with 1967. The number of passengers carried
also increased by 12 per cent. The biggest growth was for
cargo (including excess baggage) and mail ton-miles, which
showed, respectively. 19 and 29 per cent increases.

This OC-8-30, PH-DCB, photographed recently at Accra, Ghana, when operating KLM's West African service, carries more prominently the name
and insignia of Garuda Indonesian Airways, from whom it was leased before delivery