



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

47389

NOV -2 1998

Mr. James E. Brown
Directing Business Representative
District No. 9, I.A.M.A.W.
International Association of Machinists
and Aerospace Workers
12365 St. Charles Rock Road
Bridgeton, MO 63044

OST-98-3713-1821

DEPARTMENT OF TRANSPORTATION
98 DEC -1 AM 11:26
DOCKET SECTION

Dear Mr. Brown:

Your letter to President Clinton concerning the Department's proposed Enforcement Policy Regarding Unfair Exclusionary Conduct in the Air Transportation Industry has been referred to me for reply.

We are aware that our policy has been described by some as an effort to reregulate the airlines. I can assure you that our proposal will not do that. We have no interest in reregulating because we know that deregulation has worked well. One indication of this is the very large reduction in inflation adjusted fares since deregulation.

But the fact that fares have declined overall does not mean that all markets have benefited from such lower prices. To the contrary, markets that involve cities that are network hubs of a single carrier tend to have less competition and much higher prices than other markets. Each year, millions of passengers traveling to and from hub cities pay fares that are significantly higher than they would be if effective competition was present. And we know from our investigations that some large airlines are engaging in behavior that is designed to prevent new entrant airlines from competing in these markets.

Our approach to dealing with this problem is not to reregulate, but to take steps to encourage more competition. We have carefully crafted our guidelines to ensure that they would only discourage extreme responses by major carriers that only make economic sense if they result in the elimination of competition and the long-term maintenance of, high air fares. Our goal is to promote competition, and not to intervene in the myriad legitimate ways in which airlines compete with one another.

The resulting competition will mean that both new entrants and incumbent carriers will offer consumers a wide range of fare and service options. In addition, the increased competition we envision would mean more, not less, demand for air services, and thus many additional jobs.

Thank you for your interest. As is our practice, we are placing a copy of your letter and my response in the docket with other public comments on our proposed policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles A. Hunnicutt", with a stylized flourish at the end.

- Charles A. Hunnicutt
Assistant Secretary for Aviation
and International Affairs

-

THE WHITE HOUSE
WASHINGTON

ACTION	
is assigned to	
X	
CONTROL NO.	
981021-012	
SIMS	S-10

7-31-90
DATE

MEMORANDUM FOR:

DOT, 30

FROM:

SUE J. SMITH *SJS*
DIRECTOR, OFFICE OF AGENCY LIAISON

SUBJECT:

REFERRAL OF CASEWORK IN BULK

An unprecedented number of individuals still write the President and the First Lady for help. I know that this has meant a far greater volume of mail for your agency than ever before. I appreciate your continuing cooperation in our efforts to be as responsive as possible.

The attached letters have not received a White House Staff response. I am forwarding this correspondence to your agency for any appropriate action.

Please return the original incoming letter, along with a copy of any written or telephone response, to me at the address below. I also would appreciate your sending a copy of your agency's log of the names and addresses of these individuals. Any misreferrals should be returned to my office. If you have questions you can reach me at 456-7486.

Sue J. Smith
Director, Office of Agency Liaison
Room 6, OEOB
The White House
Washington, D.C. 20502

Again, thank you for your continuing help.

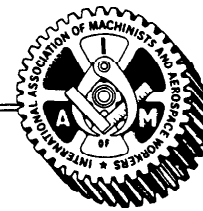
151/FAA
Air Transport Lodge 1726

INTERNATIONAL ASSOCIATION of MACHINISTS and AEROSPACE WORKERS

A.F.L. - C.I.O.

SERVING THE MAJOR AIRLINES AND AIRPORTS IN NEW ENGLAND

830 Saratoga Street, East Boston, Massachusetts 02128 • (617) 569-0141



JUNE 18, 1998

PRESIDENT WILLIAM J. CLINTON
THE WHITE HOUSE
1600 PENNSYLVANIA AVENUE, NW
WASHINGTON DC 20500

DEAR PRESIDENT CLINTON,

RE: DOCKET OST-98-3713

ON BEHALF OF THE MASS. STATE MACHINISTS UNION, I AM WRITING TO EXPRESS OUR OPPOSITION TO THE PROPOSED COMPETITION RESTRICTIONS (DOCKET NO. OST-98-3713) PUBLISHED BY THE DEPARTMENT OF TRANSPORTATION ON APRIL 6 TO ADDRESS WHAT THE DEPARTMENT CALLS "UNFAIR EXCLUSIONARY CONDUCT- BY MAJOR AIRLINES. WE BELIEVE THESE RESTRICTIONS WILL HURT WORKERS AND CONSUMERS WITHOUT PROVIDING ANY BENEFICIAL EFFECT ON COMPETITION.

THE RULES WOULD PROTECT LOW-FARE, LOW-WAGE AIRLINES BY SIGNIFICANTLY LIMITING THE ABILITY OF THE MAJOR, UNIONIZED CARRIERS TO COMPETE FOR CUSTOMERS. THE RULES GIVE THE DOT AUTHORITY TO PUNISH THE MAJOR AIRLINES IF THEY CUT PRICES OR ADD SERVICE IN RESPONSE TO COMPETITION. IN EFFECT, THE MAJOR CARRIERS WOULD BE BARRED FROM MEETING THEIR CUSTOMERS NEEDS.

EMPLOYEES OF THE MAJOR CARRIERS WOULD BE AMONG THE BIGGEST LOSERS IF THESE REGULATIONS TAKE EFFECT. ONE WAY THAT LOW-FARE CARRIERS REDUCE COSTS IS TO USE LOW-WAGE, NON-UNION WORKERS. WE BELIEVE YOU WOULD AGREE THAT THE GOVERNMENT SHOULD NOT CONFER SPECIAL PROTECTIONS THAT TILT THE MARKET IN FAVOR OF NON-UNION COMPANIES AND AGAINST WORKERS WHO HAVE ESTABLISHED THEIR WAGES, BENEFITS AND WORKING CONDITIONS THROUGH THE COLLECTIVE BARGAINING PROCESS.

AIRLINE EMPLOYEES, PARTICULARLY THOSE REPRESENTED BY UNIONS, BORE THE BRUNT OF AIRLINE DEREGULATION. MANY LOST THEIR JOBS AND OTHERS ACCEPTED MAJOR ECONOMIC CONCESSIONS DURING THE TRANSITION TO A MORE COMPETITIVE ENVIRONMENT. THERE WAS NO GOVERNMENT SAFETY NET FOR THOSE WORKERS. IT IS HIGHLY IRONIC AND UNFAIR THAT THE GOVERNMENT WOULD NOW CONSIDER STEPPING IN AND PROVIDING SPECIAL PROTECTIONS FOR A GROUP OF NON-UNION, LOW COST AIRLINES AND THEIR EMPLOYEES.

ESTABLISHED CARRIERS MUST HAVE THE RIGHT TO PROTECT THEIR MARKETS AND THE JOBS OF THEIR EMPLOYEES. DOT'S MISGUIDED PROPOSAL MAY SATISFY THOSE WHO WANT TO TAKE A SWAT AT THE MAJOR CARRIERS. BUT, BY LIMITING MAJOR CARRIERS' ABILITY TO BEAT OR EVEN MATCH A COMPETITORS' FARES, THE PROPOSED GUIDELINES WILL DRIVE TICKET PRICES UP, NOT DOWN. THUS, CONSUMERS WILL NOT BENEFIT AND , IN FACT, WILL SUFFER FROM THIS PROPOSAL.

WE APPRECIATE YOUR CONSIDERATION OF THESE CONCERNS AND LOOK FORWARD TO YOUR RESPONSE.

-
SINCERELY,

Edward F. Burke Jr.

Mr. EDWARD F. BURKE, JR.
PRESIDENT, MASS STATE
MACHINIST UNION

EFB/mk
-



District 9
International Association of Machinists

and Aerospace Workers

12365 ST. CHARLES ROCK ROAD

BRIDGETON, MO. 63044

(314) 739 - 6200

FAX 739- 1342

July 2, 1998

President William J. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Re: Docket OST-98-3713

Dear President Clinton:

On behalf of District No. 9, International Association of Machinists and Aerospace Workers, I am writing to express our opposition to the proposed competition restrictions (Docket No. OST-98-3713) published by the Department of Transportation on April 6 to address what the Department calls "unfair exclusionary **conduct**" by major airlines. We believe these restrictions will hurt workers and consumers without providing any beneficial effect on competition.

The rules would protect low-fare, low-wage airlines by significantly limiting the ability of the major, unionized carriers to compete for customers. The rules give the DOT authority to punish the major airlines if they cut prices or add service in response to competition. In effect, the major carriers would be barred from meeting their customers' needs.

Employees of the major carriers would be among the biggest losers if these regulations take effect. One way that low-fare carriers reduce costs is to use low-wage, non-union workers. We believe you would agree that the government should not confer special protections that tilt the market in favor of non-union companies and against workers who have established their wages, benefits and working conditions through the collective bargaining process.

Airline employees, particularly those represented by unions, bore the brunt of airline deregulation. Many lost their jobs and others accepted major economic concessions during the transition to a more competitive environment. There was no government safety net for those workers. It is highly ironic and unfair that the government would now consider stepping in and providing special protections for a group of non-union, low cost airlines and their employees.

President William J. Clinton
July 2, 1998
Page 2 of 2

Established carriers must have the right to legitimately fight to protect their markets and the jobs of their employees. DOT's misguided proposal may satisfy those who want to take a swat at the major carriers. But, by limiting major carriers' ability to beat or even match a competitor's fares, the proposed guidelines will drive ticket prices up, not down. Thus, consumers will not benefit and, in fact, will suffer from this proposal.

We appreciate your consideration of these concerns and look forward to your response.

Sincerely,



James E. Brown
Directing Business Representative
District No. 9, I.A.M.A.W.

JEB:csh
OPEIU#13

TO: Dockets
SVC-124.1
Room PL-401

Re: Control # 510981021-012

Date: 10/26/98

Please place the attached letter in the correspondence section of Docket OST-1998-3713 as soon as possible. The response to this letter will be sent to you for inclusion in this docket when it is **signed.**

John V. Coleman
x-50
X61030



U.S. Department of
Transportation

Office of the Secretary
of Transportation

JUL 15 1998

Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

Mr. Edward F. Burke, Jr.
President, Massachusetts State Machinist Union
Air Transport Lodge 1726
International Association of Machinists
and Aerospace Workers
830 Saratoga Street
East Boston, MA 02128

Dear Mr. Burke:

Thank you for your letter to Secretary Slater concerning the Department's proposed Enforcement Policy Regarding Unfair Exclusionary **Conduct** in the Air Transportation Industry. Secretary Slater **has** asked me to respond.

We **are aware** that our policy has been described by some as an effort to reregulate the airlines. **I can** assure you that our proposal will not do that. We have no interest in **reregulating** because we know that **deregulation** has worked well. One indication of this is the very **large reduction** in inflation adjusted fares since deregulation.

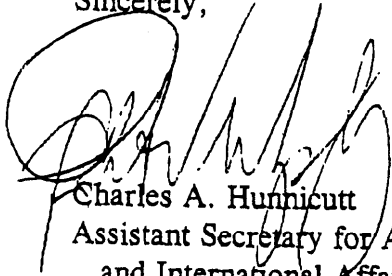
But the fact that fares have declined **overall** does not mean **that** all markets have benefited **from** such lower prices. To the contrary, markets, that involve cities that are network hubs **of a single** carrier tend to have less **competition** and much higher **prices** than other markets. Each year, millions of **passengers** traveling to and from hub cities pay fares that are significantly higher than they **would** be if effective **competition was** present. And we know from our investigations that some large airlines are engaging in behavior that is designed to prevent **new** entrant airlines from competing in these markets.

Our approach to dealing with this problem is not to **reregulate**, but to take steps to encourage more competition. We have **carefully** crafted **our** guidelines to ensure that **they would only** discourage extreme responses by **major** carriers that only make economic sense if **they** result in the elimination of competition and the long-term maintenance of high air fares. Our goal is to promote competition, and not to intervene in the myriad legitimate ways in which airlines compete with one another. The resulting competition will mean **that both** new entrants and incumbent carriers will offer **consumers a wide range** of fare and service **options**. In addition, the increased competition we envision would mean more, not less, demand for air services, and thus many additional jobs.

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Thank **you** for your interest. If **I** can be of further assistance, please let **me** know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles A. Hunnicutt', written over the typed name and title.

Charles A. Hunnicutt
Assistant Secretary for Aviation
and International Affairs

#:S10980622-045

PAGE #:1

06/23/98

12:31

OFFICE OF THE SECRETARY OF TRANSPORTATION
EXECUTIVE SECRETARIAT

TRANSPORTATION
OFFICE
X 57

Document S10-CORR NO: 37269		CONTROL #: S10980622-045		Dated 06/18/98	Due
Action Office: X-1		Multi: 'N Writer:			
ACTION: PLEASE TAKE ACTION AS INDICATED BELOW		EDWARD F. BURKE JR. PRESIDENT, MASS STATE MACHINIST UNI AIR TRANSPORT LODGE 1726 AFL/CIO 830 SARATOGA STREET EAST BOSTON, MA 02128			
Subject: EXPRESSING OPPOSITION TO PROPOSED COMPETITION RESTRICTIONS ADDRESSING UNFAIR EXCLUSIONARY CONDUCT BY MAJOR AIRLINES					
ASSIGNED	DATE	REASON	DUE DATE.	RETURNED	
X-1	06/23/98	FOR APPROPRIATE HANDLING	-		

Comments::

MGREENE - 06/23/98
DIST: S-10, C-1, S-3 ,

X-56 6/30 (Keith)

IF YOU ARE UNABLE TO **PROVIDE** THE REQUIRED INFORMATION, PLEASE ADVISE YOUR ANALYST NO LATER THAN **24 HOURS** AFTER THE RECEIPT OF THIS DOCUMENT. THIS SHEET MUST REMAIN WITH **THE INCOMING DOCUMENT AND BE RETURNED** WITH YOUR RESPONSE. YOUR PROMPT ACTION IS APPRECIATED. FOR MORE: INFORMATION, PLEASE CONTACT, **MARIE GREENE, 366-9728**

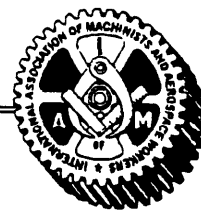
. Air Transport Lodge 1726

INTERNATIONAL ASSOCIATION of MACHINISTS and AEROSPACE WORKERS

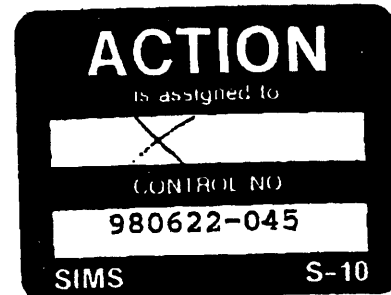
A.F.L. - C.I.O.

SERVING THE MAJOR AIRLINES AND AIRPORTS IN NEW ENGLAND

830 Saratoga Street, East Boston, Massachusetts 02128 • (617) 569-0141



JUNE 18, 1998



THE HONORABLE RODNEY SLATER
SECRETARY
U.S. DEPARTMENT OF TRANSPORTATION
400 7TH STREET, S.W. ROOM PL-401
WASHINGTON DC 20590

RE: DOCKET OST-98-3713

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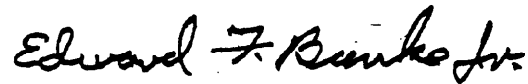
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SINCERELY,



EDWARD F. BURKE, JR.
PRESIDENT, MASS STATE
MACHINIST UNION

EFB/mk