

1941

Editorials

Follow this and additional works at: <https://scholar.smu.edu/jalc>

Recommended Citation

Editorials, 12 J. AIR L. & COM. 256 (1941)
<https://scholar.smu.edu/jalc/vol12/iss3/4>

This Comment is brought to you for free and open access by the Law Journals at SMU Scholar. It has been accepted for inclusion in Journal of Air Law and Commerce by an authorized administrator of SMU Scholar. For more information, please visit <http://digitalrepository.smu.edu>.

EDITORIALS

AIRLINE PASSENGER FARES

An analysis of the fare quotations appearing in the June 1941 issue of the *Official Guide of the Airways*, shows that some rather interesting joint fare relationships have developed as a result of the attempt made by Western Air Lines to offer bargain round-trip rates to local customers.

With the exception of a few excursion rates, most of the domestic airlines offer a ten per cent reduction on round-trip tickets. If the one-way fare is, for example, \$100.00, the usual round-trip quotation is \$180.00. Western Air Lines, on the other hand, is offering reductions in round-trip fares, on local traffic amounting to as much as 25 per cent. This rate of discount is applicable to tickets reading between Los Angeles and Salt Lake City. The one-way fare between these points is quoted as \$34.75, and the round-trip as \$52.12. As this \$52.12 is to "apply only to passage over Western Air Lines and . . . not to be used in computing Joint Fares,"¹ it appears to be to the financial interest of a person making a round trip between Los Angeles and some point east of Salt Lake, on United Air Lines, to purchase two separate tickets. This may be illustrated as follows:

Round-trip fare, Chicago to Salt Lake.....	\$133.10
Round-trip fare, Salt Lake to Los Angeles.....	52.12

\$185.22

Round-trip fare, Chicago to Los Angeles.....\$189.00

Between Cheyenne and Los Angeles, the amount to be saved on a round trip by such a procedure is even greater.

Round-trip fare, Cheyenne to Salt Lake.....	\$ 40.46
Round-trip fare, Salt Lake to Los Angeles.....	52.12

\$ 92.58

Round-trip fare, Cheyenne to Los Angeles, United Air Lines quotation.....	\$100.14
Western Air Lines quotation.....	102.96

1. *Official Guide of the Airways*, June 1941, Official Aviation Guide Company, Chicago, p. 27.

It is odd that a round trip between Los Angeles and Cheyenne, originating in Los Angeles, should cost \$2.82 more than the same trip when it starts from Cheyenne. But even the lower figure for this trip, \$100.14, is more than eight per cent above the total cost of two round-trip tickets, one reading between Cheyenne and Salt Lake, and the other reading between Salt Lake and Los Angeles.

This situation gives rise to two questions involving the agents of United. First, are these agents obligated to suggest the purchase of separate tickets? Second, are they not tempted to do so because of the financial interest of their own company? United's revenue from the sale of a round-trip ticket between Salt Lake and Chicago, for example, is certainly greater than United's portion of a round-trip fare on a ticket reading from Los Angeles to Chicago via Salt Lake.

Another question concerns the basic fares between Chicago and Los Angeles, or between New York and Los Angeles. Although United, Transcontinental and Western Air, and American Airlines quote identical fares between Chicago and Los Angeles, and also identical fares between New York and Los Angeles, it is obvious that T.W.A. and American can be undersold on these trips. Is this as it should be in a regulated industry?

Lastly, is the discrimination between local and non-local passengers made by Western Air Lines a just one?

The Civil Aeronautics Act states that it is the duty of every air carrier "to establish, observe, and enforce just and reasonable individual and joint rates, fares, and charges, and just and reasonable classifications, rules, regulations, and practices relating to such air transportation; and, in case of such joint rates, fares, and charges, to establish just, reasonable, and equitable divisions thereof as between air carriers participating therein which shall not unduly prefer or prejudice any of such participating air carriers.

"No air carrier or foreign air carrier shall make, give, or cause any undue or unreasonable preference or advantage to any particular person, port, locality, or description of traffic in air transportation in any respect whatsoever or subject any particular person, port, locality, or description of traffic in air transportation to any unjust discrimination or any undue or unreasonable prejudice or disadvantage in any respect whatsoever."²

Also stated in the Act:

2. Publication—No. 706—75th Congress, Chapter 601-3d Session, S. 3845, Sec. 404 (a), (b).

"Whenever, after notice and hearing, upon complaint, or upon its own initiative, the Authority [now the Civil Aeronautics Board] shall be of the opinion that any individual or joint rate, fare, or charge demanded, charged, collected or received by any air carrier for interstate or overseas air transportation, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of the service thereunder, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential, or unduly prejudicial, the Authority [Board] shall determine and prescribe the lawful rate, fare, or charge (or the maximum or minimum, or the maximum and minimum thereof) thereafter to be demanded, charged, collected, or received, or the lawful classification, rule, regulation, or practice thereafter to be made effective."³

Western Air Lines is not to be condemned for leading the way toward lower fares for air transport, round-trip or otherwise. It does not seem within the spirit of the above Act, however, that this company should charge a local passenger \$52.12 for a round trip between Los Angeles and Salt Lake, and ask \$62.50 for the same service of a passenger traveling between Los Angeles and a point east of Salt Lake as its "portion in computing Joint Fares . . ."⁴ This certainly constitutes a "preference or advantage to any particular person, . . . or description of traffic in air transportation."

Perhaps this discrimination was not created deliberately by Western Air Lines but is the result of that company's desire to cooperate with other air carriers in the system of basing point fares that has been developed. If Western Air Lines considers \$52.12 as an adequate round-trip charge to make to all passengers traveling over the Salt Lake, Los Angeles, segment of its line, then perhaps the round-trip base fare between Chicago and Los Angeles should be reduced from \$189.00 to \$185.22, which represents the sum of the round-trip charges between Chicago and Salt Lake and between Salt Lake and Los Angeles. A corresponding reduction in the basic round-trip fare between New York and Los Angeles would also be necessary. A minor disadvantage of this solution is that it would force American and T.W.A. away from a rather uniform policy of allowing only a ten per cent reduction on round trips, unless they lowered the related one-way charges. This probably would not be serious.

A better solution could be obtained if the Board would set the minimum round-trip fare to be charged local traffic between Salt

3. *Ibid.*, Sec. 1002 (d).

4. *Official Guide of the Airways*, p. 27.

Lake and Los Angeles at \$55.90 and instruct that Western's "portion in computing Joint Fares" on the same trip shall not exceed the amount charged local travelers. The \$55.90 figure represents the difference between the basic round-trip fare between New York and Los Angeles, \$269.90, and the \$214.00 charged by United for round-trip passage between New York and Salt Lake. The same difference exists between the Chicago, Los Angeles, basic round-trip fare, \$189.00, and the amount charged by United for round-trip transportation between Chicago and Salt Lake, \$133.10.

The Board should also instruct Western Air Lines and United to charge the same amount for round-trip passage between Cheyenne and Los Angeles in order to eliminate the discrimination between these ports.

Lastly, if the basing point system is to be maintained, the publication by competing airlines of identical fares between any two points should portray a true situation and not be misleading. If the basing point system is to be abandoned, the public is entitled to be informed of the most economical routes between points.

HAROLD J. KING
Instructor in Accounting and Economics
University of Pittsburgh

An Open Letter to Larry McPhail of the Brooklyn Dodgers

Department of Commerce
Civil Aeronautics Administration

Donald H. Connolly
Administrator

Washington, D. C.

June 9, 1941

Dear Mr. McPhail:

I have just read about the \$500 fines you imposed on Dolph Camilli and Cookie Lavagetto for taking flying lessons, and, as an old and close follower of baseball who has more recently become interested in aviation, I would venture to say that learning to fly a plane is no more dangerous than playing baseball in Brooklyn.

During 1940, about a million miles were flown for every fatal accident in non-scheduled aviation—enough mileage for Cookie and Dolph to fly around the world forty times together before meeting serious trouble. As a matter of fact, you'd do better warning the boys against rattlesnakes. According to census figures, 381 persons died of injury or poisoning by reptiles in 1939, while in that year only 314 lost their lives in private flying.

While you're passing out fines, you'd better impose a few for swimming, too. Seventeen times as many persons died by drowning in 1939 as in private flying accidents.

Insurance companies—which would be shy about quoting odds on anybody's chances of staying in the rarefied atmosphere at the top of a big-league first division—have become so accustomed to safety in aviation that they recently made their fifth successive reduction in premiums for students learning to fly in CAA contract schools. Three years ago, Dolph or Cookie would have had to pay \$30 for \$1,000 in life insurance coverage. Now the rate is only \$7.20 for \$3,000, plus \$1,000 in injury benefits.

What's the rate on pop-bottle skull fractures when the Giants are playing in Brooklyn?

Sincerely,

ROSCOE WRIGHT,
Information and Statistics Service,
Civil Aeronautics Administration.

P.S. By the Editor. Mr. McPhail, you pioneered the transportation by air of a baseball club and therefore your present aversion to private flying is emphasized by this public fining of your famous first and third basemen. On July 1, 1941, the Civil Aeronautics Board released a statistical study of 1940's non-air carrier aviation activities. Briefly it shows a 167% increase in the number of student pilots, a 102% increase in pilots certificated in the various classes of pilot competency, and but a 57% increase in non-air carrier accidents for the year. What is more, 80% of all accidents reported resulted in no injuries and the percentage in favor of minor injuries and minor damage accidents has increased. Moreover, the latest monthly statistics available (May 1940 and 1941), show an increasingly favorable picture even in the face of a continued leaps-and-bounds increase in private flying, in May 1940 there being 69,833 pilots, with 34,541 certificated and 35,292 student, and in May 1941 there being 159,983 pilots, with 80,113 certificated and 79,870 student.