TIGEREVIEW

OFFICIAL PUBLICATION OF THE FLYING TIGER LINE INC., BURBANK, CALIF.

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Vincent F. Caputo, center, Director of Transportation and Warehousing Policy, Department of Defense, holds a model of the CL-44 aircraft presently used by Flying Tigers in the performance of MATS defense contracts. Both Caputo and Raymond M. Kenney, Jr., right, Staff Director, Transportation Single Manager, Department of Defense, commented favorably upon the capability of the CL-44 and the role Flying Tigers plays in the Defense posture. At left is George S. Oberdorf, Washington Vice President of Flying Tigers.

Tigers Strike Back in War for Survival in Airfreight Field

An all-out fight to survive in the field of air transportation of cargo was launched by The Flying Tiger Line in April. The crisis, which had been brewing since last fall, reached a climax which President Robert W. Prescott, in a letter to employes, bluntly summed up thus: *"The Big Three (American Airlines, United Air Lines and Trans World Airlines) are engaged in a campaign to pus us out of business. They have said so publicly and they have told me privately."* Coincident with the letter to employes, Prescott moved quickly to bring the issues before shippers, taxpayers and the vital Washington audience of Congress, Civil Aeronautics Board and other governmental agencies.

A four-page letter was distributed to 15,000 shippers and published in leading trade journals as well as the *Wall Street Journal* and New York *Journal of Commerce*. It detailed the campaign of the combination carriers and the reason for it.

Washington Post Ads

Two full-page advertisements in the *Washington Post*, addressed to the President of the United States and the Postmaster General, attracted wide attention to the matter of excessive mail pay collected by the combination carriers for the carriage of airmail.

In these advertisements, Flying Tiger publicly asked for a reduction of its rate of mail pay. It marked the first time that an airline had ever requested the government to take such action.

In between publication of the first and second Washington ads, the Post Office petitioned the Civil Aeronautics Board for a 50 per cent cut in over-ocean mail pay, which would reduce mail revenues of overseas U. S. carriers by $25 million annually.

Prescott followed this up with press conferences and meetings with shippers and employes in which he told of the efforts of the combination carriers to destroy

Continued on Page 16

Pin Awards

10-Year

Dan Laskowski, BDL
Earl Parrott, BUR

5-Year

George P. Beitz, Sterling E. Blackwell, Ivan Towler and Jerry Varrelman, SFO; Carrie Breimon, Stanley O. McElrath, John W. Shepard and Leah Sorenson, BUR; James C. Louks, LAX; and Kenneth J. Murray and Ralph Worrell, ORD.

Tigers Place $64 Million Order For Lockheed Super StarLifters

The largest commercial order for airplanes designed exclusively for cargo, totaling $64,000,000, was placed with Lockheed May 12 by President Robert W. Prescott of The Flying Tiger Line. Prescott and W. A. Pulver, president of Lockheed-Georgia Company, reported the order for eight Super StarLifters, a 168-foot-long commercial growth version of the giant C-141 jet cargo transport now being built by Lockheed in Georgia for the U. S. Air Force. Pulver received a $500,000 check as Flying Tiger's initial payment for the fleet.

Prescott said this brings to $161,000,000 the total spent by Flying Tigers in the past 10 years on all-cargo aircraft. He added that this was almost twice as much as any other carrier had committed for such equipment.

The Flying Tigers president said the proposed fanjet freighter had been designed in the systems concept and that its economics promistd a new era in transportation.

"I believe this airplane will be the key factor in an anticipated seven-fold growth in air cargo during the next decade," Prescott said. *"Its operating efficiencies and performance will permit the air cargo industry to compete effectively with long-haul motor trucks and thus carry a wide variety of freight now traveling by other means."*

Prescott explained that straight-in, truck-bed-height loading of truck-sized freight would permit direct and easy exchange of unitized freight loads between the air and all types of surface freight carriers.

He compared the significance of the systemized air cargo approach to the standardization of railroad gauges which led to interchangeability of rolling stock late in the past century.

For the first time, Prescott pointed out, it will be possible

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NOTICE

In our Notice of Annual Meeting of Stockholders, an error was made in the reporting of Series B 5½% Debentures Due 1974 (Subordinate) owned by Mr. Boris Gresov, one of our Directors. The amount should have read $100,000 instead of $50,000 as reported.

AN URGENT MESSAGE TO ALL USERS OF AIRFREIGHT:

The following message was sent by President Prescott to all shippers on Flying Tiger's mail list, some 15,000, and was published in vital trade publications as well as the Wall Street Journal *and New York* Journal of Commerce. *It describes in detail the story of the all-cargo controversy and what Flying Tiger seeks to achieve:*

There exists in the airfreight industry a situation that is important to you if the present low-cost airfreight service you are now receiving is important to you.

Low-cost airfreight service came into existence when The Flying Tiger Line Inc., and other all-cargo carriers first started scheduled operations. I quote as authority for that statement, Mr. Marion Sadler, President of American Airlines, Inc. He stated in a press releases on March 19, 1964. *"The new companies* (including The Flying Tiger Line Inc.) *started scheduled operations in 1947 with reductions of as much as 50% from the existing rates of the combination airlines. The combination carriers quickly met the new rates and in some cases went below them."*

He goes on to say that the all-cargo carriers charged *"rate war,"* which is true because the combination carriers did not just go below the all-cargo carriers on *some* rates but almost all of

Continued on Page 2

AN URGENT MESSAGE

Continued from Page 1

them. This is not a new story in the free enterprise system. Big companies always try to squeeze out little companies with price squeezes so they can later have the market to themselves and charge the public what they please. This is why our statutes are loaded with anti-trust and monopoly laws.

As Mr. Sadler goes on to say in his press release, the Civil Aeronautics Board did agree that there was a rate war and proceeded to set minimum rates for airfreight so the big carriers could not force the new carriers out of business while they were struggling to establish *a new industry, providing low-cost, volume airfreight.*

This battle to eliminate us has continued on through the years and today is reaching new heights.

When the all-cargo carriers petitioned the Civil Aeronautics Board for certification, we predicted an annual volume of one billion ton-miles of airfreight within the domestic United States. This has been achieved, adding together all the common carriage and contract tonnage moving today.

We have the case of a successful industry but no successful participants. The reason is the market is being super saturated with excess competition. As a result, the volume of business is so divided up that all carriers are losing heavily.

Having failed to eliminate the all-cargo carriers by a rate war, the combination carriers are now engaged in a service war. If the same amount of competition that is being applied today in the airfreight field on the transcontinental market were applied to the passenger market, we would have almost 60 trunk carriers operating between the East and West Coast. It takes no imagination to see what chaos would result from this kind of situation. All of the carriers would be in trouble and would be shouting to the Government to reduce the excessive amount of competition so that some carriers could survive.

This is the condition that Flying Tigers find themselves in today. The combination carriers are pouring on this excessive amount of competition at great losses to themselves, but they have passenger revenues to offset these losses. The Chairman of the Civil Aeronautics Board, Mr. Alan S. Boyd, said in a speech on February 14, 1964, *"The Big Four* (American Airlines, Inc., United Air Lines, Inc., Trans World Airlines, Inc., Eastern Air Lines, Inc.) *lost more than 20 million dollars during the year ending september 30, 1963—a loss emanating from revenues of 41 million dollars in all-cargo operations."* Later, in the same speech he said, *"Equally, however, we do not propose to ignore the losses incurred as a result (of all-cargo operations) which are now being paid for by the passenger."*

So, while the combination carriers are suffering great losses providing this superfluous space, they are dividing the market up into such small bits that the all-cargo carriers are also taking heavy losses. By this kind of attrition, they hope and expect to be rid of us shortly. This can be attested to by another of Mr. Sadler's replies to a question as to what would happen to the all-cargo carriers if this situation continues. He said, *"I guess they'll go out of business."* This remark was quoted in *Aviation Daily* of March 20, 1964, and in *Aviation Week* magazine, issue of March 30, 1964, page 26.

We realize that ordinarily you could care less whether Flying Tigers go out of business. You are not our keepers. But if we and the other all-cargo carriers should be forced to withdraw from competition, you may draw your own picture about where you will stand. We will give you a few brush marks for your picture:

(1) The Civil Aeronautics Board cannot force the combination carriers to fly all-cargo equipment on any of their routes. These carriers add stations and drop stations receiving all-cargo service at their own pleasure, without even asking the Civil Aeronautics Board. One case in point: American Airlines, Inc., had been serving Hartford, Connecticut for years with all-cargo equipment. On January 1, 1964, with no more than a wave good-bye, they stopped all-cargo service to Hartford. By the same token, once the all-cargo competition is removed, the cargo jets now being flown by the combination carriers can be quickly converted to passenger configuration and put back into highly profitable passenger routes.

2) Without all-cargo equipment flying, all of your out-sized shipments will be denied. There is simply no way to get them into a passenger jet. Check this for yourself.

3) Mr. Sadler's quote earlier says the combination carriers cut their rates in half when we went into business. Isn't it logical they would restore that cut, absent the all-cargo carrier competition? Particularly in view of the fact they are losing 20 million dollars per year flying all-cargo equipment.

4) If you have any doubts about what the combination carriers would do with airfreight rates absent the all-cargo carriers, let me tell you a true story about what they did with the aircoach business.

After the war, numerous non-scheduled airlines went into the airline business. They got in without certificates because of the very loose and very vague regulations covering non-scheduled operations at that time. Many of them flew regularly scheduled services for years before proper laws were enacted and cases went before the Supreme Court many times before the Civil Aeronautics Board was finally able to control the situation. But while they operated, they brought some innovations into the air transport industry. They invented "aircoach," which meant simply putting high density seating in the airplanes, thereby increasing productivity of the planes and reducing the fares drastically below the first class fare, which was the only one the combination carriers had in effect at that time. Aircoach fares fell to as low as $80 for a transcontinental trip. The combination carriers who had never had this concept, soon followed suit. In 1956 you could go from Los Angeles to New York for $80 on Trans World Airlines. The first class fare remained at $154.

Now, the non-skeds have been taken out of the common carriage business, even though they were making money on low-cost transportation. What has happened to aircoach in the hands of the transcontinental combination carriers? Today, an aircoach ticket from Los Angeles to New York is $145—80% higher than when they had the competition, and only $9 less than a first class ticket in 1957. In other words, "aircoach" has disappeared. And, don't think these increases have been a result of increased costs. Quite to the contrary, the cost per seat mile in jet airplanes is far less than the piston planes of 1957. Anybody in aviation will verify that fact. We are of the firm belief that low-cost airfreight as we know it today will disappear, just as the aircoach business has disappeared, once the combination carriers can get rid of our competition.

The combination carriers have five principal sources of transport revenue: (1) airmail, (2) passengers, (3) excess baggage, (4) air express, and (5) airfreight.

In the first four categories we are not able to give them effective competition. They receive 99.7% of the airmail and air express business. All-cargo carriers have never been given any consideration in setting prices on those two items and, of course, we do not carry passengers.

The revenues to the combination carriers on the first four of the above-named items range from 30c to 60c per ton-mile. Revenues from airfreight on routes where we compete are about 15c per ton-mile (but airfreight rates on routes where they don't have our competition are much higher). As Mr. Sadler says, airfreight revenues were also in the same bracket as the other four items until we came in and forced them down. Can you believe they won't go back up, absent the all-cargo carriers?

We ask you to give some sober thought to the ideas and facts expressed in this letter. Decide for yourself what, in your own best interest, you should do with your airfreight shipment. *Give it* to the company whose total existence depends solely upon continuing to give you low-cost airfreight, or give it to the combination carriers and risk what might happen to low-cost airfreight, absent the all-cargo carriers?

We need a high volume of business to sustain this operation. High volume is the sole basis for low-cost airfreight. If you believe, as we do, that it is necessary to have us around to assure you of continuation of this low-cost air transportation, then we ask you to support us and other all-cargo carriers now with your traffic. We are taking our problem to you, the shipper, because you are the ones who can decide the issue by where you place your traffic—and you will be the ones who will benefit or suffer later from decisions you make today.

We need you and you need us, too, if you want to continue low-cost airfreight.

Sincerely,
ROBERT W. PRESCOTT
President

EXCESSIVE COMPETITION IN AIRFREIGHT

How the combination lines have saturated the airfreight market with excessive competition is clearly shown in the following study prepared by Flying Tiger's tariff department.

Daily Cargo Lift Capacity from West Coast Terminals to Chicago and points beyond:

		TRIPS BY AIRCRAFT TYPE					
Carrier	Pass. Jet	Cargo Jet	DC-7*	1049*	CL-44	Total Trips	Freight Capacity
American	32	2	1			35	535,000 lbs.
Continental	9					9	90,000 lbs.
Delta	5					5	50,000 lbs.
National	6					6	60,000 lbs.
Northwest	6					6	60,000 lbs.
TWA	34	1		1		36	472,000 lbs.
United	39	3				42	660,000 lbs.
Flying Tiger				2	1	3	149,000 lbs.
Slick				2		2	84,000 lbs.
Totals	131	6	1	5	1	144	2,160,000 lbs.

*freighters

Available freight lift daily is 2,160,000 pounds.

FREIGHT AVAILABLE FROM SHIPPING PUBLIC:

Pounds of freight emplaned (latest available CAB statistics) Los Angeles, San Francisco, Seattle, Portland, San Diego: 673,000 pounds.

Thus, available lift is three and one-half times more than the available freight: 2,160,000 pounds of lift vs. 673,000 pounds of freight.

Assuming each carrier gets its share of the market, it can expect to operate with a load factor eastbound of approximately 30 per cent, or about half of what it needs to achieve a break-even result.

Tiger Ads Win

An award of distinctive merit to the Advertising Department of The Flying Tiger Line, headed by Dode Penrod, and its agency, Hixson & Jorgensen, was conferred on the airline for 1963 by the Los Angeles Art Directors Club. The award was in the category of small space advertising.

FLYING TIGER'S WASHINGTON PRESS RELEASE

The following press release was distributed at a Washington press conference on April 9 in conjunction with the kick-off of the Flying Tiger campaign:

Washington, April 9—Robert W. Prescott, President of The Flying Tiger Line Inc., today called for a Congressional investigation to determine whether the big combination carriers are engaged in a conspiracy to force the all-cargo airlines out of business.

Prescott charged in a news conference statement that the Big 3 carriers—American, TWA and United—are using extortionate profits on air mail and air express to make up for the $20 million a year their war on the all-cargo lines is costing them.

The airline executive said that on air mail alone the government is being overcharged as much as $70 million a year, and he urged that Congress look into the situation if the Civil Aeronautics Board fails to act.

"This war which has been launched by the Big 3 is being paid for out of the extortionate rates which the combination carriers are charging the United States Post Office, shippers and the traveling public," Prescott said.

"The all-cargo carriers, which pioneered the development of low-cost airfreight at the end of World War II and have spurred most of its advances, are now under attack at the very moment that this industry is attaining its promise," he said.

"The combination carriers, late-comers in airfreight as they were recently described by the Chairman of the Civil Aeronautics Board, now see real possibilities in airfreight transportation and they are determined to shoot down the smaller all-cargo carriers, so that they can seize control of this phase of air transport.

"Lush with profits from their air mail and express business, the combination carriers are absorbing enormous losses in freight to put on so much airlift that they hope to drown the all-cargo airlines. In the past year, the total transcontinental airfreight lift offered to the shipping public increased so sharply that it is now more than four times as great as the demand.

"If they should succeed in forcing us out, you will see the same thing happen in airfreight as happened in aircoach passenger service—a transcontinental ticket costs 81 percent more today than it did in 1957 when the Big Three finally ran the independent aircoach lines out of business."

Prescott said that if the Big Three could eliminate the all-cargo lines, transcontinental airfreight rates, which now average about 15 cents per ton-mile, would be doubled and the shipper would have to take whatever service the combination carriers chose to give him.

The airline official pointed out that the Post Office is paying 36 cents a ton-mile for transcontinental air mail service, although it is far less expensive than freight for the airlines to produce, since none of the auxiliary costs of freight, such as sales, advertising, credit, insurance and billing, are necessary in handling the mail.

"Six years ago, we offered to cut our air mail pay in half," he declared. "No action was ever taken on this proposal. We renew it now. We are willing today to take a 50 per cent reduction in what the Post Office pays us for mail. The government could save $70 million a year. We ask—why has no action ever been taken on this proposal?"

As for air express, he said a cartel set up by the four major combination carriers enables them to get two-thirds of all air express revenues paid to the airlines, or more than $8 million a year, while the other 34 airlines that are parties to the Air Express agreement collect less than $12 million.

"For this service, the air express shipper pays about 80c a ton-mile, contrasted to 15c for freight, and the traffic rides on the same airplane with mail and freight. This is completely ridiculous, but the Big 3 will hang on to it as long as they can keep their cozy agreement out of public view."

FTL STATION SPEEDS GOODS

Establishment of the first container station at an airport by an airline was announced in March by George Zettler, FTL manager of special sales projects.

Significance of the station is the fact that it will speed up seavan-air movement of goods from two to three days over existing arrangements.

Under the new arrangement, goods moving via seavan from the Orient to San Francisco can be removed from the arriving vessel intact in the seavan, transferred to the FTL container station at San Francisco International Airport and there opened and the traffic promptly distributed on the nearest available flights.

Operating under approval of the U.S. Customs Department, the new station leapfrogs the previous requirement that seavans arriving on a ship could not be transferred to the airport until the proper consumption entry or I. T. entry form had been filed, or until the vans had been emptied at the pier and the contents segregated by bill of lading when more than one importer was involved.

Good-bye, Senn

Bernie Senn, who had been with Flying Tiger's Maintenance Department since 1946, resigned from the company in May to accept a position with the Anchor Packing Co., in Costa Mesa, Calif.

One of the airline's best known employes, Senn had held varied positions in Maintenance and also had been active in the company credit union, serving at one time as president.

He joined the airline as a mechanic, becoming successively an inspector, foreman and then head of material control. He was serving in the quality control division at the time of his resignation.

Newspaper Ads

Here are the two full-page advertisements which appeared in the Washington Post and kicked off the Flying Tiger campaign in the all-cargo controversy. The objective was to bring into focus the ridiculous and inequitable rate situation which enables the combination carriers to finance their war against the all-cargo lines.

No. 1 of a series

AN OPEN LETTER TO JOHN A. GRONOUSKI, POSTMASTER GENERAL OF THE UNITED STATES

April 7, 1964

The Honorable John A. Gronouski
Postmaster General
Post Office Department
Washington, D.C. 20025

Dear Mr. Postmaster General:

We are one of your airmail contractors. We fly your mail between Boston, Hartford, New York, Binghamton, Philadelphia, Cleveland, Detroit, Chicago, Los Angeles, San Francisco, Portland and Seattle.

We are sure we are charging you too much. In 1958 we filed an offer with the Civil Aeronautics Board to cut our rate by almost 60%. This still has not been acted upon.

In the interest of the President's desire to cut government expenses, won't you please petition the Civil Aeronautics Board to investigate our exorbitantly high airmail rate?

Respectfully yours,

Robert W. Prescott,
President
The Flying Tiger Line Inc.
Lockheed Air Terminal
Burbank, California

For details write to
The FLYING TIGER LINE Inc.
No government subsidy paid for this ad

No. 2 of a series

AN OPEN LETTER TO THE PRESIDENT OF THE UNITED STATES

April 14, 1964

President Lyndon B. Johnson
The White House
Washington 25, D.C.

Dear Mr. President:

We applaud your efforts to reduce government expenditures. We respectfully suggest this for your consideration:

Ten thousand pounds of lobsters fly from Boston to Los Angeles for $1703.

Ten thousand pounds of airmail from Boston to Los Angeles on the same airplane pays $4200.

Now, lobsters are very delicate to ship. They require special handling. They must get through. If they are delayed, they die. So, why don't we label airmail "lobsters" and save $70,000,000 this year?

Of course, we can't do that. But you could ask the Post Office and the Civil Aeronautics Board to get their heads together and get as good a deal for the government as lobsters get.

We are one of your airmail contractors. We have been trying for six years to reduce our charges for airmail, to no avail. Now we appeal to you.

Respectfully,

Robert W. Prescott
President
The Flying Tiger Line Inc.
Lockheed Air Terminal
Burbank, California

For details write to
The FLYING TIGER LINE Inc.
No government subsidy paid for this ad

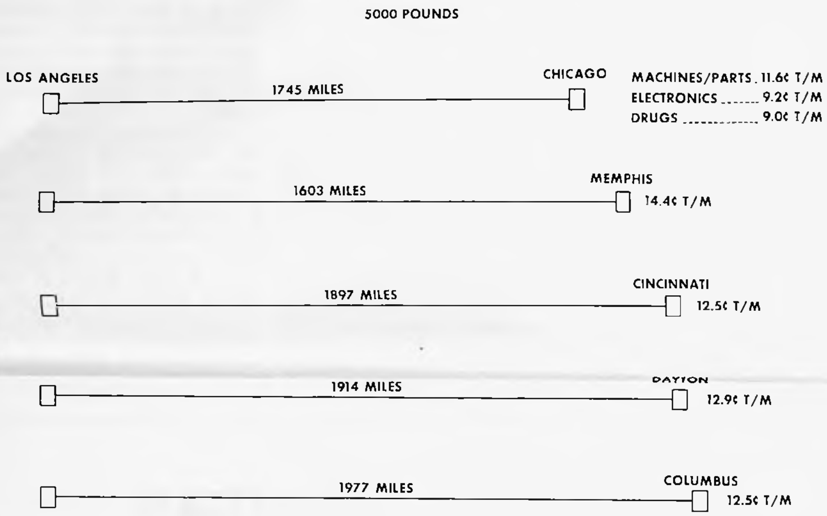
EXHIBITS MAKE INEQUITIES CLEAR

The attached exhibits, used at the initial Washington press conference, graphically illustrate the inequities in mail, express, excess baggage and passenger rates which enable the combination carriers to finance their war on the all-cargo lines:

COMPETING OR CHEATING?

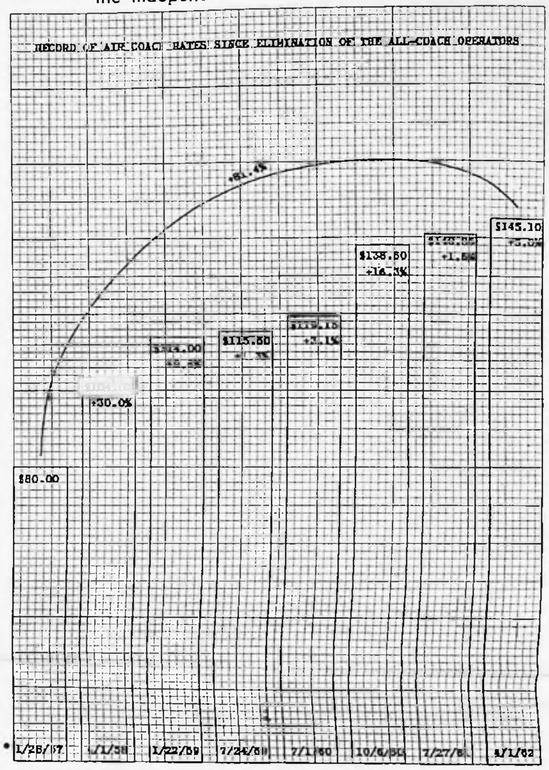
Why do the combination carriers charge more for carrying airfreight on non-competitive routes than they do where they are in competition with the all-cargo lines? For instance:

THE DUAL RATE STRUCTURE IN AIRFREIGHT



THE HIGH PRICE OF NO COMPETITION

Here is what happened to New York-Los Angeles passenger fares on three major combination carriers after they squeezed the independent airlines out of business:



*Independent Air Coach Lines eliminated in 1957.

SECOND-CLASS CITIZENS

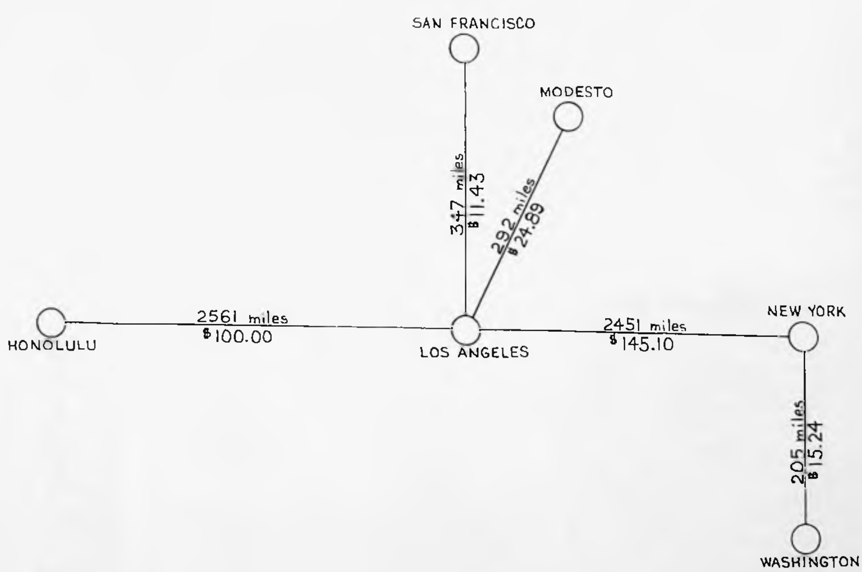
On the combination airlines, you ride as a second-class citizen if you fly from Los Angeles to New York or New York to Washington. It costs you more for less.

When Pan American cut its Los Angeles-Honolulu fare to $100, United followed suit—but over the shorter (110 miles), less costly Los Angeles-New York route, you still pay half again as much for coach, or $145 on any one of the Big Three. (It is less costly to fly an airplane overland than overwater—no navigator, no overwater navigation equipment, etc., needed.)

Between Los Angeles-San Francisco, where an independent airline is competing, you pay 25 per cent less than between Washington-New York, where there is no independent, and this in spite of the fact that it is 70 per cent—142 miles—farther from Los Angeles to San Francisco.

Another reason to believe low-cost airfreight service wouldn't exist if the all-cargo lines were eliminated.

EFFECT OF COMPETITION ON PASSENGER FARES



THE RATE RIGGERS →

Here is how four airlines out of 34 manage to cut up the $64,000,000 Air Express business so that they get the lion's share—66⅔ per cent—of the revenue.

Like all cartels, a very cozy agreement for the benefit of a very few.

WHO'S BEING TAKEN FOR A RIDE?

You are, of course, if you carry excess baggage aboard one of the transcontinental passenger airlines. It flies side by side with the freight, in the same airplane, *but it costs you almost four times as much as freight.* That's how the traveling public helps the big combination carriers to subsidize their losses on air cargo.

Look at the average returns per pound on cross-country shipments handled by these carriers:

Airfreight	*Air Mail*	*Air Express*	*Passenger Excess Baggage*
20c	36c	40c	76c

Cites Big 3 'Extortionate Profits'

Flying Tiger's answer to a proposed CAB ruling that would severely restrict passenger charter operations pointed out that the Big Three combination carriers—American, United and TWA—were using "extortionate profits" from mail and air express in their war on the cargo lines. Following is a press statement issued coincidental with the FTL filing with the CAB.

Washington, April 3—The Flying Tiger Line Inc. charged that the Big Three airlines are using "extortionate" profits from air mail and air express operations to finance a ruinous service war in the air cargo business.

The Flying Tigers, who pioneered low-cost air cargo service in the United States during the early post-war years, made that charge against American, TWA and United Air Lines in a statement filed with the Civil Aeronautics Board. The company statement was submitted in connection with recent proposals by the CAB to eliminate uneconomic air cargo competition by the combination carriers.

The statement also commented on a proposed CAB ruling to restrict charter operations by all certificated airlines. On this issue, the Flying Tigers lined up with the rest of the industry in opposition to the proposed charter restrictions, pointing out that "reckless competition" by the Big Three in all-cargo service has forced it to rely heavily on charter flights for survival.

The all-cargo airline was sharply critical of the three major combination carriers for their air mail and air express operations, asserting that the Post Office and the general public are being grossly overcharged for these services. The company called for a thorough government review of these rates, which yield the airlines an average of 38 cents per ton-mile for air mail and 36 cents a ton-mile for air express. By contrast, airfreight rates average 20 cents a ton-mile, even though all three classes are carried on the same plane.

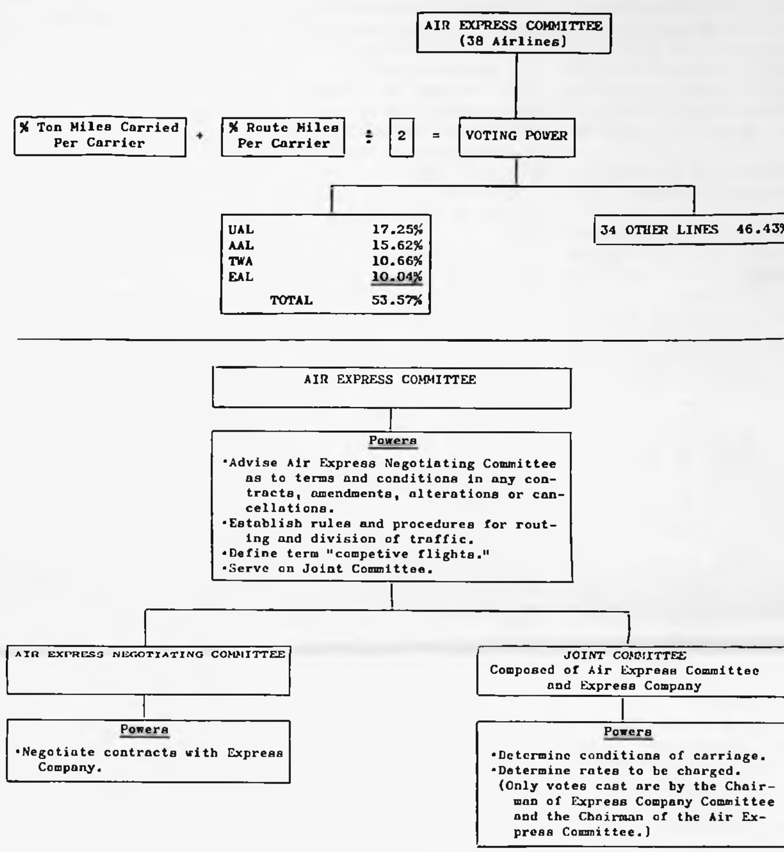
The Flying Tigers noted that air mail rates have not been reviewed in more than 10 years and that in the air express field the Big Three (together with Eastern) operate as a cartel, dominating the industry committee which fixes rates and divides up the traffic.

"American is publicly proclaiming that its jet cargo aircraft, operating at low utilization with moderate load factors, are carrying airfreight at a profit," the Flying Tigers statement said. "If that is so, American is carrying air express at an extortionate profit. Where is the anti-trust policeman?"

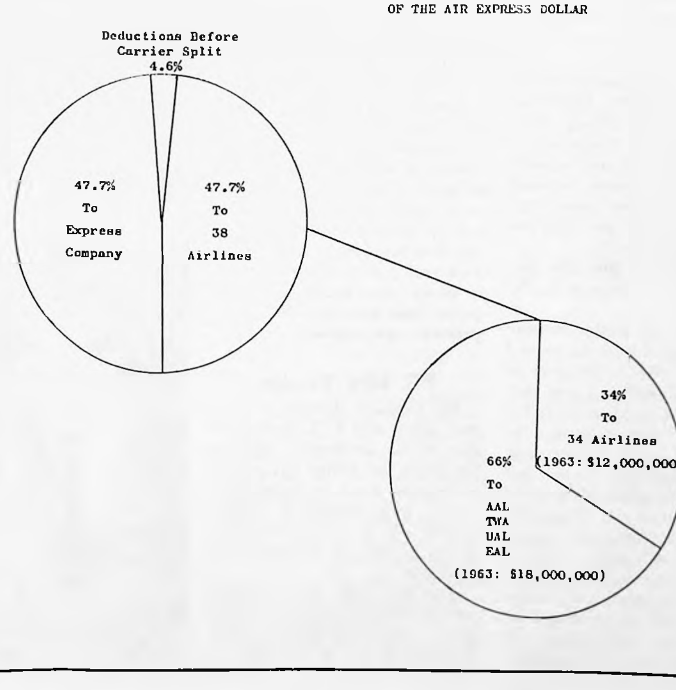
The statement added:

"It is even more obvious than in the case of air express that air mail is a cheaper commodity than airfreight for the air carriers to handle. And, with all the excess cargo capacity, the need of 'priority' treatment is a ridiculous justification for this price differential."

AIR EXPRESS AGREEMENT



HOW THE BIG FOUR GETS THE LION'S SHARE OF THE AIR EXPRESS DOLLAR



Letters Show Public Approval Of Flying Tiger Position

Rising interest in the All-Cargo Program is illustrated by the large numbers of letters received from shippers and individuals following publication of the Washington Open Letters and the Prescott Message to Shippers. A sampling of the replies follows:

Quaker Storage Co., Philadelphia, Edward Bernstein, secretary:

I read your message with great interest and quite agree with the philosophy involved. As for our company, we intend to use regular airfreight service as provided by cargo carriers and not by passenger lines. May I say that the message was well written, easy to understand and no punches were pulled.

Allied Record Sales Co., Los Angeles, Daken K. Broadhead, president:

We do not use much airfreight business but see the wisdom of supporting you.

Store Radio, Washington, E. R. Lerner, president:

I want to congratulate you for taking up the cudgel with the CAB . . . I hope you include among them the exorbitant Air Express rates. I took issue with the CAB over this matter some time ago and got the usual brush-off. If any rate was designed to discourage the use of such service, it was the REA Air Service . . . We haven't the time to spend on the matter but instead, we discontinued the use of Air Express service. Good luck!

Beebe Bros., Inc., Seattle, Dan D. Beebe, president:

After reading your form letter on the airfreight industry, I immediately issued instructions to our shipping department that on all future airfreight, preference be given to The Flying Tiger Line. We are by comparison a small manufacturer and as such, recognize the problems to which you refer. I believe your letter to be proper and we wish you the very best of luck.

Royal Optical Specialty Co., San Jose, Calif., Donald L. Peralа:

. . . I did read this message and the more I read the more I realized that this is the story of our entire industry. I feel that your letter was written in such a concise way that it lumps the problems of small business into one pile regardless of the fact that it is airfreight service or the sunglass business . . . free enterprise was how this country was built and I am highly in favor of the competitive system for every branch of our national product . . . We are all doing things for the public that they do not realize so often and it is so seldom that anybody ever takes the time or trouble to recognize this fact. This is one time that I feel that I must acknowledge and I appreciate your message.

Mrs. Morris D. Markowitz, Silver Springs, Md.—*Congratulations on expressing yourself. I am proud of you. You are 100 per cent American!!!*

'Little ole' Taxpayer'—*Hurrah and thank you for your wonderful ad.*

Gerald N. Wachs, San Francisco—*Good for you! Keep up your efforts.*

A. Karl Heyner, Bethesda, Md. —*It is my hope that President Johnson will heed your open letter.*

Joseph C. Dougherty, Washington—*Your letter published in the Washington Post today was a masterpiece.*

Anthony S. Cerelli, Oakland, Calif. (copy of letter to President Johnson) —*A lot of men with the Flying Tigers served with General Chennault. They were not shot down by the Japanese but now they are being shot down by some of the major air lines. I figure the little guy should be given a chance to survive. And I think your administration will see them through with flying colors.*

David M. Barrett, Washington —*I am in full agreement with the question you pose and hope someone someday can get an answer.*

Kenneth D. Caro, Lexington, Va.—*I wish you the greatest success with your fight to reduce government spending . . .*

Martin A. Dean, Annapolis, Md.—*You have shown unusual courage to publish your letter . . .*

South Central Airlines, Ocala, Fla., John H. Wright, president —*If you will give me more information I will be happy to do whatever I and our company can do to help in Florida.*

R. J. Schmidt, Bethesda, Md.—*My heartiest congratulations. It took real guts to hit so squarely a group that wields so much power and uses it so poorly to promote competition.*

FTL Lifts Vaccine

Bill Gelfand, director of contract sales, said FTL performed one of its on-the-stop charters for which the airline has gained widespread fame by flying four CL-44's from Chicago to Saigon, literally on a moment's notice, at the request of the State Department.

The big ships toted 250,000 pounds of special vaccine to combat a cholera epidemic which had broken out in Vietnam.

COMPANY POLICY

In recent months the Federal Government has made a number of revisions of Executive Orders 10925 and 11114, establishing the President's Committee on Equal Employment Opportunities which the Flying Tigers, as government contractors, are, of course, obligated to observe. We have in the past been subject to and have adhered to similar Federal regulations.

We are, therefore, already in compliance with all provisions of these orders and have instituted several changes to comply with the recent revisions.

Basically, these orders prohibit discrimination against any employee, or applicants for employment, because of race, color, creed or national origin. This is established Company policy, which we will continue to observe.

FTL Airfreight Up in March

Encouraging gains in airfreight traffic on the Flying Tiger system in March were reported in the monthly traffic analysis prepared by Statistician Jack Reenie.

His report showed a 10.4 per cent gain in system revenues in March over the same period last year and 30 per cent ahead of the preceding month of February. For the first quarter, revenues were up seven per cent.

Among significant gains were the following:

Sixty per cent of eastbound general freight moved at weight breaks above 1,000 pounds, compared with 53 per cent in the preceding month. Average shipment size rose to 2,300 pounds from 1,300 pounds, which may indicate that the Tiger campaign stressing the ability of the airline to handle all size shipments from packages to over-size freight, compared with restrictions of the combination carrier jets, may be making headway.

While Midwest region revenues declined 15.6 per cent, the eastern region was up 20.8 per cent. The northeastern gained 30.3 per cent for top place, while the western region was up 8.2 per cent.

New York press conference on the All-Cargo story brought these men to a meeting with FTL group.

1—Left to right, President Bob Prescott talks with Richard Riklis of *Wall Street Journal* and Cal Mitchell of *Air Transportation*.

2—Left to right are John Budd, *Air Transportation*; Norman Meyers, director and general counsel of FTL; Harold Gold, *New York Journal of Commerce*; Selig Altschul, noted specialist in aviation finance; and George Carroll, *New York Journal-American*.

3—Wayne Hoffman (left), executive vice president of the New York Central System and Fred Stauffer, *New York Herald-Tribune*.

Busiest Charter Season for Flying Tigers Gets Under Way

The busiest charter season on record began for The Flying Tiger Line in April, marked by another of the Korean orphan missions in which 139 American parents and their adopted children from Korea were flown from Seoul to Los Angeles.

In addition to a substantial amount of traffic on both the North Atlantic and the trans-Pacific, Flying Tiger scheduled an increasing amount of domestic passenger charters, topped off by a series of flights that were expected to take more than 11,000 employes of the General Motors Corp., from Michigan to the famed GM exhibit at the New York World's Fair.

More than 200 trans-Atlantic trips have been booked, which is almost three times as many as the airline flew last year.

Arrangements to fly all trips are going ahead despite a CAB ruling which would severely limit FTL's passenger charter traffic. *A statement by President Robert W. Prescott accompanies this report, explaining FTL's intention to see that all charter contracts are fulfilled.*

A rundown of the 1964 charter program shows that FTL performed in March such charters as an exchange of businessmen, students and faculty between Japan and El Salvador, and the transport of clubs between Los Angeles and Las Vegas and Los Angeles and New York.

29 Charters in April

In April, a total of 29 charters was scheduled. Church, business, college, bowling, and orphanage charters were performed between such points as New York and the Caribbean, Los Angeles and Salt Lake City, Miami and Boston, Portland and Reno, Las Vegas and Montreal, New York and Madison, Wis., and Boston and Nassau.

Eighteen charters were scheduled for May; and in June the heavy summer vacation traffic was scheduled. A total of 46 charters was programmed for June, 80 in July, 61 in August, 15 in September and 15 in October.

While most of the May charters were between eastern seaboard and Caribbean points or domestic terminals such as Los Angeles and Indianapolis, New York and Oakland or Detroit and New York, the heavy June-July season will see Flying Tiger ships winging vacation-bound travelers to many points of the world, such as:

London, Helsinki, Paris, Oslo, Stockholm, Cologne, Hamburg, Amsterdam, Prestwick, Dusseldorf, Taipeh, Tokyo, Stuttgart, Copenhagen, Warsaw, Berlin, Goetberg, Toronto, Bergen, Montreal, Bermuda, Winnipeg, Malta, Belfast, Manchester, and New Zealand.

The overseas flights will be in addition to domestic charters linking such points as Los Angeles-New York, Detroit-New York, New York-Oakland, Burbank-Indianapolis, Fresno-Detroit, Scramento-New York, Salt Lake City-Washington, Los Angeles-Washington, New York-Columbus, and Philadelphia-Salt Lake City.

Probably the largest movement involves five round-trip flights for the Club Richelieu of Montreal to Miami. Nearly 600 club members will be transported in this movement, scheduled for October, a fitting finale to the Tigers' record-breaking charter season.

A STATEMENT FROM TIGER PRESIDENT PRESCOTT

Pertaining to a CAB decision severely restricting FTL charter operations:

During the years from 1956 to 1963, The Flying Tiger Line has annually received authority from the Civil Aeronautics Board to conduct trans-Atlantic passenger flights which was given under the CAB's Transatlantic Charter Policy. In 1961, the CAB instituted a proceeding to determine whether one or more U. S. carriers should be awarded some form of certificate to continue to engage in this charter service.

Together with other carriers, Flying Tiger Line was an applicant in these proceedings and in September, 1962, the Examiner of the CAB issued his decision which contained a recommendation that FTL be empowered to continue trans-Atlantic charter service under appropriate regulations. In March, 1964, the CAB issued a ruling in this case which contained no recommendation that FTL be awarded a certificate for trans-Atlantic charter flights. However, during the period that this investigation was being held, Congress passed an amendment to the Federal Aviation Act, commonly known as the Engle Amendment, which gave our company *world-wide* passenger charter rights. Following on the CAB's decision of March, this year, we petitioned the Board to exempt us from certain technicalities contained in Board regulations and which we felt were desirable in order for us to perform across the Atlantic this summer. On April 6, the Board denied this petition.

We are seeking a review and clarification, but meanwhile it is fully our intention to discharge our obligations and we will guarantee that all our trans-Atlantic flights this summer will be performed.

Robert W. Prescott

Prescott Re-elected To Air Transport Board

Robert W. Prescott, president of The Flying Tiger Line, has been re-elected to the board of directors of the Air Transport Association, guiding body of the air transport industry. Headquarters are in Washington, D. C.

Good Product Helps Create Good Image

On the need of a good reputation and a good product, or service, from one of America's most successful business leaders:

"Certainly I believe a company's good reputation is its most important asset. Since I cannot imagine doing business successfully without a good reputation, I'd have to say it is an essential. On the other hand, if you did not have a product line of proven competitive advantage, it is hard to see how your reputation could be kept untarnished. The answer is that you must have both, and that even as an intellectual exercise there is small profit in weighing which one you would abandon.

"It follows that it would be difficult to win a good reputation without a strong product line. On the other hand, a good reputation would make it easier to gain the time and credit required to rehabilitate or establish the strong product line, and a bad reputation might well make it *impossible.*

"The suggestion that a company 'develops' a reputation through advertising or publicity techniques alone seems to me unrealistic. Everything said and done by every employe of a company adds to or detracts from its good reputation. If it desires to improve its reputation, it can do so only by conducting itself in such a way as to deserve higher regard, and then by seeking to make its various publics aware of this state of affairs."

An acquaintanceship between Jim Maguire, Far East sales manager for Flying Tiger at Tokyo, and Ambassador Beneke from El Salvador, Central American republic, led to two CL-44 charter flights in February and March involving the transportation of more than 500 people. The flights were a goodwill exchange of students and faculty from the Keio University of Japan and members of the El Salvador Chamber of Commerce. A total of 148 people moved on each flight, one from Tokyo to Guatemala and another from Guatemala to Tokyo. After a month's visit in each country, Flying Tiger returned the groups. The picture here shows Japanese students and faculty boarding the initial flight to Guatemala.

Coast-to-Coast View Of a Horsey Air Lift

(New York World Telegram)

When Flying Tiger was chosen to fly a million dollars or more of horseflesh—20 harness racing horses from Los Angeles to New York — the New York World Telegram sent Sports Writer Lou Miller along to cover the story of the largest number of horses ever airlifted at one time. They were flown to compete in the Yonkers Raceway program. Here is Miller's story, which was accompanied by a full page of pictures in the World-Telegram:

By Lou Miller

"Would you volunteer for a plane ride with 20 harness horses flying from California to Roosevelt?" sports editor Bob Stewart asked the other day. *"They've never tried airlifting that many in one plane before.*

"There might be a stampede aboard or a horse might kick out the side of the plane. It might make a good story."

In no time at all, we were aboard a Flying Tiger Line four-motor prop jet, jammed with a herd of kicking, neighing standardbreds and their attendants, flying from Los Angeles to New York's Kennedy International Airport yesterday.

Express Rodney

The first snorting equine, Express Rodney, was led, accompanied by a thunder of hoofs on boards up the steep, 20-foot ramp into the plane.

Next up the incline came Jerry Adios. Neighing and snorting, he was led into the stall to the right of Express Rodney.

Express, winner of the feature Santa Anita trot several hours earlier, greeted Jerry with a kick that dented the stall board and blanched the faces of some of the more imaginative humans on board the plane manned by Capt. Frank Hawkins, co-pilot Carl Prentiss and flight engineer Ralph Smith.

Finally, all the trotters and pacers were aboard, lined up tightly in their stalls, three abreast, glaring red eyed at the men lying in the submarine-type bunks, two to a shelf, just back of the crew's compartment.

Among the Pegasi were Charley King's Irvin Paul and Jimmy Cruise's Mr. Budlong, both scheduled to race Saturday night in the $25,000 pacing feature.

Human Passengers

Included among the deadheads aboard were King, and such other trainer-drivers as Gale Tideman, Will Bradley and Hugh McIntosh, and US Trotting Assn. photographer Bob Talbert.

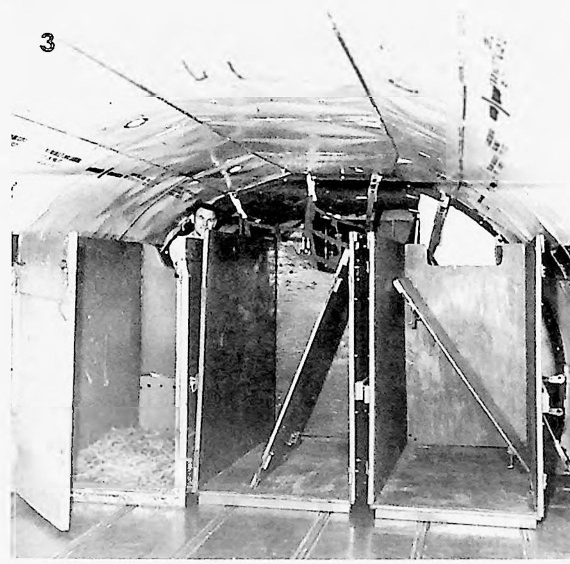
Actual takeoff was 5:45 a.m., Pacific Coast time. Arrival at Kennedy International was scheduled for 3:20 p.m.

All was quiet inside the plane, except for an occasional whinny and thud of hoof against wall as the big swing-tail 44 taxied to the takeoff point. With a roar of the four motors, containing 6000 horsepower each, the 67,675 payload zoomed upward.

In short order the craft was flying over the Rockies, at 21,000 feet, and moving at 430 ground miles an hour.

Promptly at 3:20 the big bird lightly touched the Kennedy landing strip once, and 20 heads and 40 long ears nodded in unison. Twice more the wheels touched, and each time row on row of heads and ears dipped down and up.

The historic flight was over with nary a crash or stampede to delight the heart of a sensation-seeking sports editor.



1—First of the record load of 20 horses is led aboard a Flying Tiger CL-44 swingtail at Los Angeles International Airport.

2—A groom leads one of the horses down the plane cargo hold to his stall.

3—Stalls were aligned three abreast to carry the equine passengers.

'Thank You'

HOLLYWOOD MUSEUM
An International Center for the Audio Visual Arts
7046 Hollywood Boulevard, Suite 313
Hollywood, California 90028

Mr. Kimball
The Flying Tiger Line Inc.
Lockheed Air Terminal
Burbank, California

Dear Mr. Kimball:

Thanks in great part to the generosity of the Flying Tigers the Hollywood Museum Exhibit at the National Association of Broadcasters Convention in Chicago was an outstanding success.

The various crates and cartons arrived promptly and in excellent condition.

We are truly appreciative of the support we are receiving from all public-spirited people and industries in our community and trust that with your continued help we will build an institution of which you will be proud.

Cordially,
WILLIS OSBORN

Young Entertainers To Sweden via FTL

Five Portland youngsters are rehearsing like mad.

They will sing and dance their way through Sweden this summer for seven weeks, along with 40 boys and girls from Washington and California.

Their trip is sponsored by Vasa Order of America, a Swedish youth lodge, to promote and maintain the Swedish culture between the two countries. The children are descendants of families from the Scandinavian country.

It is the second year the project has been undertaken.

A Flying Tigers Constellation leaving June 30 will fly the group over the North Pole to Sweden.

Albert Sets Sales Execs In New Jobs

Realignment of sales staff appointments in Tokyo, Hartford, Seattle, San Francisco, Newark and Philadelphia were announced in April by Peter T. Albert, vice president of freight sales.

Frank Guberlet, who has been district sales manager at Hartford, has been assigned to the post of Far East sales manager at Tokyo, succeeding Jim Maguire, who returns to the United States as import manager at Newark.

Michael Gurley, asistant district sales manager at San Francisco, was named sales manager, succeeding Bill Wright who moved on to another opportunity. *Gerald Johnson* was named assistant district sales manager at San Francisco.

Warren French was named sales manager at Hartford, succeeding Guberlet.

James Haggerty, who has been on the sales staff since 1957 and was once district sales manager at Hartford, becomes district sales manager at Philadelphia, giving up his post as import manager at Newark. *Ed Girard*, who has been on the Philadelphia staff, was named account executive there.

John W. Geehan, Jr. at Seattle moves up from customer service activities to district sales manager at this Pacific Northwest terminal.

Frank Guberlet (left), newly appointed Tokyo sales manager, George Zettler (center), manager of special projects, and Peter T. Albert, vice-president of freight sales, discuss plans for Far East sales development.

Mike Gurley
DSM at San Francisco

Jim Haggerty
DSM at Philadelphia

John Geehan
DSM at Seattle

Eddie Holohan of Flying Tiger's Contract Sales Division at Burbank, receives an appreciation plaque from the American Mothers of Korean Orphans for his part in helping arrange a series of flights this year by Flying Tiger charter aircraft to bring groups of Korean orphans to their adopted homes in the United States. Presenting the plaque are Consul-General Kwang Soo Aho of the Rupublic of South Korea, and Mrs. Marie Proxmire, of Anaheim, Calif., president of the American Mothers group, while two of her adopted Korean daughters, Patty (left) and Cathy look on. In one flight last winter which Holohan arranged, 197 parents and their adopted children were brought to the United States from Seoul, while in another flight in April, 139 parents and children were flown to the United States. Other flights will be reported as they occur.

Tiger Cargo Personnel Can Enter Air Express Sweepstakes Contest

Flying Tiger Lines cargo personnel in sales and operations will have an opportunity to enter a giant Air Express sweepstakes contest this Spring, with the top prize a one-week all-expense vacation for two to a choice among eight major U.S. cities.

In announcing the Air Express contest, Emil Seerup, Vice President-Air Services, R E A Express, revealed that a total of 38 prizes will be offered, insluding seven three-day week-end trips to major cities, 10 Keystone movie cameras and projectors, and 20 Grillmaster Imperial Chuck Wagon charcoal grills.

The contest is also open to cargo personnel in the nation's other scheduled airlines and Air Express employes of R E A Express. Air Express is the combined air-surface priority transport operation of R E A Express. and the nation's scheduled airlines.

"The contest is designed to emphasize to all airlines' cargo employees the unique features of Air Express service," Seerup said *"Air Express is first on and first off of all cargo and passenger planes after air mail."*

At the same time Seerup announced that a parallel contest with a different set of rules and a separate prize structure will be run concurrently for Air Express customers. The customer contest will emphasize the service and cost saving features of Air Express.

Entrants to the employee contest will be required to answer six multiple-choice questions about Air Express. Entry blanks, together with a brief summary of Air Express operations, are being distributed to Flying Tiger employees by Flying Tiger management. Answers to the questions are contained in the Air Express summary information. Entrees must be postmarked no later than midnight July 1st.

Contest entries will be processed by the independent contest judging firm, R. L. Polk. Winners will be announced within 30 days.

'Con Do' Booklet Now Available

"Can Do," the story of The Flying Tiger Line, a 24-page booklet, has been published by the Personnel and Public Relations Departments for distribution to employes as a basic source of information about the company, its background and history from the founding in 1945 to the present day.

The Personnel Department will stock the booklet, where it will be available to current and new employes.

Illustrated with pictures that tell the story of the company's progress in equipment and transport development, both within the freight and contract fields, the booklet concludes with a record of the company's accomplishments in the transport field.

'Thank You'

THE *BOEING* COMPANY
Airplane Division • P.O. Box 707 • Renton, Washington 98055

Mr. Peter Albert
Vice President - Sales
THE FLYING TIGER LINE
Lockheed Air Terminal
Burbank, California

Dear Pete:

Please accept Boeing's appreciation for the fine service rendered on March 20, 1964. Due to a mishap, the Model 727 now in service on Eastern Air Lines was grounded in Miami. Several large parts were required to put the plane back in service, and a cargo plane was necessary.

Your delaying departure time out of Seattle for one hour prevented having to hold the shipment over the weekend.

Boeing is anxious to keep these early models in the air and Eastern Air Lines is equally concerned. We appreciate your efforts.

Very truly yours,
THE BOEING COMPANY
Airplane Division
Leo E. Meyers
Traffic Manager

Chicago Meet Marks Growth Of Imports

Growth of Flying Tiger's import traffic into the Chicago area in the first full year of development, 1963, was highlighted at a reception hosted by the Chicago sales staff for importers, custom house brokers and U. S. Customs officials.

Twenty-eight guests were entertained at the informal conference led by Lew Ayres, district sales manager, and Dick Shaklee, assistant district sales manager in charge of import traffic.

Shaklee reported that Chicago import traffic in 1963 totaled 1,563,589 pounds with a revenue of $268,940. In 1962, when the program began, late in the year, traffic totaled only $4,000. To illustrate the growth, Shaklee reported that traffic in December, 1962, totaled 1,800 pounds. A year later, December, 1963 traffic totaled 268,000 pounds.

The traffic consists mainly of tape recorders, transistors and TV tubes, cameras, clothing, costume jewelry, artificial flowers, optical goods, wooden wares, shoe tote bags and deflatable plastic toys.

Betty Klopp, FTL customer service, welcomes (left to right) Bill Rogers, of Wm. A. Rogers; Ted Elliott, Pacific Far East Lines; and Jerry Rogers, Wm. A. Rogers.

Chatting at Chicago get-together are (from left) Ted Elliott of Pacific Far East Lines; FTL's George Zettler; and John Smith of Karl Schroff & Associates.

Discussing shipping are Dennis O'Donnell (left) of Oak Manufacturing Co. and Tigers' John Dudley.

Gerry Schoen of Raytheon listens to a *"commercial" delivered* by FTL's James Danek.

Enjoying snacks and conversation at the Chicago reception are (standing, left to right) Dan Kirby, U. S. Customs; Tom Corey, International Expediters; Frank Gunia, U. S. Customs; and Dick Shaklee, FTL. Seated, from left: Bob Kincaid, of J. E. Bernard; H. Iverson, U. S. Customs; Virgil Bass, J. E. Bernard.

Flying Tiger BOS Traffic Up For First 4 Months

Traffic gains averaging 32 per cent for the first four months of 1964 have been recorded by the Boston station of The Flying Tiger Line, John J. Walsh, district sales manager, announced.

March was the record month, showing a 74 per cent gain, followed by 22 per cent in April, 18 per cent in January and 14 per cent in February.

Walsh said the primary increases were shown in the movement of shoes, electrical and electronic equipment.

'Thank You'

CLARENCE A. ROBIESON
11262 Weatherby Road
Rossmoor, California 90720

Dear Sirs—

As one of the couples who made the chartered flight to Korea we want to thank The Flying Tiger Line for a wonderful flight.

We thought the stewardesses were "tops"—they really had a workout with so many novice flyers. Coming back, the girls from Tokyo to Seattle hardly had a minute to themselves but were so sweet & encouraging over the bumps, changing diapers, fixing formulas and feeding us all too. The food was excellent.

We felt we had real good pilots, they told us what to expect and what the different motor sounds meant.

We'll be looking forward to our next trip on a Tiger! Sincerely

Mr. and Mrs. Clarence Robieson

'Thank You'

When Mr. Julian Czukor sent Flying Tiger's Bob Nicholas at Newark this "Thank You" letter, he addressed copies to all suppliers of his company, The Lovable Company, 200 Madison Ave., New York:

Over the past few weeks we have had occasion to ship via Airfreight to the West Coast. We specified FLYING TIGERS and the service was superb.

Consequently, future shipments of ours that you send Westward are to be routed to Flying Tigers.

I also suggest that any Airfreight information to anywhere can be easily garnered from Jack Forster of FLYING TIGERS, WH 3-8787.

Cordially,
JULIAN CZUKOR
Director of Advertising

CC: FLYING TIGER LINE
Newark Airport, Cargo Bldg., No. 153
Newark, New Jersey

PRESS VIEWS ON ALL-CARGO DISSENTION

The all-cargo controversy, called by many observers the most bitter war in the history of the Civil Aeronautics Board, is receiving widespread press attention. Following is a cross-section of press reports in recent weeks:

(United Press International)

Washington—The president of an all-freight airline charged April 9 that the big carriers are using "lush profits" from government mail contracts to force cargo airlines out of business.

President Robert W. Prescott of The Flying Tiger Line Inc. said the government was being overcharged as much as $70 million per year on air mail alone. He called for a Congressional investigation "if the Civil Aeronautics Board fails to act."

Prescott said the "Big Three" combination carriers—which he identified as American, TWA and United—"are absorbing enormous losses in freight to put on so much airlift they hope to drown the all-cargo airlines."

"This war which has been launched by the Big Three is being paid for out of the extortionate rates which the combination carriers are charging the United States Post Office, shippers and the traveling public," he said in a news conference.

"If they should succeed in forcing us out," he said, "you will see the same thing happen in airfreight as happened in aircoach passenger service—a transcontinental ticket costs 81 per cent more today than it did in 1957 when the Big Three finally ran the independent aircoach lines out of business."

Prescott said his line has offered to take a 50 per cent cut in what the Post Office pays it to carry air mail "but no action was ever taken on this proposal."

He charged that four major combination carriers have established an "air express cartel" which enables them to get two-thirds of all air express revenues paid to the airlines.

"For this service," he said, "the air express shipper pays about 80 cents a ton-mile, contrasted to 15 cents for freight, and the traffic rides on the same airplane with mail and freight.

"This is completely ridiculous, but the Big Four will hang on to it as long as they can keep their cozy agreement out of public view," Prescott said.

U S NOTES

(Linn's Weekly Stamp News)
Carl P. Rueth

The April 7, 1964 edition of the Washington *Post* had a full page ad inserted by The Flying Tiger Line Inc. of Burbank, Calif. It is an amazing item which claims a condition, which if true, needs a lot of attention from all of us through our representatives and senators to Congress.

It is titled: "An Open Letter To John A. Gronouski, Postmaster General Of The United States." It is dated April 7, 1964. Following the formal salutation, this missive reads—

"Dear Mr. Postmaster General:

"We are one of your airmail contractors. We fly your mail between Boston, Hartford, New York, Binghamton, Philadelphia, Cleveland, Detroit, Chicago, Los Angeles, San Francisco, Portland and Seattle.

"We are sure we are charging you too much. In 1958 we filed an offer with the Civil Aeronautics Board to cut our rate by almost 50 per cent. This still has not been acted upon.

"In the interest of the President's desire to cut government expenses, won't you please petition the Civil Aeronautics Board to investigate our exorbitantly high airmail rate?

"Respectfully Yours,
"Robert W. Prescott,
President
"The Flying Tiger Line Inc.
"Lockheed Air Terminal
"Burbank, Calif."

Many of us taxpayers believe that our money is being wasted in the millions of dollars through mismanagement and politics on the part of Government officials.

Cargo lines want in

The all-freight air carriers demand a share of mail business, as well as a better chance at other cargo. They say their existence is at stake

(Business Week)

Can the ailing domestic all-cargo airlines — Flying Tiger, Slick, and Airlift International —survive a desperate war they're now fighting with the major trunk lines?

The answer isn't clear yet, but one thing now is certain: If the cargo lines do go down, it will be in as glorious a display of pyrotechnics as Washington has seen in some time.

Last week, for example, the sparks were flying over mail rates. The cargo lines launched a price war on the passenger lines' virtual monopoly on hauling the mails.

It all began when Flying Tiger Line Inc. ran a full-page newspaper advertisement in the form of an open letter to the Postmaster General. The ad reiterated a proposal, first made back in 1958, to carry air mail at 22c a ton-mile. (A ton-mile is one ton carried one mile.) The Post Office currently pays about 31c a ton-mile for domestic air mail.

Twenty-four hours later, Slick Corp. had its own proposal to make. Slick would haul mail in shipments of 2,000 lb. or more at 12c a ton-mile; it also suggested that the trunk lines carry smaller lots for 16c a ton-mile. And Slick added that this would save the U.S. Post Office $22-million a year.

"Our proposal," said Slick's Chmn. Delos W. Rentzel, "is in furtherance of Pres. Johnson's policy of economy in government."

Not to be outdone, Flying Tiger ran a new ad—this time as a letter to Pres. Johnson. Said the letter: "Now, lobsters are very delicate to ship. The require special handling. If they are delayed, they die. So why don't we label airmail 'Lobsters' and save $70-million this year." The ad contends that airlines charge $1,700 to fly five tons of lobsters *across the country, but that the* rate for the same amount of mail is $4,200.

As nutty as all this sounds, it is simply a familiar tactic in a bitter war. It's standard practice for an airline to go to the Civil Aeronautics Board and say, "in all good conscience," that rates are unreasonably high—on a competitor's cargo. The all-cargo lines don't stand to lose nearly so much as the trunk lines in a mail rate cut, and they may pick up some extra business that way.

The beneficiary of their latest ploy, the Post Office, said that it is studying domestic rates but that it has no present plans of asking CAB to reduce them. Then, almost immediately, it asked CAB to reduce overseas mail rates—by more than 50%.

Together, the four overseas mail carriers would lose more than $25-million in revenues.

The mail-rate squabble is just one part of the bigger fight, which could end with the trunk lines out of the cargo business, or with the cargo-only carriers out of business entirely.

But CAB rules over the battle, and a compromise is more likely than either extreme. CAB and its chairman, Alan S. Boyd, feel a serious responsibility for the economic well-being of the all-cargo lines—CAB certified the all-cargo carriers in 1949 and granted permanent certification to Flying Tiger and Slick in 1962. But at the same time, CAB must guard the economic well-being of the trunk lines.

(Whaley-Eaton Letter)

The back-to-the-wall posture of the all-cargo airlines may result in substantial savings for the Post Office Department and faster mail service for business and the public.

Two all-cargo lines have filed proposed schedules to slash air mail rates although their methods of applying the cuts are quite different. The aim is to secure more mail business—including second, third and fourth class—from surface carriers.

Meanwhile, angry charges and counter-charges have been flying between combination carriers and the all-cargo firms.

A Civil Aeronautics Board proposal, still under consideration, would require the major lines to turn over some of their business to the cargo lines. The large carriers, in reply, question the future of the companies handling only freight and mail shipments.

An executive of a cargo line contends that the all-freight operations are just now attaining their promise and has called for a congressional investigation. He argues that combination lines' air mail and express charges constitute a subsidy and their rates vary between cities in accordance with competition.

The CAB is caught in the middle.

Airline Says It's Paid Too Much For Mail

(Miami Herald)
By John McMullan

Washington — An angry cargo airline president has offered money to the government.

It was refused.

All that Robert W. Prescott, president of The Flying Tiger Line Inc. succeeded in doing was to call attention to what he calls "exorbitantly high" airmail rates.

In a full-page newspaper ad billed as an open letter to Postmaster General John A. Gronouski, Prescott said:

"We are sure we are charging you too much.

"In 1958 we filed an offer with the Civil Aeronautics Board to cut our rate by almost 50 per cent. This still has not been acted upon.

"In the interests of the President's desire to cut government expenses, won't you please petition the CAB to investigate our exorbitantly high airmail rate?"

Prescott's motives were not entirely philanthropic. He doesn't feel his 19-plane line is getting a fair share of the government's business.

He says Flying Tiger is now paid 18 cents per ton-mile and is willing to carry mail for a great deal less. Flying Tiger got $47,000 for airmail and a total of $123,000 of the government's business last year. The total paid by the U.S. to airlines to haul mail was 67 million dollars, some of it at a rate of 36 cents per ton mile.

Prescott's letter rankled the Post Office, which huffily replied: "Airmail rates are periodically reviewed by the Post Office Department.

"In fact, more than two months ago, the department informed the Board of its intentions to seek formal action. We are currently completing a comprehensive analysis preliminary to filing such a formal request with the Board to review all existing rates to air carriers."

Prescott, it seemed, had a point.

The Airlines' 'Dogfight' To Carry Cargo

(National Observer)

The Flying Tiger Line, begun 18 years ago by a dozen veterans of the famed Flying Tigers of the Chinese war against Japan, is one of three airlines hauling nothing but freight over their domestic routes. Now, with the future of all three apparently endangered, the company is fighting back with a ferocity it may have picked up in China.

An advertisement it placed in a Washington, D.C., newspaper last week raised a stir that could have important long-range effects not only on the air transportation industry, but also on railroads and trucking lines.

"We are one of your airmail contractors," said the ad, an "open letter" to the Postmaster General. "We are sure we are charging you too much. . . . In the interest of the President's desire to cut Government expenses, won't you please petition the Civil Aeronautics Board (CAB) to investigate our exorbitantly high airmail rate?"

'Formal Request'

One immediate result: The Post Office intends to file a "formal request" for a review of the rate by the CAB. Last year the Post Office spent $67,000,000 to fly domestic mail, some of "surface" mail that was more convenient to send by air.

If rates are drastically overhauled, it could take a lot of business away from railroads and truckers, which currently haul 90 per cent or so of the mail.

That's Tiger's hope. If the cost of sending mail by air can be trimmed, the Post Office might ship more mail by air, increasing greatly the volume and ultimately the profits of the all-cargo lines. Tiger, for instance, received only $240,000 for flying mail last year.

But behind this mail fight lies a far broader struggle, in which the cargo lines are fighting for survival. The nation's cargo airlines, Tiger, Slick Airways, and Airlift International (the recently renamed Riddle Airlines), are trapped in a squeeze.

About two-thirds of Tiger's income, for instance, comes from hauling, on charter, troops and cargo overseas for the Defense Department. But the Government is building up its own transport capacity, which ultimately may reduce sharply the charter business of Tiger and other lines.

More pressing, Tiger, Slick, and Airlift suffer from stiff (they say, unfair) competition for freight from the commercial passenger lines. The passenger lines now ferry 85 per cent of the nation's air cargo, either in the big cargo compartments of their passenger jets, or in all-cargo jets they have begun flying. The cargo lines argue that passenger lines can put freight flights on any of their extensive routes, while cargo lines get only a few routes—and they must fight hard to get CAB authorization.

In addition, the air-cargo market itself traps the cargo lines. Companies generally move cargo shipments after business hours at night. About 80 per cent of the business is on the long transcontinental hop, where air shipping means a marked time difference over surface shipment. This means that an all-cargo plane usually makes one transcontinental flight a night, arriving too late to pick up freight for a return hop.

The drive for more mail business is one way the cargo lines see to build up their market. Passenger lines are expected to oppose rail rate reductions. "Our friendly competitors," says Tiger president Robert W. Prescott, with a good dose of acidity, "would like to fill the little baggage compartments of their passenger planes at good comfortable high rates, and not be bothered with large-volume, low-rate traffic."

Ingenuity Is Important

Problems facing the cargo lines, which by law are ineligible for Federal subsidies, are "tougher than ever before," concedes a CAB official. "But their ingenuity is far more important to their survival than any Government action to aid them."

Tiger has had an application before the CAB since 1958 to cut by about half the CAB-set fee for hauling air mail. The CAB indicates the application now will be reviewed with renewed interest. But, says a CAB official, the rate can only be adjusted according to the costs for all airlines, not just one or two cargo lines.

Ideally, the cargo lines want to ground the all-cargo flights made by the passenger lines, limiting those companies to hauling what freight they can pack into their passenger planes, and leaving bulk cargo flights to lines that specialize in them. In a regulated industry, it is only right to give different types of companies different types of markets, they argue.

"The alternative of this (change) is further losses by all concerned, with the eventual extinction of the all-cargo carriers," the cargo lines contended in a recent statement to the CAB.

Is There A Conspiracy?

The passenger lines are "absorbing enormous losses in freight to put on so much airlift that they hope to drown all the all-cargo airlines," contends Mr. Prescott. "In the past year the total transcontinental airfreight lift offered to the shipping public increased so sharply that it is now more than four times as great as the demand." He asked for a Congressional investigation to determine whether the passenger lines are engaged in a conspiracy to force the all-cargo lines out of business.

The passenger lines reply that the all-cargo carriers are backward. The passenger carriers "started the cargo business back in the 1920s, they have made the service innovations, they provide the most service, and they have the most modern equipment," says American, the largest cargo carrier.

"The cargo-only carriers . . . have led lives of unfulfilled promises, exemplified by outmoded equipment, lack of imaginative innovations, and failure to provide the service for which they were certified," argues American. "To place the future of airfreight in the hands of those who have proved themselves incompetent and to shield them from the normal forces of competition displays an extraordinary misconception of the commercial cargo business."

Apparently the CAB goes along with American's view. Taking the air cargo flights away from the passenger lines "has about as much chance of CAB approval as I would have getting nominated if I ran in the Texas primary against Lyndon Johnson," notes one CAB official.

Already the passenger lines have at least 33 big all-cargo jets flying or on order. American, for one, has poured $40,000,000 into inaugurating its jet all-cargo business, and the CAB isn't about to take it away. The CAB feels that depriving them of all cargo flights would be too heavy a financial blow to the passenger lines. Whether right or wrong, this attitude could shoot down more Flying Tigers than the Japanese ever did.

—Harold H. Brayman

NOT THE LOBSTERS THAT SMELL

Editor's Note—This editorial by U. S. Press Association was distributed to some 1,400 small-town daily and weekly newspapers.

Unanswered up to this writing, is the plea of the Flying Tigers to enlist in the President's crusade to cut Government spending—and to demand that Congress investigate their charge that major combination airlines (passenger, mail and freight) are conspiring to drive low-cost freighters out of the public sky.

In an open letter to President Johnson, Robert W. Prescott, president of The Flying Tiger Line, wrote on April 14:

"We applaud your efforts to reduce government expenditures. We respectfully submit this for your consideration:

"Ten thousand pounds of lobsters fly from Boston to Los Angeles for $1,700.

"Ten thousand pounds of airmail from Boston to Los Angeles on the same airplane pays $4,200.

"Now, lobsters are very delicate to ship. They require special handling. They must get through. If they are delayed, they die. So, why don't we label airmail 'lobsters' and save $70 million this year?

"Of course, we can't do that. But you could ask the Post Office and the Civil Aeronautics Board to get their heads together and get as good a deal for the government as the lobsters get.

"We are one of your airmail contractors. We have been trying for six years to reduce our charges for airmail, to no avail. Now we appeal to you."

Mr. Prescott, of course, heads up the famous all-cargo airline formed after World War II by men who learned air-freighting over "the hump" with the late General Claire Chennault's original Flying Tigers. It may be they learned things the big combination airlines haven't yet found out—and it is certain they have developed techniques and planes for cargo handling that are unmatched for efficiency and economy.

Certainly it is too bad—for all of us—that the initial offer of the Flying Tigers to cut their airmail rate by almost 50 percent, filed with the CAB in 1958, has been ignored. But even more shocking are the accusations of conspiracy leveled against the Big Three—American, TWA, and United—by Mr. Prescott in a press conference on April 7. They are, he charged, using extortionate profits in airmail and air express to make up for the $20 million a year their war to force the all-cargo lines out of business is costing them.

The Congressional investigation the Flying Tigers ask would seem to be in order when airmail yields the transcontinental carriers 36 cents a ton-mile, air express about 40 cents and frieght 15 cents—and all three ride the same plane.

Maybe it's not the lobsters that smell.

For What It Costs To Fly A Lobster, The Post Office Could Save A Little

(Charleston, W. Va. Daily Mail)

If you are in the lobster business, you can fly 10,000 pounds of lobster from Boston to Los Angeles for $1,700.

It is a tricky job, requiring delicate handling. There must be no delays; the lobsters will die in flight. But it can be done, and $1,700 will do it.

On the other hand, for flying 10,000 pounds of air mail the Post Office pays $4,200.

These facts—for we take them to be facts—are set forth in a full-page advertisement by The Flying Tiger Line in the Washington *Post*. They are addressed by the president of the line, Robert W. Prescott, to the President of the United States, and they raise the question:

If President Johnson is as interested as he says he is in reducing government expenditures, why doesn't he get to work with the Civil Aeronautics Board and Post Office and see what can be done?

For six years, says Mr. Prescott, his airline has been trying to reduce the charges it makes the government to fly the mail. So far, no luck. But if by some trick, or slight change in arrangements, the air mail could be labeled "lobsters," the government could save itself $70 million this year.

Now we know it is probably not as simple as all that. Nothing in government ever is. But if the Post Office is paying more to fly air mail than it costs to fly lobsters, someone ought to do something about it. And if Mr. Prescott wants to reduce his contract charges, the government ought to meet him more than half way.

Seventy million dollars is not a large amount in a budget of $100 billion or so, but as a saving, it is a lot more than the President can effect by turning out the lights.

Flying Tiger Joins Airmail Rate Fracas

(New York Journal of Commerce)

Washington—The Flying Tiger Line joined the air mail rate battle April 9 with the statement that "if the Post Office will give us 500,000 pounds of Westbound surface mail each night at Kennedy Airport, we will move it at rates directly competitive with railroad mail rates" and deliver it three days earlier.

Even if the Post Office tenders Flying Tigers no more westbound air mail than it does now, the transcontinental all-cargo airline said it would be prepared to carry it at close to half the price now charged. Robert W. Prescott, Flying Tiger president, said the mail rate problem was in such a "mess" that a congressional investigation should be ordered.

Conspiracy Hit

Mr. Prescott charged that the large combination passenger-cargo airlines were engaged in a "conspiracy" to force their smaller cargo-only competitors out of business. *This war of "extermination"* by the transcontinental passenger airlines is being financed by more than $70 million per year in postal "overcharges" Mr. Prescott said in a press conference here.

Mr. Prescott, a former fighter pilot with General Chennault's original Flying Tigers, appeared fighting mad here over what he said was the "war" being waged by the large passenger carrying airlines against his small cargo-only airline. One facet of this war, he said, was "a cartel set up by the four major combination carriers" in air express.

Eighteen million dollars a year, or "two-thirds of all air express revenues paid to the airlines," is pocketed by the four largest passenger carrying lines "while the other 34 airlines that are parties to the air express agreement collect less than $12 million," he charged.

Bitter Air Cargo War

Everyone May Be Hurt

(Los Angeles Herald-Examiner)
By Robert J. Serling

Washington, April 25 (UPI) Now it's an air cargo war that has the airline industry engaged in a name-calling brawl of bitter proportions.

The antagonists are the four so-called "all-cargo" airlines—Flying Tiger, Seaboard World, Slick, and Airlift International (formerly Riddle)—vs. the so-called "combination carriers" such as American, TWA, United and Eastern.

In the middle is the Civil Aeronautics Board (CAB). It would like to help the faltering all-cargo lines but not by unfairly hurting the major airlines.

Issues Complex

The issues are complicated, the proposed solutions controversial, and the infighting vicious. Any reporters covering the competing statements and press conferences must come away with the firm conviction that (1) the all-cargo airlines are a bunch of incompetent failures who want the government to save them from their own mistakes and (2) the major trunklines are selfish bandits trying to run the "little guys" out of business.

The war started last fall when the CAB went to the all-cargo carriers and asked, in effect, "How come you fellows are having so much financial trouble and is there any way we can help you?"

The answer from three of the four—Tiger, Slick and Airlift—was a "white paper." It proposed that the CAB force the major carriers to abandon all-cargo operations.

This would have meant that the bigger airlines could carry airfreight only on regular passenger flights.

The proposal was so drastic that at first the majors didn't even bother to reply. Then rumors spread that some CAB staff members were taking a serious look at the "white paper." With American, TWA, United and Pan American alone committing about $300 million to the purchase of all-cargo jets, the combination carriers began to show concern.

About two months ago the CAB itself came out with a plan to help both the all-cargo lines and the supplemental or "nonsked" carriers. For the former, it proposed that the major airlines buy "blocked space" from the all-cargo lines. The "blocked space" plan meant that the combination carriers would have to purchase a certain amount of space daily from the all-cargo airlines, literally contracting part of their own business to the latter.

Fat in Fire

The fat was now in the fire. The CAB asked for comments on the plan and the parties are still firing their verbal guns. The charges and counter-charges boil down to these basic arguments:

All-Cargo Airlines—The air cargo market is too small for the capacity being offered now and in the future. All-cargo operations rightfully belong to the all-cargo airlines which are specialists in the field. The combination carriers actually lose money on all-cargo operations and show an over-all freight profit only because their passenger and airmail traffic literally subsidizes their cargo flights. Those airlines for years have been over-charging the government on airmail and express which is the main reason they can afford to operate money-losing all-cargo planes, and which in turn is the main reason they have driven the true all-cargo lines to the brink of financial disaster.

Combination Carriers—The all-cargo airlines are Johnny-come-lately cargo specialists, all of them dating back only to the post-World War II years. American, for example, had all-cargo flights in the DC3 days. The argument that the big airlines actually lose money on all-cargo operations is a phony; obsolete cargo planes are unprofitable but the jet freighters have been making profits since the first day they flew and this efficient, economic service is what has the all-cargo airlines worried. The CAB warned them when they were granted authority to operate—solely as all-cargo specialists, by the way—that they must accept the risk of failure. Now that they seem to be failing, through their own inadequacies and poor planning, they want the government to bail them out at the expense of the real air-cargo pioneers.

The CAB will need Solomon's wisdom in deciding how to help one segment of the industry without hurting an even bigger segment.

Airmail Rates Overseas Hit By Post Office

(New York Journal of Commerce)

Washington—The Post Office Department says that airline charges for carrying Transatlantic and Transpacific airmail are "substantially excessive" and should be reduced by at least one half.

In a petition to the Civil Aeronautics Board, the Post Office said a fair and reasonable rate for the carriage of airmail overseas would be 22.49 cents per ton-mile. This is less than half the Transatlantic rate of 53.5 cents or the Transpacific rate of 46.47 cents.

Supporting the contention that mail rates are too high, the Post Office said it had made a comparison with both passenger fares and present overseas cargo rates.

Taking into account both the average volume and the average weight of a Transatlantic passenger, the Post Office said the charge for an equivalent sack of airmail would be more than twice the economy fare and a third more than that charged a first class passenger.

In the New York-Europe cargo market, an 1100-pound shipment moving under present general commodity rates for air cargo would be charged only 40 per cent the present airmail charge, the Post Office said. In the Pacific, where cargo rates are higher, the mail charge ranges from 50 to 80 per cent of the general comodity rate, Post Office studies indicate.

The Post Office's rate reduction request follows by only days public complaints by several of the cargo-only airlines that present airmail rates for both domestic and overseas carriage are too high and should be cut.

Flying Tiger Roars at Big Three

(San Francisco Cronicle)

The president of an all-freight airline charged on April 9 that the big air carriers are using "lush profits" from Government mail contracts to force cargo airlines out of business.

President Robert W. Prescott of The Flying Tiger Line Inc. said the Government was being overcharged as much as $70 million per year on air mail alone. He called for a congressional investigation "if the Civil Aeronautics Board fails to act."

Prescott said the "Big Three" combination carriers—which he identified as American, TWA and United—"are absorbing enormous losses in freight to put on so much airlift that they hope to drown the all-cargo airlines."

"This war which has been launched by the Big Three is being paid out of the exorbitant rates which the combination carriers are charging the United States Post Office, shippers and the traveling public," he said in a news conference.

"If they should succeed in forcing us out," he said, "you will see the same thing happen in air freight as happened in air-coach passenger service—a transcontinental ticket costs 81 per cent more today than it did in 1957 when the Big Three finally ran the independent aircoach lines out of business."

Prescott said his line has offered to take a 50 per cent cut in what the Post Office pays it to carry mail "but no action was ever taken on this proposal."

He charged that four major combination carriers have established an "air express cartel" which enables them to get two-thirds of all air express revenues paid to the airlines.

"For this service," he said, "the air express shipper pays about 80 cents a ton-mile, contrasted to 15 cents for freight, and the traffic rides on the same airplane with mail and freight."

Airline Protests High Cost Of Mail

Says Offer to Halve Price Has Yet to Be Acted Upon

(The New York Times)

Washington, April 7 (UPI)—The Flying Tiger Line told the Post Office Department today "we're charging you too much" to fly the mail.

Robert W. Prescott, Flying Tiger president, said his airline filed an offer with the Civil Aeronautics Board in 1958 to cut airmail rates by 50 per cent. In a full-page newspaper advertisement, he said the CAB has yet to act on the offer.

Meanwhile, Pan American World Airways entered the bitter air cargo dispute with a charge that the CAB was trying to give "flattering" all-cargo airlines transfusions with the blood of the bigger airlines.

Harold L. Graham, Jr., Pan American's vice president for cargo sales, made the charge in a speech before an Aviation Space Writers Association luncheon here. Mr. Graham was referring to a CAB proposal that would force the major airlines to turn over some of their airfreight business to the cargo carriers.

Mr. Prescott's Flying Tiger advertisement was in the form of an open letter to Postmaster General John A. Gronouski. It followed a brief submitted to the CAB last week in which Flying Tiger charged that the major airlines were financing their competitive war with the all-cargo carriers by charging "exorbitant" rates for carrying mail.

Quotes From The Ad

"We are one of your airmail contractors," Mr. Prescott told Mr. Gronouski. "We fly your mail between Boston, Hartford, New York, Binghamton, Philadelphia, Cleveland, Detroit, Chicago, Los Angeles, San Francisco, Portland and Seattle. We are sure we are charging you too much.

"In the interest of the President's desire to cut Government expenses, won't you please petition the CAB to investigate our exorbitantly high airmail rates?"

At the bottom of the page was a note that "No Government subsidy paid for this ad."

A—Robert W. Prescott, Flying Tiger Line president, third from left, discusses the all-cargo controversy at Airfreight Symposium.

B—Peter T. Albert, FTL vice president of freight sales, seated third from left, participates in Airfreight Symposium on industry problems.

Air Cargo Profitability, Passenger Lines' Role in Haulage of Air Freight Examined

Aviation and Traffic Officials Take Part in 'Third Annual Air Freight Symposium' in Los Angeles, Sponsored by Shine-Phillips, Inc., of Hollywood. Speakers Include N. E. Halaby, R. W. Prescott.

(From Pacific Coast Bureau of Traffic World)

"The Role of Air Freight in an Emerging Economy" was the theme of a day-long meeting of carrier and shipper representatives March 19 in a "Third Annual Air Freight Symposium" conducted in the new International Hotel, Los Angeles, by Shine-Phillips, Inc., a Hollywood motor carrier that has sponsored similar forum sessions on transportation subjects in past years.

Speakers included N. E. Halaby, administrator of the Federal Aviation Agency, Washington, D.C.; Robert W. Prescott, president of The Flying Tiger Line; Francis Fox, general manager of the Los Angeles International Airport and air carrier cargo executives and industrial traffic managers.

Tom Self, chief of the Los Angeles bureau of *Business Week* and regional director of the Aerospace Writers Association, was moderator of the panel on airfreight potentials. Panel members, including air-cargo executives and others, were: Larry Rodberg, of Airborne Freight Corp., Los Angeles; John R. Pogue, manager of the cargo division of Delta Air Lines, Atlanta; Robert W. Prescott, founder and president of The Flying Tiger Line; T.A.L. Loretz, of Loretz & Co., international freight forwarders, Los Angeles; George Moore, of Pan American Airways, New York City; Van Noy Davis, general traffic manager of Revell, Inc., Venice, Calif.; Rouvim Feiguine, of Trans World Airlines, New York City, and Jack Misselhorn, United Air Lines, Chicago.

Mr. Self, presiding, said a controversy was now in progress between combination and all-cargo carriers of airfreight regarding which classes of carriers should operate cargo planes and asked Mr. Prescott, of The Flying Tiger Line, for comment.

Mr. Prescott averred that there was nothing wrong with airfreight and that it had developed beyond the expectations forseen 10 to 15 years ago. The basic problem today, he said, was over-capacity in the industry and an inability to operate air cargo profitably. These assertions were challenged by Messrs. Feiguine and Moore.

Mr. Prescott said the function of the air-cargo carriers should be the operation of all-cargo aircraft and that the passenger lines should be restricted to cargo in the bellies of passenger craft. The air passenger lines, he said, should perform a similar service, for example, as did the bus lines with respect to cargo, namely, as a byproduct of the traffic of freight carriers.

Mr. Pogue said he disagreed with Mr. Prescott on the matter of reduction of the air-cargo business of passenger carriers and was joined by other representatives of the passenger carriers, some of whom called attention to existing large investments of passenger air lines in freight terminals and equipment.

Mr. Prescott, in a discussion of the scheduling of jet aircraft, asserted that with the existing availability of freight today, it was impossible to utilize a jet freighter so that it could make money. Messrs. Feiguine and Moore expressed disagreement, Mr. Moore asserting that a jet freighter could be operated at a break-even cost with a 35-percent load factor. Mr. Prescott challenged Mr. Moore's statement. The latter said that an exhibit on the subject to prove his point would be presented to the Civil Aeronautics Board.

Mr. Feiguine said he believed, however, that cargo carriers like The Flying Tiger Line had made a great contribution to the development of airfreight and that FTL's competitive position in the industry was good for airfreight development.

A need for a more orderly rate structure in international airfreight traffic was asserted by Mr. Loretz, who added that the freight forwarder was essential in the development of such traffic, but that the airlines should "do more than merely fight for the existing business of the freight forwarders." They should be developing new business, he averred.

Albert Calls For Sound Industry

Participating in another panel to discuss trade development needs of airfreight, Peter T. Albert, vice president of freight sales for The Flying Tiger Line, stressed the need of a *"sound carrier industry"* if the shipper is to get the real benefit of airfreight. He declared that pricing of airfreight today was resulting in the selling of the service in many instances at an uneconomic level.

"When you can move a product across the country in five hours and the shipper needs that kind of service, we should price it accordingly," he said.

"A primary obstacle today is the inability of carriers to discuss among themselves what price-making should be done to attract new traffic. As a result, carriers operate in the dark. The solution would be the creation of a rate bureau. Our company is making plans for action before the Civil Aeronautics Board to permit establishment of some type of rate-making or pricing bureau that can jointly discuss problems with shippers."

Mr. Loretz said he was "strong" for maintaining simplified tariffs as compared with the complicated tariff structures of the surface lines, and agreed that there was a need in air freight for greater tariff classification of commodities.

Mr. Davis, the industrial traffic management representative on the panel, said he had "one great hope" for the development of airfreight tariffs, namely, that they would "not become encumbered with inconsequential and contradictory copy, patterned after the voluminous tariffs with which we are familiar — tariffs which today are so laden with antiquity that no individual or group is willing to undertake the monumental task of cleaning up the mess."

Phillips PR Will Aid Flying Tiger In 'Rate War'

—LOS ANGELES—

Newest development in The Flying Tiger Line campaign is explained in the following story which appeared in the April 27 issue of MAC, western advertising publication. It details a program by which Flying Tiger will bring to the attention of passenger travelers, especially companies spending large amounts annually for business transportation, the exorbitant fares being charged air travelers. FTL contends excessive profits from combination carrier passenger fares are being used to finance a war against the all-cargo airlines:

Hal Phillips & Associates, Los Angeles based public-relations firm, has been retained by Flying Tiger Line Inc. to handle the PR aspects of the airline's newly declared war against 3 major passenger carriers on the charge of rate inequities.

The public relations appointment does not affect the status of Hixson & Jorgensen, advertising agency for Flying Tiger.

Robert W. Prescott, President of *Flying Tiger, has assigned Phillips to present his case before* the public. Prescott has been campaigning privately by letter.

Accused of setting passenger fares to absorb freight losses in order to ground small-cargo carriers are United Air Lines, Trans World Airlines Inc., and American Airlines Inc.

Hal Phillips, head of the company bearing his name, said Prescott is using a direct-mail program to relay his grievances to some 15,000 shippers who use Flying Tiger's airfreight service.

Prescott's contentions:

- Passenger fares have increased in spite of greater volumes of passenger traffic and reduced airline operating costs.
- Years ago major airlines carried a passenger cross country for about \$80. The same airlines, flying the same routes with more passengers at lower operating costs, now charge \$145, an 81% increase.
- First-class passengers from Los Angeles to New York pay about 75 cents a pound for baggage exceeding a 40-pound limit. This compares with 15 cents a pound paid by shippers sending merchandise on the same plane.
- The combination carriers are absorbing enormous losses in freight in their attempt to eliminate competition from the all-cargo airlines.

This effort to bankrupt cargo firms is being financed out of passenger revenues: thus the airline passenger is literally defraying the cost of handling freight for the airlines.

President Robert W. Prescott (right) and Vice President Operations William E. Bartling hold a model of the Super StarLifter ordered by The Flying Tiger Line.

$64 Million Plane Order

Continued from Page 1

to have a *"common gauge"* of unitized freight loads not only between the various modes of commercial transport but also between the military services and civil cargo carriers without payload or handling cost penalties to either.

A growth version of the first fanjet airplanes developed from the outset for cargo use, the big new transports will be capable of accommodating two 40-foot-long truck vans with 24 feet left over in their huge cargo holds.

The Super StarLifter design will call for transportation of 55-ton payloads at lower cost than ever before possible. The airplane's maximum cruise speed will be more than 550 m.p.h. The aircraft is to be powered by four Pratt & Whitney turbofan engines delivering 21,000 pounds of thrust each.

Deliveries of the proposed new Flying Tiger airplanes are scheduled to begin in the latter half of 1967, Pulver said.

Hold 104 Ft. Long

He explained that the airplane is called the Super StarLifter, or L-300B, to indicate the increased payload and greater volume of the proposed airlifter. Its cargo hold measures 104 feet long, 25 per cent longer than the C-141.

Pulver pointed out that the C-141 StarLifter, now in production, is the first U. S. Air Force airplane ever developed to meet both military specifications and Federal Aviation Agency certification requirements.

Prescott said that today's air cargo traffic in excess of a billion ton-miles annually is more than twice as large as it was in 1957 when Flying Tigers bought the largest cargo fleet ever ordered at that time—12 Lockheed Super H Constellation freighters costing $28,000,000.

"Traffic has nearly doubled since 1959, when we spent $55,000,000 on what again was the largest purchase ever made for commercial cargo aircraft—10 Canadair CL-44 swingtail freighters," he said.

"We are confident that the Super StarLifter we are buying today will bring about an even more spectacular growth of traffic—an increase in excess of 20 per cent annually over the next decade."

Maximum gross takeoff weight of the proposed cargo transport will be 366,000 pounds, or 10 per cent larger than any of today's jet freighters.

The airplane will be able to operate from medium-sized fields with a full load for long-range operations. The airplanes will have a wing area of 3228 square feet—about twice the floor space of the average sized home.

SUPER STARLIFTER BACKGROUND DATA

The Super StarLifter will fly a 110,000-pound load of freight from coast to coast at high subsonic speeds. Its payload can be 20 per cent heavier than that of any commercial freighter flying today and its cube density payload is 40 per cent larger.

Two immense "petal" doors at the tail of the aircraft swing open in three seconds to permit straight-in loading of freight in contrast to the slow, awkward side-door loading required in the converted passenger jet aircraft now being flown in feight service.

So large is the Super StarLifter that two truck vans, each 40 feet long, eight feet wide and eight feet high, can be loaded in the airplane—and there still will be 24 feet of usable space remaining in the 104-foot-long cargo hold.

The airplane will be powered by four of the most advanced turbofan jet engines produced by Pratt & Whitney, each developing 21,000 pounds of thrust or 3,000 more pounds than today's jet engines.

The Super StarLifter's powerful engines, combined with its big wing area, which is twice as much as the floor space of an average home, permit the Super StarLifter to operate with a full load out of medium-sized airports in contrast to the 10,000-foot runways required by most jets.

Since the airplane is a high-wing ship, the loading deck is at truck-bed height, 59 inches off the ground, contrasted to the conventional freighter with a deck 12 feet above the ground. This permits quick, direct loading. Cars or trucks can be driven directly into the aircraft, and costly forklift or elevator platform loading is eliminated.

So large is the cargo hold, 104 feet long by 10 feet wide and nine feet high, that even advanced types of trucks for which construction authority is now being sought by trucking associations can be accommodated in the ship, if the larger trucks are authorized by highway authorities.

The high-wing construction of the airplane provides the most useful cargo hold ever built into an airplane. Control systems, which must be routed through the wing area, are thus built through the roof of the cargo hold. By contrast, low-wing airplanes such as today's jets, necessitate routing the control system through the lower part of the aircraft, thus using up much of the belly, or lower cargo hold space. This requires placing of the cargo floor high above the bottom of the aircraft with consequent loss of cargo area. The Super StarLifter's high wing permits its entire cargo hold to be free of wing restrictions. This also greatly reduces fuselage curvature restrictions and permits the nearest approach to the ideal square box cargo area of the railroad boxcar or truck, permitting the greatest possible use of the freight loading area.

What Kind of 'Modern' Jet Freighter Is This B323C?

One of the most revealing documents on the limitations of the jet freighters, either Boeing or Douglas aircraft, is the following copy of an American Airlines routing instruction for loading of its Boeing freighters:

ROUTING INSTRUCTIONS FOR AIRFREIGHTER MATERIAL TOO LARGE FOR B323C PALLETS OR BELLY COMPARTMENTS

Large cargo pieces routed on AstroJet Freighter flights must fall within the size limitation of the belly compartments and the B323C pallets as specified in the Cargo Service Manual, Chapter 15-1. Facilities have not yet been developed to accommodate, in the cabin of the Jet, pieces which can not be placed on the pallet.

Present Airfreighter schedules provide Chicago with two DC7BF flights, serving DAL and JFK. These two flights will accommodate larger pieces of freight than will the B323C at the present time. Those shipments which fall within the range of sizes between the B323C and the DC7BF size charts, may be accepted, however, *circuitous routing/rating* and *extended service* patterns are involved. The exceptions to this, of course, are DAL and JFK, which are directly served.

Until further notice, the following will apply:

Destination	Flight	Routing		Service Pattern
BAL	855	DAL	802	2 DAYS
BNA	855	DAL	802	2 DAYS
BOS	810	JFK	802	Next Day
BUF	855	JFK	806	2 DAYS
CLE	855	JFK	806	2 DAYS
CVG	855	JFK	806	2 DAYS
DAL	855			NORMAL
DTW	810	JFK	Shuttle to EWR-855	2 DAYS
EWR	*810*	*JFK*	*Shuttle to EWR-855*	*Next day PUP or 2nd day delivry.*
JFK	810			NORMAL
LAX	855	DAL	807	2 DAYS
MEM	855	DAL	802	2 DAYS
PHL	855	DAL	802	2 DAYS
SFO	855	DAL	807	2 DAYS

*Make special arrangements with JFK for connection to EAL Flt. 922 (0730-0835)

It is important that customers are advised of this change in normal service. Circuitous routing requires approval by the shipper prior to dispatch and the application of rates are different from rates applied under previous schedules.

When FTL station personnel contacted American Airlines for an explanation of this instruction sheet, the following was revealed:

The B323C pallet used on the jet freighters is 88 inches wide, 125 inches long and 80 inches high.

When asked how AAL would handle a shipment exceeding the size of the pallet, such as a piece of freight 15 feet, or 180 inches long, from Chicago to Baltimore, the AAL service desk finally admitted the following handling would be necessary:

The piece of freight could not be moved on the jet but would have to be loaded on a DC7 freighter. Because the DC7 did not operate directly from Chicago to Baltimore, the freight would have to be flown to Dallas, where it would connect with another DC7 flight to Baltimore.

Since this was circuitous routing, AAL would have to charge the Chicago-Dallas rate, $8.80 per 100 pounds, plus the Dallas-Baltimore rate, $9.50, or a total of $18.30, compared to the direct Chicago-Baltimore rate of only $6.30. Note also, referring to the AAL instruction sheet, that transportation time would be two days.

Most amazing delivery schedule would involve an over-size piece of freight from Chicago to Detroit—125 miles—which would require two days transportation time!

TIGERS STRIKE BACK

Continued from Page 1

the low-cost all-cargo airlines by swamping them with excessive competition. He referred to a statement by Chairman Alan Boyd of the Civil Aeronautics Board that the combination carriers had incurred losses in excess of 20 million dollars in the year ending Sept. 30, 1963, in operating all-cargo aircraft.

Boyd said the losses were sustained at the expense of passengers and the Post Office.

Prescott said the objective of the combination carriers was to freeze the all-cargo carriers out, leaving the shipper at the mercy of the high-rate philosophy of the combination lines. As evidence, he pointed to the 81 per cent increase in domestic coach fares which followed the extinction of the independent $99-coach operators in 1957.

He brought the question of mail pay into focus by showing that the combination carriers, rich with excessive profits from the carriage of mail as well as passenger, air express and excess baggage, were using profits from these four sources to finance the war against the cargo lines.

Asks Mail-Rate Cut

It was on this basis that he called for a reduction of mail rates. He pointed out that the combination carriers were charging the Post Office nearly twice what they charged the airfreight shipper; that air express rates were more than twice as much as average airfreight rates; and that the passenger traveler was paying approximately five times more for the carriage of excess baggage than freight. Ironically, if he insisted—and many did not because of lack of knowledge—the passenger could require that his excess baggage be classified as freight and have it move on the same airplane with him. In fact, Prescott pointed out, the combination carriers moved nearly half their freight on passenger aircraft along with most of their air express and mail, with each class of cargo being charged a different rate but all getting the same service.

He predicted that if the combination carriers could eliminate the all-cargo lines, they would bring freight rates up to levels they enjoyed in the other four fields of air transportation, where they have a virtual monopoly—passengers, mail, express and baggage. Such freight rates would be almost double today's level.

Calling upon employes to double the airline's freight volume in the next twelve months, Prescott said there is only one way to fight the campaign of the combination carriers and that is:

"Just go out and take the business away from them. Take so much that even they can no longer stomach their losses. Also, the more we build our own traffic, the more secure we become from their onslaughts. We can do it if we try. We'll just go after the freight and we don't care where we get it."

Call To Arms

Sounding a battle cry, he told employes: *"Let's make our motto, 'Skin 'em alive by '65!'"*

Concluding the four-page letter to shippers, he declared:

"We need a high volume of business to sustain our operation. High volume is the sole basis for low-cost airfreight. If you believe, as we do, that it is necessary to have us around to assure you of continuation of this low-cost air transportation, then we ask you to support us and other all-cargo carriers now with your traffic. We are taking our problem to you, the shipper, because you are the ones who can decide the issue by where you place your traffic—and you will be the ones who will benefit or suffer later from decisions you make today. We need you and you need us, if you want to continue low-cost airfreight."

The Tiger campaign climaxed months of efforts to reach an equitable solution of the airfreight problem. The decision followed a statement and a press conference in which the president of American Airlines openly charged the all-cargo carriers with *"incompetence"* and *"do-nothing"* and then in reply to a question of their fate, said:

"I guess they will just have to go out of business."

The controversy stemmed from a policy proposal made by the all-cargo carriers to Civil Aeronautics Board last fall. Citing huge operating losses being absorbed by the combination carriers in operating all-cargo aircraft, the all-cargo carriers proposed that the Boad designate them as the bulk carriers of airfreight and restrict the combination carriers to such freight as they could carry in the bellies of jet passenger aircraft.

Such a division of traffic is common in the bus-truck field.

Plight Acknowledged

Following this proposal, Chairman Boyd, in a major policy speech in February, acknowledged the plight of the all-cargo carriers. He pointed up the losses being sustained by the combination carriers out of profits gained in flying passengers and carrying mail for the Post Office. He also declared that the combination carriers were financing the costly acquisition of jet freight aircraft out of revenues obtained from passenger traffic and that such aircraft could be quickly converted to passenger operation if the need arose. Calling this a "vicious circle" and unfair competition, he suggested that the combination lines would be better off buying block space from the all-cargo carriers for that volume of freight which they could not move in the bellies of passenger jets.

Prescott and other cargo line presidents met unsuccessfully with the combination carriers in an attempt to explore the Boyd proposal.

When these meetings broke down, American Airlines publicly denounced the all-cargo carriers, claiming they had failed and had made no contribution to airfreight. This directly countered the previous statement of the CAB chairman that it had been the all-cargo lines who had pioneered airfreight and brought it to its present development. Statements quickly followed from TWA and United, rejecting any thought of compromise in the all-cargo problem.

Prescott, pointing out that the arrogant stand adopted by the combination lines gave him only one choice—to fight for survival of his company—immediately launched his campaign, calling upon the President and Postmaster General to investigate the exorbitant mail rates paid the combination carriers and asking Congress to start an investigation into the high-rate, monopoly practices of these lines.

Prescott Writes to FTL Employes

In the following letter to employes, President Prescott outlines the all-cargo controversy, tells what the Flying Tiger team can do about it and sets the goal of the company's program:

The Big Three (American Airlines, United Air Lines, and Trans World Airlines) are engaged in a campaign to put us out of business. They have said so publicly, and they have told me privately.

Their plan is simple. They will just saturate the market with so much capacity that the tonnage will be divided into such small shares that everyone in the business will take heavy losses. They are willing to take these losses if eventually they can get us out of the way. Make no mistake about their intentions.

There is only one way we can effectively resist these efforts. That is, just go out and take the business away from them. Take so much that even they can no longer stomach their losses. Also, the more we build our traffic, the more secure we become from their onslaughts.

I want to set a goal of doubling our airfreight within the next twelve months. We can do it if we try. We'll just go after the freight and we don't care where we get it! Such growth would, of course, require more service, more aircraft, more people on the job. Whatever tools are needed will be provided. However, the primary need, the primary responsibility will rest on each of us and the effort we make to get the job done.

Our opening gun in this program is the letter entitled "An Urgent Message to All Users of Airfreight." This has been mailed to 15,000 airfreight users. It will also be advertised in several trade journals, including the *Wall Street Journal* and the New York *Journal of Commerce*.

We are following this with more intensive advertising to bring our story to the shipping public. You, in turn, will be meeting many new shippers who agree with our cause. We must be doubly sure that these people know that we appreciate their business and that they get prompt, reliable service.

Let's make our motto, "Skin 'em alive by '65!"

Sincerely,

ROBERT W. PRESCOTT

U.S. Parcel Post Systems Due For Complete Overhaul

(Distribution Age)

Parcel post is freight, not mail, and the entire system is due for a major overhaul, a top Post Office Department official says.

Although he won't forecast what the parcel post system will eventually turn into, Deputy Postmaster General William J. Hartigan says a major shakeup is due within the next two years. The average 13% boost in parcel post rates that goes into effect April 1st is just a stopgap, he says. Congress has given the Post Office until mid-1966 to bring parcel post costs and revenues to within 4% of each other. The new rates will raise revenues about $75 million a year, but that still won't do it.

Main trouble with parcel post, Mr. Hartigan says, is that people don't understand it. Most people believe it should be handled like first class mail, which receives priority handling, because it is under the Post Office Department. But it is really freight.

Flying Tiger Leads Despite Jets

Reports of the nation's major airfreight carriers to the Civil Aeronautics Board for March showed The Flying Tiger Line recorded a larger gain in traffic over February than any of its three major competitors.

Flying Tiger freight ton-miles were up 1,537,528, compared with a gain of 1,295,000 for American Airlines, 827,272 for Trans World Airlines and 474,000 for United Air Lines.

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