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**From:** Robert Bumgarner [r2bumgarner@mac.com]  
**Sent:** Tuesday, April 08, 2008 3:01 PM  
**To:** TRNtestimony  
**Cc:** Rep. Joseph Souki  
**Subject:** Testimony RE HCR 105 HD1

**To: TRN: TRANSPORTATION COMMITTEE**

**For hearing on April 9, 2008 at 9:00 AM Conference Room 309**

Testimony of Captain Robert R. Bumgarner

Managing Director, Global Aeronautics LLC

**Supporting:**

**HCR 1056 HD 1**

**STRONGLY URGING THE UNITED STATES CONGRESS TO ENACT FEDERAL LEGISLATION TO ALLOW HAWAII TO REGULATE AIR CARRIERS OPERATING BETWEEN ISLANDS IN THE STATE UNDER CHAPTER 261C, HAWAII REVISED STATUTES.**

I am writing to advocate an exemption from the provisions of the Airline Deregulation Act ("the Act") for air travel within the State of Hawaii. The Act granted such an exemption to the State of Alaska and a similar exemption should be granted to Hawaii due to the lack of alternative modes of transportation between our islands.

In 2006, I taught an Air Transportation course for the Honolulu Community College flight school. As part of that course, I divided the class into teams and challenged them to determine whether or not airline deregulation had achieved the objectives of Congress. Each team produced both written reports and a verbal presentation of their research. Key findings were as follows:

1. Safety has not suffered as a result of airline deregulation but this is mostly due to technological advances, not economic factors.
2. Until recently, airline fares declined steadily, saving U.S. travelers more than \$10 Billion. But such savings have not been distributed equally or even fairly since one passenger may be paying as much as three or four times as much as the person sitting next to them on an airplane.
3. After a surge of new entrants into the market, more than 100 airlines have failed. This has, in many cases, left many communities with irregular air service.
4. Consolidation has stratified the U.S. travel market, leading air carriers to specialize in either short-haul or long haul markets. Consequently, direct point-to-point service has diminished and the hub-and-spoke system that developed is often inconvenient for travelers.

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5. Despite major reductions in employee compensation since 2001, excessive, sometimes cutthroat, competition has prevented airlines from raising fares as needed to cover rapidly rising fuel costs. Consequently, U.S. airlines have, in the aggregate, lost ALL of the income they had earned during more than 80 years of operation and four major airlines have filed for bankruptcy. This has left U.S. airlines vulnerable and unable to compete effectively with well-capitalized foreign carriers. For example, at the time of the reports, U.S. airlines had ordered only 28 of more than 600 new-technology B787 aircraft sold by Boeing.

6. Domestic airlines currently need only demonstrate financial and managerial fitness to enter any travel market and may abandon such markets without approval. However, when flying to foreign destinations, U.S. carriers must also receive a certificate of convenience and necessity from D.O.T. and approval from the President.

7. Airline deregulation has provided substantial short-term economic benefits to travelers but, in this age of soaring fuel prices and scarcity, U.S. airlines are increasingly unable to operate reliably and economically due to the forces of excessive competition.

Since these reports were submitted to me, their findings have been born out by the failure of 61-year-old Aloha Airlines and the sudden collapse of ATA Airlines. Sadly, thousands of employees have lost their jobs and many thousands of airline seats have been removed from the Hawaii travel market with potentially serious economic implications.

I urge you and your committee to find, as did my students, that airline deregulation has been a mixed blessing to U.S. airlines and air travelers. Moreover, I hope you will also find that the unique and critical nature of air travel in Hawaii demands that our state be granted an exemption from the provisions of the Airline Deregulation Act.

Aloha,

Capt. Robert R. Bumgarner (Ret.)

Managing Director

Global Aeronautics