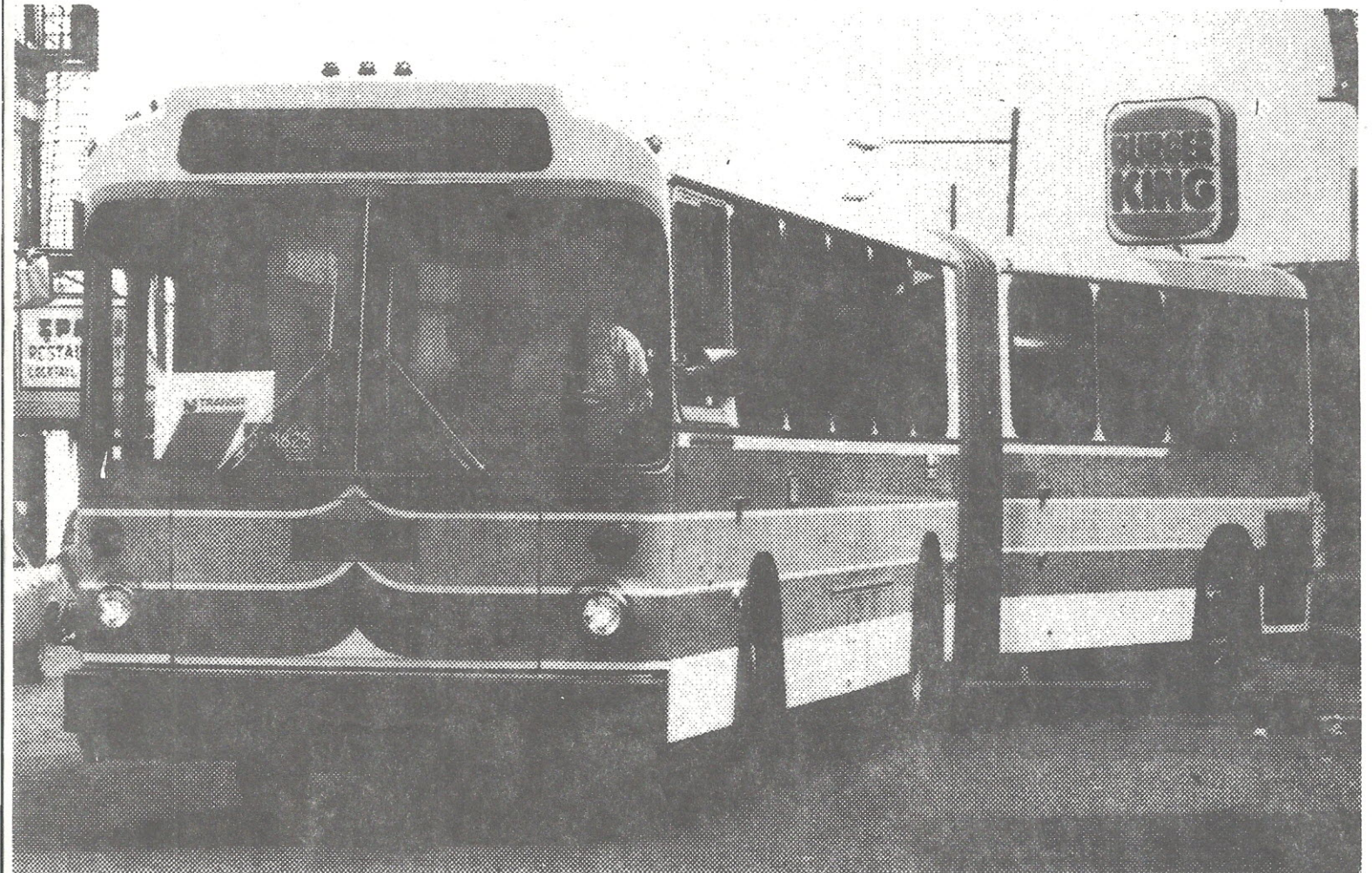


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air

CROWD CONTROL

► After continuing negotiations that went well past the eleventh-hour deadline set by the union, a nationwide walkout of air traffic controllers set for early June 22 was averted.

Despite repeated assurances that he would not "negotiate at the point of a gun", Transportation Secretary Drew Lewis nonetheless agreed on behalf of the administration to some of the demands of the union.

By threatening to cripple U.S. air traffic, the Professional Air Traffic Controllers Organization (PATCO) won a wage and benefits package that included an average 6.6% wage increase added to a 4.8% hike expected to be granted to all federal employees later this year. This would mean a \$4,000 annual raise for controllers (who are currently paid \$37,800 to \$49,200 and who had asked for a hike of \$10,000 across the board.)

Controllers must work 40 hours weekly, with all time over 36 hours at premium pay. PATCO had sought a 32-hour basis.

Night differential would be increased to 15% from 10%. (The overtime and night differential increases were included in computing the overall 6.6% hike.)

Although the Federal Aviation Administration retained most management rights, PATCO won concessions on participation in operating and safety policies. The union also won recognition as a unique group among federal employees.

Also, the new contract raises limits on premium pay, and provides for 14 weeks severance pay for those forced to quit for medical reasons; the job of controller is recognized to be highly stress-inducing.

Had the controllers struck June 22, the FAA had worked out a plan of maintaining essential air service for flights of over 500 miles; the contingency plans would have at least halved the number of planes in the air, as control towers would be manned at less than full strength by supervisory and military personnel.

[Comment from this desk: An interesting contingency plan this, for it places in the public record for the first time the FAA's conception of what actually constitutes necessary air service.

We have long contended that the uncontrolled growth of the commercial aviation industry in

this country because of the lack of an integrated, intermodal national transportation policy has placed a drain on energy resources deleterious in the long run to the economy. By treating each mode independently of the others, we have created an airline industry with too many flights and empty seats; a crippled passenger railroad network and an overdependence on the private automobile by misallocation of resources to the public modes.

In a rational transportation network, expensive (in terms of capital investment, public and private, and energy usage) air transportation would be reserved for the longer hauls (beyond 300 miles or so), where its natural time savings would compensate for those costs.

Shorter journeys would be the province of an expanded rail passenger network, fed in turn by over-the-road bus services. Easy interface between the modes would be an important part of a truly national transportation network, negating the need for each to provide its own feeders. The convenience of such a system would go a long way toward obviating the necessity for much private automobile travel.

But this, of course, presupposes that the provincialism inherent within the industry would disappear overnight, and that such a network would be considered a politically desirable goal. Given the laissez-faire attitude of Congress and the Administration, it seems a fair bet to assume that our fragmented transportation network will continue to limp along in its present form for many years to come.

-RRKJ

EQUIPMENT ECLECTICA

► TWA has purchased one 747 from Iberia, and two from British Airways . . . The same carrier has 10 Boeing 767s on order, four to arrive in 1982 and six the following year. TWA also has five Lockheed L-1011s on order for delivery over the period between October 1981 and May 1982. TWA in addition has optioned six 747s and up to 35 767s, as well as six L-1011s.

► Pacific Southwest is selling four 727s to Piedmont as it continues to upgrade its fleet . . . Recent Boeing sales include six 757s to Transbrasil of Sao Paulo for 1985 delivery; five 737s to Air Florida and four to Indian Airlines, as well as two each to CP Air and Arkia Israel Airlines.

Air New Zealand, Canada's Nordair and Thai Airways each purchased one 737, and Cathay Pacific bought another 747. These orders bring Boeing's 737 total to 950, 747s to 572 and 757s to 135 orders and 59 options.

► Nigeria Airways has purchased four and optioned an additional four A310 Airbus craft, to be equipped with Pratt & Whitney JT9D jet engines . . . Northwest has added two 727-200As to its fleet, and sold off three 727-100Cs . . . Transamerica Airlines has taken delivery of a 747-200C . . . Air Wisconsin is to purchase four BAE-146 jets from British Aerospace, optioning four more. These craft are twice as large as the 50-seat deHavilland Dash-7s AW currently operates. Air Wisconsin is in the middle of an extensive expansion of its system.

► Delta has sold off two DC9-32 and three DC8-51 planes, the latter units the final set in that group . . . The same carrier has also arranged to purchase a total of four 727-200s it is currently leasing, has taken delivery on two new 727-200s, and has optioned a Lockheed L-1011 for 1983 delivery. Delta has contracted with Boeing for the purchase of 60 757-200 aircraft.

► Frontier plans to phase out its remaining Convair 580 fleet by the end of 1983. Its jet fleet will increase to 52 by the end of 1982 with the addition on five 737-200s and three DC9 Super 80s . . . Northwest expects to order 20 new fuel-efficient jets later this year, with an option to buy another 20; they are expected to replace the carrier's older 727-100s in medium-length domestic route service.

► McDonnell Douglas reports orders for DC10s from CP Air (its seventh Series 30) and Finnair (the extended range version of the same plane). Republic ordered four DC9 Super 80s, and Austrian Airlines exercised an option for its tenth. At the end of the first quarter of 1981, the company had 343 DC10s and 968 DC9s in service throughout the world.

► Southwest Airlines plans to order up to 40 737-300s; it currently has 25

737-200s in its fleet and a total of 14 on order or optioned for delivery through 1983; 737-300 deliveries are set to begin the following year.

► Republic has received three 727-200s, and sold two projects. Next month, that carrier will receive the first of its DC9 Super 80s, out of an order of 14 for delivery over the next year and a half.

► After 22 years in service, the Caravelle twinjet is no longer on the roster of its principal customer, Air France. Of the 279 Caravelles originally sold, some 170 are still in service, including a group with Air Inter, France's domestic carrier.

(A footnote to the Caravelle story: The only U.S. flag carrier to use the French-built craft was United. UAL purchased its fleet of 20 from Sud Aviation of Toulouse for \$68,000,000 in the largest order ever signed by Sud with a foreign corporation. The first craft went into service July 14, 1961 between Chicago and New York, and later introduced jet operation to various portions of United's route network. United withdrew its remaining Caravelles from service effective October 25, 1970.)

► Pacific Express, a new low-fare, high-frequency West Coast air service, has agreed to purchase six BAE146 jets and option eight more from British Aerospace; first deliveries are scheduled for 1984 . . . Fokker has sold four F28s to Altair of Philadelphia and a like number to Empire Airlines of Utica, New York . . . Air France has placed an order with Airbus Industrie for 25 A320s, currently under development by the European consortium. The medium-haul jet will be available in two versions, with 130 and 160 seats. The Air France order involves 34 planes with 160 seats each and 16 with 130 seats each. Air France also took options on 25 additional A320s; the firm order calls for delivery beginning in 1986.

The Air France order gave Airbus Industrie the impetus to go ahead with the \$1,000,000,000 A320 project. The French-British-West German-Spanish consortium (also assisted by Belgian and Dutch firms) estimates a market for 2,400 A320s by the year 2000.

► Air Canada, facing escalating operating costs, has canceled options to buy six Boeing 767s, but is going ahead with firm orders for 12 and options for 12 more. Air Canada is also purchasing six Lockheed L1011-500s, with options for nine more. No changes are planned in the Lockheed order. AC is the first carrier to drop options for the 767, but builder Boeing is not concerned, as options are not entered on company books until they become firm orders. Thus far, the Seattle builder has 170 firm orders and 132

options from 16 airlines, six of them U.S. carriers. Boeing estimates that the market for the 767 is 1500 planes by the year 2000. The first 767 is expected to be delivered in August 1982 to United.

FARE FACTS

► United passengers who fly 50,000 miles between June and December 1982 will get a free first-class, round-trip ticket to any United destination, including Hawaii. Passengers who fly fewer than 50,000 miles will get discounts on first-class tickets, depending on how much they fly. The discount is 75% on one round trip to any destination for passengers who log 40,000 miles; 50% for 30,000 miles, and 25% for 20,000 miles. Passengers who fly 10,000 miles will get a first-class, round-trip ticket for the price of a round-trip coach ticket.

► As usual, deep discounts are prevailing for the peak summer travel season on most domestic carriers. Generally, a one-way ticket anywhere in the U.S. is no more than \$179, with a \$318 round trip tariff. There are some conditions, depending upon the carrier, but the restrictions are generally less than for previous discount plans.

► The Civil Aeronautics Board has decided to continue giving antitrust immunity for most fare-setting agreements by airlines with world routes for at least two more years. But the CAB also barred any participation of U.S. flag carriers in those fare-setting conferences of IATA members that involve North Atlantic routes between Europe and the U.S.; no current agreement applies to those routes because of widespread tariff cutting on transatlantic flights.

► Braniff has also adopted a plan offering free or cut-rate flights for frequent travelers, but it bases its system on points awarded for each trip, depending on the route, up to a high of 21 (with first-class trips earning 30% more than coach).

► At the same time, Texas International has stepped into the fray with a similar program, this one offering a free round-trip to any TIA destination for any passenger taking eight flights on the carrier before September 14. TIA is also offering a 25% rebate to members of the Airline Passenger Association on its fares until December 31.

► Capitol Airways began low-cost service to and from Europe June 19, with an unrestricted \$649 round-trip Chicago-Brussels/Frankfurt tariff. Similar low fares are applicable for Capitol routes

to New York, Los Angeles, Boston and San Juan . . . Icelandair, back in the Chicago market, is offering a \$619 round-trip rate to Luxembourg for the summer season. As in the past, all Icelandair trips operate via Reykjavik, Iceland.

ROUTE REPORT

► Western's pioneering Denver-London route, begun April 24 via Honolulu, Anchorage and over the North Pole, is posting gains in traffic over earlier estimates, and should be profitable shortly . . . Republic is beginning Chicago-Guadalupe-Vallarta-Mazatlan-Phoenix service July 1 . . . Frontier begins Denver-Oakland service the same day . . . Air Wisconsin has begun Canton-Akron-Detroit service . . . Northwest is now operating Boston-London service, and a nonstop run between the Twin Cities and Oslo/Stockholm. The same carrier also began Japan-Guam service with two round trips weekly.

► Continental has expanded its services from Denver to new destinations of Boston, Philadelphia, Milwaukee, Indianapolis, Lincoln and Omaha, as well as Tucson . . . World Airways has applied for Newark-London rights, as another U.S. city is added to the list of European "gateways" . . . Alia has begun twice-weekly Chicago-Amman service via Vienna . . . Air Florida began direct 737 service from O'Hare to Bermuda June 18 . . . Icelandair has added a third weekly trip from Chicago to Luxembourg via Iceland . . . Both Pan Am and Braniff now have rights from Boston to various Central American cities.

► American has applied for authority from Dallas-Fort Worth to Rio de Janeiro. The carrier once had transatlantic services, but gave them up over 20 years ago. This new service would be AA's first outside of North America . . . The CAB has limited Portugal's TAP in the operation of charter flights between the U.S. and Portugal, in retaliation for that country's refusal to permit two U.S. carriers to offer charters between New York and Lisbon.

► Braniff is now offering daily service between Dallas-Fort Worth and London as well as similar service between Miami, Bogota and Santiago . . . United has added Tulsa, Oklahoma City and Wichita to its route network, and dropped Cleveland-San Diego, Kansas City-San Diego and Columbus-Los Angeles nonstops . . . Continental begins Denver-Twin Cities service August 1 . . . Northwest has begun a daily nonstop service from Chicago to Anchorage, replacing a twice-weekly run . . . Pan Am, which has served Munich since 1948, has begun the first non-stop services

FIRST CLASS MAIL

between New York City and the third largest city in West Germany.

The flights are made in 244-passenger Lockheed L1011-500 jets. First-class will have fully reclining Sleeperette seats for 18 passengers, while a special compartment for 36 business-class passengers has seating in an 8-across configuration.

► Air France will be operating its special Vacances flights between New York and Paris again this summer. The one-class flights begin at \$499 one-way, with tariffs increasing during the peak season. Passengers are given a main meal, breakfast or snack before boarding, to be consumed whenever they choose. Complimentary wine, beer, coffee, tea and soft drinks are served on board.

JET JOTTINGS

► The battle of the airports continues: Both O'Hare and Hartsfield airports are claiming the title of world's busiest field—from different perspectives. O'Hare has always claimed the title on the basis of yearly passenger totals, while Atlanta's Hartsfield asserted it wrested the crown from Chicago on the basis of a busier month or two. *[Why not competition for the world's most efficient airport, rather than a race based on meaningless statistics?]*

► The CAB has tentatively approved the application of Air Chicago, a new cut-rate carrier that plans to operate service to various cities from Chicago's Midway Airport—to some in direct competition with Midway Airlines.

► The efforts of Texas International to take over Continental are still on hold, while employees refine a plan to purchase control of the airline themselves. A final CAB decision must be made in the matter by August 31, after which it must be submitted to the President for approval.

► The CAB has proposed legislation designed to put itself out of business by October 1, 1983, earlier than current law prescribes, but later than the White House prefers. Under the 1978 airline deregulation act, CAB authority over domestic routes is scheduled to end December 31, 1981 and its regulation of domestic fares a year later. The Board has recommended that DOT assume its

regulation of international airlines, its consumer protection authority and its small community air service program. The agency also recommended reducing its authority over airline mergers and other antitrust matters, and transferring that power to DOT. Regulatory authority over airline trade practices would be shifted to the Federal Trade Commission.

► The FAA has formally banned any new long-distance flights serving Washington National Airport... Aeroperu, that country's flag carrier, is up for sale to Peruvian and foreign investors... Continental is now using its own Plane Mate mobile lounges at Denver's Stapleton Airport to transfer passengers from the terminal to its remote boarding areas... Southwest Airlines has been told make its hiring practices blind as to sex by a federal judge... People Express, the low-cost carrier operating out of Newark, prefers that its passengers carry their bags on board, but does offer checking service—at \$3 per bag.

transit

TRANSIT TALK

► New Jersey Transit is planning to purchase 117 buses capable of carrying 70 to 100 passengers; a MAN demonstrator being tested in Newark is pictured on our cover... UMTA has awarded grants totalling \$220,000,000 to the New York City Transit Authority for the purchase of 290 new subway cars and other subway improvements.

► The transit crisis in Chicago continues: at this writing (June 26), the Illinois legislature has not passed any form of rescue legislation for the troubled Regional Transportation Authority; should it fail to do so by June 30, a three-fifths vote would be required for any bailout plan. Given the composition of the assembly, the simple majority now required is difficult to attain. At the same time, infighting between the RTA and the Illinois Commerce Commission (which regulated the private carriers before the RTA's inception) continues over fare increases, largely for the commuter railroads. The

Commission has granted hefty hikes to those rails whose purchase of service contracts with the RTA expire June 30, while the RTA has thus far successfully argued that it retains jurisdiction and accordingly has blocked any hikes contrary to its own policies. The CTA, for its part, has adopted a revised budget that calls for the elimination of services and jobs, most not until the fall.

► Canada's Bombardier is building 180 cars for Mexico City's Metro... Wayne is constructing 600 small diesel-powered transit buses for Venezuela...

► A federal appeals court has thrown out the main portion of New York's plan to pay for mass transit, ruling that oil companies can pass on to their customers a special state tax. The legislation had carried a proviso that if the anti "pass through" provision were thrown out in court, the tax would self-destruct.

► Chicago's Checker Cab company has backed the use of jitneys as a partial resolution of the city's transit woes... Beginning October 4, total revenues from bus and underground fares in London will be reduced 25 percent through a lower minimum bus fare, a new zoning system and a cut in season ticket prices. The minimum bus fare will be cut from 24 to 20 cents. Underground fares range from 40 cents to \$4.40. An additional annual subsidy to London Transport in the amount of \$220,000,000 will be needed to balance LT's books.

rail

ALONG THE RIGHT-OF-WAY

► Edward Ball, 93, who built a \$2 billion railroading, banking and paper-making fortune from the estate of his brother-in-law, Alfred I. du Pont, died last week. His death closes a phenomenal story of business success, one of the most memorable chapters being his breaking of the 12-year strike by Florida East Coast Railway employees, the longest strike in American railroading... The ICC has approved Norfolk & Western's application to buy the Illinois Terminal.