

Diagnosis in Dublin By DAVID WOOLLEY

IT WAS AN ACHIEVEMENT that Aer Lingus should have coaxed the First Deputy Minister of Civil Aviation of the USSR, Mr Leonid Zholudev, along with other top people in the world of commercial aviation, to attend its symposium in Dublin last week. The occasion, marking the tenth anniversary of the airline's transatlantic services, appears to have been unique, in that most symposia of this standing are organised by IATA, ITA or other such bodies. Aer Lingus put on a high-ranking team of speakers, but the market could get saturated very quickly if many other airlines elected to celebrate anniversaries in this manner. The conference was called an Aer Tátaí, Gaelic for a combination of diagnosis and prognosis.

The presence of Mr Zholudev was a draw, and his paper could not exactly be described as a disappointment, since it would have been unreasonable to expect from him any spectacular revelations about Aeroflot, or any opinion, personal or otherwise, about Soviet aviation policy.

Progress with the Tu-144 prototype was uppermost in people's minds, and on this point—in a Press conference—he gave a firm denial to rumours circulating in the West that it had crashed. He also described the USSR's membership of IATA and ICAO as "probable," although he referred to various difficulties which had prevented joining in the past. He stressed that Aeroflot and the Soviet Government were keen on co-operation with Western airlines and Governments, thus indicating that sympathy for the aims of IATA and for existing regulatory practices already exists in the USSR.

The policy of the Communist Party of the Soviet Union, said Mr Zholudev in his paper, was that air transport should become "the mass means of transport in all districts." With 60.8 million passengers carried by Aeroflot last year, and a target of 68 million this year, the policy can perhaps be considered already a reality. The airline is now carrying 80 per cent of all passengers travelling more than 4,000km in the USSR, and plans to carry all passengers travelling more than 5,000km. Moreover, it plans in the future to carry half the total number of passengers on journeys of 1,000km-2,000km, and 80 per cent on 2,000km-5,000km journeys.

Many, no doubt, are the benefits and comforts of such a degree of system planning. And in the process, apparently, not all the trappings of the competitive life are missing: Mr Zholudev told us that on 13 Aeroflot routes you can book your hotel room and call a taxi while still airborne, while on 85 per cent of routes baggage registration is simplified so that check-in time is only 20 minutes before departure.

Handling problems

While acknowledging a role for high-capacity jets, not least in the easing of air-traffic congestion, Mr Zholudev indicated that they have a low priority in Aeroflot planning, and should be limited to "some reasonable number of passengers," in view of the passenger handling problems and the fact that the crash of one large jumbo jet could be a major tragedy for any airline. The An-22, he said, was in service now as a heavy cargo carrier, but it was unsuitable as a passenger aircraft.

Supersonic fares, said Mr Zholudev, might be subject to a surcharge, but this would be kept as low as possible. He could give no indication of the introductory date of the Tu-144; and, as to numbers, the Civil Aviation Ministry would not place its order for the type until initial testing was complete. The finance for the purchase was not yet allocated.

To turn from the world's largest carrier to one of the smaller, the right of the latter to exist—in fact the argument that in a small country its existence is vital—was propounded fiercely by Mr Mordechai Ben-Ari, president of El Al. The cry of the small carriers for the right to exist is no new sound, but on the lips of Mr Ben-Ari it achieves new vigour. "Not only is it not true," he said, "that a small nation can dispense

with the services of its own international airline and live on services provided by foreign carriers—it is more correct to say that the total aviation complex of a small country gains doubly from the existence of a national carrier." The development of the airline, he said, had a positive influence on the services of foreign carriers; and in time of war reliance on foreign carriers could mean the small nation being deprived of a necessity just when it was most needed.

Mr Ben-Ari emphasised the small carrier's role not only as an instrument of national policy, but also as a tourist promoter (88 per cent of Israel's visitors are tourists), an exporter and a currency earner. "I must stress," he said, "that the power to save or earn foreign currency is inherent in the operation of a national airline, and is not directly linked to its profitability." El Al in 1968-69 had earned for Israel about \$75 million gross, and \$25-28 million net, in foreign currency. "However, while the average cost in Israeli pounds of each dollar earned by the export of Israeli products is near to £5, the cost of the dollar earned by El Al will be less than £3—compared to the official exchange rate of £3.50."

Mr Ben-Ari's guidelines for the successful development of a flag carrier for a small country included the need for Government ownership and control, so basic was it to the welfare, economic and political, of the State. It had, he said, to have first-class equipment, and a balanced and careful acquisition policy. The problem of financing this equipment might for a small airline only be overcome by strengthening the partnership between the country buying the aircraft and the country manufacturing it.

Ten-year finance

"In my opinion the aircraft manufacturing countries, and especially the USA through its Export-Import Bank, should, within the framework of a special project for small and developing countries, finance up to 90 per cent of the cost of the equipment in the form of loans for periods corresponding to a period of depreciation not exceeding ten years, at a rate of interest not exceeding 5½ per cent."

There is no room for the long-haul charter carrier in Mr Ben-Ari's world; they caused overcapacity, he said, and had to be restrained by Governments, although on short routes within Europe he acknowledged for them a useful role. Without intercontinental charters fares would be lower because scheduled airlines would be able to rely on higher load factors. Since Israel stopped charter flights, he said, the overall fare level in and out of the country had been reduced.

Dr G. van der Wal, president of KLM, will excuse me if I liken him to the Red Queen; but for both of them it is necessary to run twice as fast in order to remain in the same place. Dr van der Wal stressed the tightening of the familiar rising costs/falling yields squeeze, and showed graphically the rate at which you must keep growing in order to keep tonne-kilometre costs constant. For KLM he put a figure on it: 15 per cent per year (of production). Of course, he admitted, it could happen that sales might not be able to match up to the growth needed; then it would be time to look at basic structure. Already the trend was towards automation as an aid to better staff productivity, and he was glad to note a growing understanding that fares could not go on being lowered for ever.

This understanding would not be felt by many a passenger, in the view of Mr George Keck, president of United Air Lines, who remarked that the advance publicity for the 747 meant that "the air traveller is probably expecting more than he is going to get, and for less money than he will have to pay." He thought that the American traveller would readily accept the idea of supersonic travel, although it looked like being necessary to make a 15 per cent surcharge for it.

Mr Keck was also concerned with the problems of rapid growth; the spectre haunting him—as well it might for the