

Only Re-Regulation Can Save Air Grid

Kiss the air transportation system of the United States goodbye—with its residual capacity for quick travel to many cities and the world’s best safety record—unless Lyndon LaRouche’s program for Federal re-regulation and debt reorganization of the major airlines is implemented by an incoming John Kerry Administration.

The nation’s six major airlines (excluding the “flying Wal-Mart,” Southwest) are on the verge of demise, with the 17,500 daily flights they provide. United and US Airways are already in bankruptcy, and could only emerge again under LaRouche’s approach. Major cities of the United States are being cut out of the national air grid as the strapped airlines cut back flights even at “hub” cities—Philadelphia, Pittsburgh, St. Louis, and Denver—not to mention the fate of smaller but important centers like Columbus, Ohio.

The far right-hand column of **Table 1** shows that all the big national carriers—whether claiming profitability, or bankruptcy—have cut their capacity to fly, as well as large numbers of their employees, thus shrinking the national air-travel grid. Most have suffered substantial drops in revenue. US Airways recent second bankruptcy may bankrupt an Alabama public employees’ pension fund; and both USAir and United are using bankruptcy to stop paying their own employee pension funds. This in turn may bankrupt the Federal Pension Benefit Guarantee Corp., its president has warned.

Already in 2002, LaRouche warned, “[W]e are losing our

TABLE 1
Overview of Seven Largest U.S. Airlines

Carrier	Current No. Employees	Workforce Reductions 9/01-12/03*	Aircraft No. Change, 2001-03	Average Age of Fleet 2003 (Yrs.)	2001-2003 Capacity Change, Available Seat-Miles
American	98,000	36,000	155	11	-4%
United	65,000	40,000	-110	10	-18%
Delta	70,600	2,400**	-31	11.5	-9%
Continental	37,680	28,320	167	5.8	-7%
Northwest	39,100	16,600	106	18	-10%
US Airways	27,848	23,552	-159	10	-19%
Southwest	32,847	2,153	11	9.6	10%

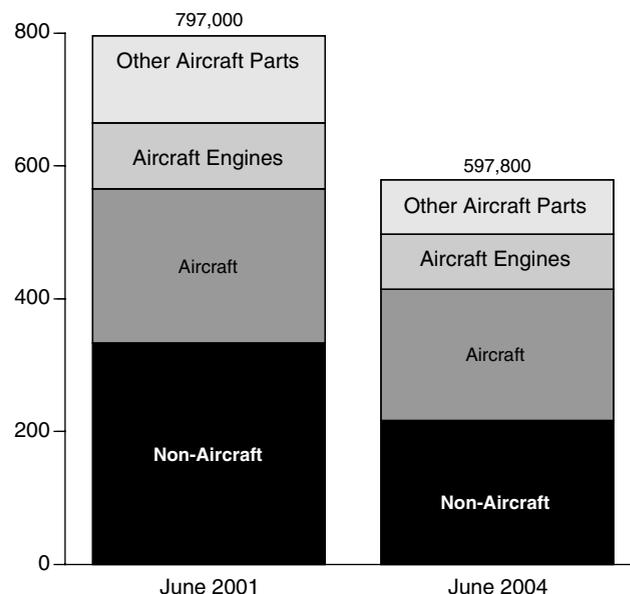
*Does not include furloughs

**7,000 more layoffs announced 9/04

Sources: Airline corporate data; 2003 annual reports.

FIGURE 1
U.S. Aerospace Industry Lost 200,000 Jobs in Three Years

(Employment, thousands)



Source: Aerospace Industries Association.

rail system, the last vestige of it. We are also in the process of crippling, and virtually destroying, our air-traffic system. . . . If this were to occur, . . . then the United States ceases to be an integrated nation. . . . It is no longer a unified, efficient national economy.”

The physical economy will not survive “Crazy Eddie’s” insane ticket prices, which lead to eliminating all but the most profitable routes, and “Valu-Jet” safety standards. Where US Airways faced competition from non-union bargain airlines on 25% of its flights in 2001, now such budget airlines compete on 70% of its routes. The same thing has bankrupted United, and if Delta Airlines soon follows them into bankruptcy, as expected, 42% of all flights will be with bankrupt carriers. These same carriers are now defaulting on airport improvement bonds floated on their behalf by municipalities across the nation.

With 200,000 jobs lost in the aerospace in the last three years—a crucial industry for the nation’s science driver capability—and 150,000 more jobs lost in the seven major U.S. airlines from from 2001-2003, now it’s time to listen to LaRouche.