The Essential Role of Large Irregular Air Carriers

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The large irregular air carriers perform a number of essential functions in the present pattern of air transportation. Their significance is likely to increase with the continuing expansion of commercial aviation in the years to come. Although their operations are sometimes treated as competing with those offered by scheduled certificated airlines, careful analysis of their present traffic and probable future role demonstrates beyond a reasonable doubt that they are in fact either supplementary to or complementary to regular scheduled operations. The economic case for the continuance of the large irregulars, under appropriate regulation and control, is an overwhelming one.

The economic case for the large irregulars may be conveniently divided into the following principal categories of analysis: (1) The growth of American commercial, both domestic and international, aviation since 1938 to the present and its probable further expansion in the course of the next decade. (2) The increasing variety in the type of traffic and service, and the relative adaptability of the scheduled certificated carriers and the large irregulars to meet the various and fluctuating needs for commercial air lift as it arises. (3) The significance of commercial aviation to present and potential military requirements and the role of the large irregulars in assuring that these military requirements will be met. (4) The extent to which the continued existence of the large irregulars, far from endangering the financial stability of the subsidized certificated carriers, permits such certificated carriers to conduct their operations at lower cost to the government and at greater profit to themselves. (5) Lastly, some consideration should be devoted to the economic principles which should be governing in administering regulatory power over freedom of entry into a relatively new and rapidly growing branch of public transportation. In this connection it is important to draw appropriate distinctions from, as well as necessary parallels with other forms of transportation covered by public regulation.

I - SPECTACULAR GROWTH IN AIR TRAFFIC

The growth of American commercial aviation since the passage of the Civil Aeronautics Act of 1938 has been spectacular. It is difficult to say, given the circumstances of the case, which has been the more striking: the expansion of domestic traffic or the establishment of the international airline network served by American flag carriers. We have never seen anything quite like it, both as to the rapidity of the
This period of growth may be divided into a number of phases. The first extended from the passage of the Act down to the time shortly after Pearl Harbor and was marked by a mounting demand for first-class passenger movement by air. The full extent of this demand could hardly be accommodated by the existing equipment. But the rising curve of passenger-seat miles gave at least some indication of what was ahead.

The second phase came with the transfer to the government of many of the commercial transport planes and the virtual cessation in the delivery of new transport equipment to the certificated carriers. During most of the war, air transportation of persons was limited by the available equipment, load factors were abnormally high and it was necessary to control traffic movement by an elaborate priorities system. Without such limitations no one knows to what heights traffic would have increased during this period. But the airlines were sufficiently confident of the future to order large quantities of new equipment for post-war delivery and the flood of new applications for certificated routes swamped the administrative machinery of the C.A.B.

The third phase came with the beginning of the release by the military of considerable members of transport aircraft for adaptation to and use in commercial operations. This phase continued into 1946 and was marked by the rapid growth in the traffic of the scheduled carriers and by the beginnings of important operations by the large irregulars. With aircraft available, it was possible to meet at least a part of the swollen demand for commercial transport. This phase was characterized not only by tremendous growth of revenue passenger miles but also by the rapid rise of air freight and the development of new markets for commercial air transport beyond anything undertaken or even conceived of in the period before the war. The hopes of the carriers for tremendous expansion seemed to have no limits. Not only were large numbers of transport aircraft taken over from the military absorbed into scheduled services and put into use by large irregulars, but important orders were placed for new types of aircraft.

This phase of unbounded confidence and rapid expansion was followed by a relatively short but quite sharp recession in the growth curve. This fourth, recession phase was marked by slackening of the growth curve, cancellation of some orders for new aircraft, growing concern by both the C.A.B. and the regular scheduled carriers for the stability of the industry. It was also marked by considerable distress among the large irregular carriers which were handicapped by dealing largely with new experimental types of traffic, and were further hindered by conducting operations under restricted authorizations from the C.A.B. which failed to take into account the potential utility of large irregulars to supplement scheduled carriers and to pioneer new types of traffic and service.
The fifth and final phase of growth had already set in before the outbreak of the Korean War and has continued substantially until the present time. The War and the related armament programs and the rise in the flow of income payments has undoubtedly strengthened this last phase of expansion. Yet even without war there is every reason to believe that growth would have continued during this period.

In reviewing the long-term record of growth it is possible to draw certain definite conclusions and to suggest certain other deductions for tentative consideration. Firstly, the growth curve is spectacular in its rise since 1938 and there is every reason to suppose that it will continue for years to come. While related to growth in national income, it is in part independent from it. This means that regardless of war and economic recession there will be a growing volume of air traffic to be divided between the scheduled carriers and the large irregular carriers.

Secondly, despite this long-term growth there have been, and doubtless will continue to be, temporary slackenings in the growth curve, and even actual declines. Sometimes these will be related to nation-wide or even world-wide economic phenomenon. At other times they may be caused by a closely spaced series of spectacular accidents (e.g. the unfortunate events at Newark airport in the winter of 1952). It is possible to identify past events which have had an impact on traffic with some definiteness and to predict that these or comparable influences will unquestionably recur. But such recurrences, regardless of what may happen in the short run, will not arrest the long-term growth curve for the calculable future.

Thirdly, while carrier prosperity is in the long run dependent on high load factors and the fullest possible utilization of available aircraft, there has not been, nor is there likely to be, in the future a continuous direct correlation between the growth curve and carrier prosperity. A situation of this sort arose in the Spring of 1952. Apparently the costs of the regular scheduled carriers mounted more rapidly than could be compensated for by traffic increases. But the answer, from the point of view of the authority, would seem to be a readjustment in rates and charges along the lines of recent C.A.B. action. It is wrong to conclude that a temporary decline in scheduled carrier earnings warrants a more restrictive policy with regard to the operating rights of large irregular carriers. In point of fact, as we shall see in Section IV, exactly the opposite policy may be more helpful to the long-run stability of the industry.

In summary, the growth of air traffic, both domestic and international, has been great, and gives promise of continuing. While there will be setbacks as there has been in the past, and while we must face ups and downs in carrier earnings, the prospective volume of traffic gives sufficient ground for the C.A.B. to so administer its control over operating authority as to permit the balanced development of regular scheduled carriers and large irregular carriers both within the United States and on overseas international routes throughout the world.
II — Increasing Variety in Types of Traffic and Service

Even more striking than the growth in air traffic since 1938 has been the increasing variety in the types of traffic and service. Recent growth and probable future expansion can only be understood in terms of the fact that air carriers have found and begun the development of new markets, and this trend is continuing. In the process the large irregulars have played a decisive role. Because of their inherent economic and organizational nature they are superbly adapted to this type of developmental and pioneering work.

Prior to the war the main business of commercial carriers was limited to the carriage of the mails, and the transportation of first-class passengers at rates per mile as high or higher than comparable rail movements in Pullman accommodations. The war experience provided startling lessons in the physical possibilities of air freight and in the mass movement of persons, in to put it mildly, less than luxury accommodations. The military air services not only lifted a volume and variety of traffic theretofore unheard of, but also showed the way, in part at least, to lowering costs for such new types of air lift. In the years since the war these lessons have been used as the foundation upon which commercial carriers have opened new markets. The regular scheduled carriers have shared with the large irregulars this continuing process of development, but much of the actual pioneering has been initiated by the large irregulars. For example, although the bulk of the so-called coach type air service is now carried by regular scheduled lines, the existence of the coach type traffic potential and the ways in which it could be accommodated profitably were early demonstrated by the large irregulars. Comparable pioneering was done in the charter market for special parties and seasonal movements of workers, students and pilgrims. Such movements on a small scale were not unknown in earlier periods, but the enterprise of the large irregulars has demonstrated that these markets are larger, potentially far larger, than anything previously demonstrated by the regular scheduled carriers. The growth of certain types of air freight has similarly been stimulated. That this growth is economically sound is evidenced by the steady rise in the volume of air freight carried by the regular certificated carriers, by the expansion of newly certificated carriers which handle air freight exclusively and by the general downward trend in the cost per ton mile in the carriage of air freight.

In the period since the war the large irregulars have done much of the pioneering and development work in discovering these new markets for air transport. Their contributions might have been even greater under different conditions of government regulation. Apparently the C.A.B.'s original theory was to treat the large irregulars as if they were essentially fixed base operators, and accordingly, to limit the regularity of their flights between any two points. While this may have prevented undersirable competition with regular scheduled lines in a few instances, it has seriously curtailed pioneering and development work in
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many other instances. This is a matter which the C.A.B. should face up to in determining the future relations between the regular scheduled carriers and the large irregulars.

With low overhead costs and without a fixed obligation to maintain service regardless of economic results the large irregulars can test new markets for transportation by air. They have a far wider range of entrepreneurial freedom than the scheduled carriers. If the particular operation pays out it may be further developed and, in some cases, may eventually be turned over to the scheduled carriers for permanent operation. On the other hand if it proves unprofitable, it is relatively easier for a large irregular to drop the service with the least amount of economic waste. The fact that the large irregulars do not receive subsidy in the form of graduated mail pay makes it more likely that they will leave uneconomic types of carriage promptly. In a rapidly growing field as air transportation, it is essential to preserve for pioneering and developmental purposes that sector of the industry which today possesses a degree of entrepreneurial flexibility and under modified regulatory policies could further maximize its potential capacity to develop new markets.

Looking ahead it is hard to predict exactly what new markets the large irregulars might be called up to develop during the course of the next decade. Discussion of the great possibilities of traffic movements in connection with the direct needs of the armed forces will be reserved for the next section. With regard to essentially civilian movements, the following categories of traffic may be listed as having already shown promise and/or as having great possibilities for the future.

(1) Domestic Charters for a specific flight or flights involving a specialized irregular movement of either persons or property. The ability of the regular scheduled carriers to lift this type of traffic on a growing scale is limited by price and the availability of idle aircraft. Ordinarily it will take low rates to encourage this type of movement. And since the demand for air lift is irregular, the scheduled carriers must either shorten maintenance layups or draw on their limited supply of reserve planes used to protect regular schedules. In point of fact, examination of the earnings statements of regular scheduled carriers shows that they do relatively little of this business, for which they are indeed not as well adapted economically as are the large irregular carriers.

(2) Overseas irregular flights on a Charter basis. Here again the limiting factors are price and aircraft availability. This is particularly true in the case of tourism on the North Atlantic Run. Taking just one segment of the potential market, there are over one million teachers in the Schools and Colleges of the United States and something over two million students at the collegiate level. There was a substantial trend for people in both categories to spend long summer vacations in Europe before the war and this trend has recently reappeared, limited, however, by the soaring costs of ocean surface travel. Trans-oceanic air fares are even higher and most of the fare concessions offered by regular scheduled lines seem to be limited to off-peak seasons. To develop this teacher-student summer traffic we will need to experiment with substantially lower rates, and the pioneering must be conducted by operators
such as the large irregulars who have aircraft available at the appropriate time. International carriers, whether American or foreign flag, cannot be expected to have sufficient aircraft available to meet peak loads of such new types of traffic as may be developed. Even if aircraft could be obtained through charter, they are less likely to experiment with developmental rates necessary to encourage such traffic. Not only teachers and students, but large groups of religious Pilgrims to Rome and the Holy Land, people without the means to travel on regular first class or coach type flights constitute a potential undeveloped market for which the entrepreneurial flexibility of the large irregulars is best adapted.

(3) Movements of large numbers of migratory workers, both in domestic and international traffic has already been undertaken and gives promise of substantial increase in the future. The volume and character of such movements will vary from season to season, depending on the state of domestic employment, the nature of economic activity in given areas, crop conditions and a variety of other factors. Given the continuance of reasonably full employment in the American economy, there will be a growing need for conserving our native labor force by increasing its mobility and for having periodic access to supplies of foreign labor to meet critical situations, under appropriate regulation in the public interest. At present migratory workers constitute a substantial element in the air lift performed by the large irregulars. The possibilities for further development appear to be substantial.

(4) Peak load period movements between large metropolitan centers within the United States is still another area where the large irregulars are performing valuable transportation services supplementary to that offered by the regular scheduled carriers. On such runs as New York-Miami or New York-Los Angeles, there occur periods, usually of relatively short duration, when the regular scheduled carriers cannot lift the traffic offered even at standard rates. Such traffic peaks cannot be met adequately by reassigning aircraft since the supply of surplus ships in the hands of the regulars is too limited. Some traffic eventually moves on regular carriers at great inconvenience as stand-bys while the remainder moves by other forms of transport or on the relatively restricted operations of the large irregulars. At a subsequent point in this general discussion we will make concrete suggestions as to how, through changes in C.A.B. regulations the large irregulars can be substantially more helpful, both to the regular scheduled carriers and to the public as a whole in protecting this type of traffic.

In summary, there is a growing variety in the type of traffic and service in both domestic and international air transportation. In this expanding industry both the regular scheduled carriers and the large irregulars have their roles to play. But in pioneering and developing new types of service the potential contributions of the large irregulars are particularly important. Contributions in the recent past are clear for all to see. The future possibilities for pioneering, while difficult to predict with exactness, are patently sufficient to permit the large irregulars as much freedom of action as is compatible with the over-all financial needs of the industry.

III — ROLE OF LARGE IRREGULAR CARRIERS IN MEETING MILITARY NEEDS

The role which the large irregulars play in meeting present and potential military needs is of the greatest importance. The aircraft
owned and operated by them constitute a substantial portion of the total national pool of air lift. These aircraft and the organizations which manage them are maintained at no expense to the taxpayer and are available on a standby basis for recurrent periods of national emergency.

During the recent past we have had two outstanding examples of how there may arise suddenly and unexpectedly a real demand for such reserve aircraft to be used in military air lift. The first example was the Berlin air lift, the record of which is, of course, well known. The second example is found in the combination of circumstances in and around the Korean incident. In both cases it is clear that the availability of transport aircraft, both in the hands of the regular scheduled airlines, and also in the hands of large irregulars, was a factor of very considerable importance in lifting military traffic, both persons and freight, and in providing a backlog of security in addition to and supplementary to, facilities maintained by the armed forces themselves. It goes without saying that the availability of a substantial air lift is essential in almost any conceivable type of military situation, and that this is true only to a degree of lesser intensity, in the case of continuing international pressure and the future possibilities of incidents of the Korean or Berlin lift sort.

One possible alternative of public policy would be, of course, for the armed forces themselves to maintain a reserve supply of transport aircraft, and to rely upon this reserve in the event of recurring emergencies. However, even if the aircraft themselves were available, it would also be necessary to provide trained flight crews and ground personnel, and the financial burden of such reserve facilities would unquestionably be more than the armed forces, or the Congress would be willing to sustain. A second alternative would be for the armed forces to withdraw from regular scheduled commercial service a sufficient number of transport-type aircraft to meet their needs in the event of limited emergencies in the future. To some extent, with both the Berlin lift and the Korean lift, this has been an expedient which has been resorted to. The difficulty is, however, that if the emergency is sufficiently acute, or if it is of sufficiently long duration, a policy of this sort inevitably will disrupt regular scheduled service, both domestic and international and will run counter to the established policies of the Congress as enunciated in the Civil Aeronautics Act of 1938 and in subsequent administrative decisions by the C.A.B. The existence of the transport fleets of the large irregulars, plus the availability of trained flight crews and ground personnel is in consequence, a resource of incalculable importance in the total pattern of our air power from the point of view of a military organization which must face the uncertainties of the next decade in the international scene.

But the economic case for the large irregulars in connection with military traffic for the next decade does not depend upon a recurrence of a Berlin or Korean type emergency. The total volume of military traffic, both domestic and international, has become enormous. There
is every reason to believe that the total volume of this traffic will continue to expand in the future. Under established policies of the armed forces, a very considerable amount of this traffic, a growing amount in the years to come, will move by air. Unquestionably some of this movement will be carried by the transport services of the military, while other portions of the traffic may, of course, be lifted by regular scheduled airlines. There will continue to be, however, a growing volume of traffic available for the types of operation for which the large irregulars are particularly adapted. This will include irregular lifts of considerable volume over routes which are at present difficult, if not impossible, to predict. But the total volume of these movements in any one year will unquestionably provide a new, and as yet unprovided for, market for air transportation connected with regular routine military operations.

The importance of the large irregulars in the present and prospective needs of the military constitute sufficient grounds for the continuance of this sector of the air transport industry in reasonable economic health for a considerable time to come. However, it should be noted that there is a relationship of a complementary sort between recurrent periods in which the military will absorb a large proportion of the large irregular capacity, and other periods in which the large irregulars will be able to serve the expanding types of new traffic and service outlined in the preceding section. In other words, under proper management and wise regulation there is every reason to believe that the large irregulars can play an essential role in national transport. In some instances they will be devoting most of their energies to the pioneering type of operation previously described in civil aviation proper. On other occasions, however, they will be available as part of the great reserve pool of national air transport to meet the needs of the armed forces, and to provide an additional element of national security which again we can have without extra expense or obligation on the part of the taxpayer.

IV — LARGE IRREGULARS MAY AID FINANCIAL STABILITY OF CERTIFICATED CARRIERS

The continued existence of the large irregulars, far from endangering the financial stability of the subsidized, certificated carriers, will on the contrary permit such certificated carriers to conduct their operations at lower cost to the government, and at greater profit to themselves. In fact it can be demonstrated that this is already the case. It is necessary at this point to revert to certain economic characteristics of the regular scheduled carriers. One authority has emphasized that the basic economics of a regular scheduled airline is for the carrier to keep its planes in the air and to keep them full of paying traffic. In point of fact, of course, this ideal is not always realizable in practice. Much of the time and on many flights, particularly on many necessary routes, an insufficient volume of traffic offers itself for a scheduled flight. This inevitable fact explains, in part at least, why continued subsidy in the form of airmail pay is regarded as essential for the continued operation
of many of the regular scheduled carriers. At the same time, the regular scheduled lines with an eye to economic and efficient operation, tend to hold back from providing any more aircraft than can reasonably be utilized with profit. For many types of operation, both of the pioneering sort and for the peak-load type lift, there are in the hands of the regular scheduled carriers insufficient aircraft and flight crews available. To force the regular scheduled carriers to make them available would lead to a hopelessly uneconomic situation, the costs of which would inevitably have to be borne under the policies of the Act of 1938 by the public treasury. We can already see in the case of many of the so-called feeder scheduled regulars how an over provision of aircraft or flights in regular service can enormously increase the cost to the public treasury.

The point is that while the regular scheduled carriers cannot and should not provide sufficient planes or flight crews to meet peak loads or to engage in certain types of marginal pioneering traffic, the large irregulars are, on the other hand, in a position to meet the peak loads and to do the pioneering. In addition to this, they are in a position to provide a considerable part of the reserve airlift for use in cases of national emergency. Thus, from the economic point of view, the large irregulars are supplementary to and also complementary to the regular scheduled airline operations. As to the pioneering and developmental type of traffic, it is doubtful to what extent the regular scheduled lines receiving airmail pay subsidy should be encouraged to engage in this type of work. After all, if operations turn out to be unprofitable the burden is borne by the government. If, on the other hand, they prove in the end to be profitable the rewards are reaped entirely by the carrier.

In the case of the peak load periods and types of movement, it is inevitable that in the absence of the large irregulars continuing pressure will be brought on the regular scheduled lines to provide more planes than can be absorbed economically in scheduled operation. The alternative, after all, is to leave the traffic on the ground and, in an industry which is inevitably affected by political pressures, the consequences can clearly be foreseen by anyone acquainted with the American political system. If the large irregulars may be permitted to work in harmony with the regular scheduled carriers, it will be possible to keep the aircraft (the numbers of aircraft) in the hands of the latter at adequate levels commensurate with the economic capacity of the industry to sustain them. The entrepreneurial risk, in fact, the full cost of providing the standby facilities will be borne by the large irregulars. This is satisfactory to them provided that current regulations can be so modified as to permit them to fulfill their true economic role as supplementary to and complementary to the regular lines.

One possibility in terms of changing existing regulations which the large irregulars have brought to the attention of the Civil Aeronautics Board is this: While the large irregulars accept the idea of a limited number of flights per year between any two points, they believe
that the economic interests of the industry would be better served by permitting these flights to take place at any time within a given annual period. Thus for example, on New York to Miami the large irregulars would be permitted to concentrate their flights between these two points at seasons when peak-load traffic is available and could hardly be lifted satisfactorily or economically by the regular scheduled carriers. At another season the same planes which had successfully assisted in lifting this traffic peak might be deployed in an entirely different type of movement, such as for example, carrying migrant workers from the Caribbean or off-shore islands into the United States, or carrying on a charter basis students and teachers to Europe for summer vacations. At still another time, under unexpected circumstances, the bulk of the large irregulars might be engaged in a military type operation in supplement to the planes of the military and at no detriment to the operations or the availability of the regular scheduled carriers' flights in domestic or international service.

In the past it has been popular to regard the large irregulars as essentially competitive in their operations with the regular scheduled lines. This argument has usually carried as a corollary the fact that the regular scheduled lines are supported at public expense and that to permit competition by non-scheduled carriers is, in effect, to permit unconscionable competition with a publicly-supported transport medium. The fallaciousness of this line of argument can be seen when the total picture of commercial aviation and the interlocking relationship between the various different sectors of the industry is examined. While it is theoretically possible in many cases, and has practically occurred in some cases, that large irregulars have directly competed and are even uneconomically competing with regular scheduled operations, there is nothing inherent in the situation to make this a necessary condition for the future. What is needed is a line of public policy which will avoid deciding either entirely for the regular scheduled lines or, on the other hand, permitting unbridled operations on the part of the large irregulars. In economic terms what is necessary here in the public interest is to so shape public policy that the large irregulars, in their operations, will support and complement regular scheduled carriers and will have a sufficient scope within regulatory policy to fulfill to the greatest possible extent their true role of economic usefulness in an expanding industry.

V — Economic Principles Which Should Govern Entry into Commercial Aviation

Lastly, some consideration should be devoted to those economic principles which should govern the administration of regulatory power over entry into a relatively new and rapidly growing branch of public transportation. It may be suggested as a general principle that, while some limitation on freedom of entry is probably inevitable in most forms of public transportation, the degree of control over entry should
be relatively less stringent in the earlier phases of the development of any particular form. In the long run it may be that civil aviation will mature to the point where we will require the kinds of rigid controls which have been in effect in the field of railroad transportation since the amendments to the Interstate Commerce Act in 1920. It should be noted, however, as a matter of historical interest, that during the growth period in railroading, while there were certain technical limitations in the form of the necessities for getting railroad charters and obtaining powers of eminent domain, the major emphasis of public policy was on more railroads rather than fewer. While some competitive wastes may have resulted from these policies there is no question but what the industry in this country grew to maturity with tremendous rapidity and played a tremendous role in the economic and industrial growth of the United States. A more recent, and perhaps a more illuminating historical analogy may be drawn from the field of motor transportation, particularly in the field of motor trucks. Here in an industry which, in some respects is hardly much older than civil aviation, has passed through a period of rapid growth followed by the imposition of control over entry, first by the States and later by the Federal Government in 1935 in the Motor Carriers Act of that year. The Motor Carriers Act was enacted in the midst of a great national depression and seems to have been propelled through the Congress by a combination of forces not all of them disinterested. While many established trucking lines were anxious to freeze the route pattern as of that time, and succeeded in doing so under the so-called Grandfather-Rights Provision of the 1935 Act, there was additional pressure from the railroads who were, in the last analysis, interested insofar as possible in limiting the further growth of Motor Carrier operations. In the light of subsequent developments it is not entirely clear that from the point of view of the national interest the imposition of control of the rigid sort encountered in the subsequent decisions of the Interstate Commerce Commission was entirely in the public interest. But be that as it may, it by no means follows that because we have established fairly rigid control in the case of railroads, now relatively speaking a declining branch of civil transportation, that we should necessarily do the same in connection with civil aviation. Civil aviation presents a number of differences from other forms of transportation. It may be argued, and perhaps argued correctly, that the number of airlines which are guaranteed a living, the number of air common carriers who are given full public support under the terms of the Act of 1938, must necessarily be restricted. This, however, has nothing to do with the case of the large irregulars. The real analogy here would seem to come in the field of surface transportation by water beyond the confines of the United States. Here we have a limited number of lines of American flag carriers in international service which are, in fact, subsidized by the Federal Government. But we also have virtually complete freedom of entry for other lines, both American flag and foreign flag, in international
commerce. This is all the more remarkable because in general the American merchant marine in international service has long been one of the weaker branches of the American economy. Yet still it should be noted we permit a degree of freedom of entry here which may, in part at least, be based upon the inherent economics and the economic principles which should control a regulatory body in deciding for or against a given amount of freedom of entry.

Even if in the long run it will be necessary in the public interest to impose a fairly strict type of control over freedom of entry into commercial aviation, it is suggested that this is not the time, at the present stage of aviation development, to impose rigid limitations. This does not mean that the large irregulars wish to have no control exercised over freedom of entry. On the contrary, we suggest that what is called for is a degree of control and an administration of control which will recognize the inherently essential and complementary role which the large irregulars are prepared to perform, which they have been performing, and which they give promise of continuing to perform in the future in the development of both domestic and international air service under the American flag.