

**TESTIMONY OF DAVID SAMUEL COATS
FORMER CHAIRMAN,
NORTH DALLAS CHAMBER OF COMMERCE
IN SUPPORT OF S. 1424
NOVEMBER 10, 2005
BEFORE**

**The Senate Commerce, Science & Transportation Committee
Subcommittee on Aviation**

Mr. Chairman and Members:

My name is Sam Coats. I am here today on behalf of the North Dallas Chamber of Commerce, where, like my long time friend, Senator Hutchison, I am a former chairman. Thank you for this opportunity.

The Chamber asked me to appear today because I have spent much of my career in the airline industry and have been on both sides of the Wright Amendment debate. I started my career as general counsel of Texas International Airlines and fought Southwest throughout much of the 1970s. I was then a senior officer at Braniff and later served two years as a vice president at Southwest. I left Southwest to become President of Muse Air. Southwest bought Muse in 1985. I have also served as CEO of an Australian domestic airline, and was a senior vice president at Continental Airlines during its dramatic financial turnaround. As some of my friends have said, when it comes to the

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Wright Amendment, “I can preach it round or flat.”

I entered the airline industry prior to deregulation. I saw the adjustments and difficulties that many carriers experienced in its aftermath. I have also witnessed the enormous benefits to the American people and to our economy that deregulation and open airline competition have brought about. The artificial restraints of the Wright Amendment are totally inconsistent with the policy of economic deregulation and open airline competition.

You have heard the testimony of Southwest Airlines, American Airlines, and the DFW Airport. With all due respect to those parties, we believe that it is wrong to articulate the debate about repeal of the Wright Amendment in terms of a fight between Southwest Airlines on one side and American Airlines and DFW on the other. American is the world’s largest airline and one of the best. Southwest has the longest record of consistent profitability of any airline in history. DFW is the nation’s third busiest airport and one of the largest and busiest airports in the world. It is a great airport. Its fortunes do not depend on the continued existence of the Wright Amendment. If it were that fragile it could not

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have sold and retired and again sold billions of dollars in airport bonds to finance its growth during the past thirty years. Repeal of the Wright Amendment will not be the tipping point for DFW, Southwest, or American Airlines. In American's own hundred-plus page 2004 Annual Report and Form 10K filed earlier this year, the issue of the Wright Amendment got just two sentences of discussion.

American and Southwest are both very well run companies. They are fierce competitors. They make good business decisions based on careful analysis. They can take care of themselves and they have the resources to do so.

American has moved into and out of Love Field on several occasions, the last being when they took on Legend Airlines and helped it become another set of bones in the graveyard of failed startup airlines. At present, American has three unused gates at Love Field that it ceased using after Legend went bankrupt. It can resume using those gates anytime it elects to do so. That they remain vacant indicates that American believes it is better to deploy its resources in the Dallas/Fort Worth region at DFW. We at the North Dallas Chamber understand and respect that decision.

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In a similar vein, Southwest recently looked at moving a portion of its operations to DFW. After much study and analysis, it chose not to do so. We respect that decision as well. Southwest has done a pretty good job of running its business for more than thirty years.

It is clearly disingenuous for American to continue to invite Southwest to move its operations from Love Field to DFW. Southwest has made an enormous investment in its headquarters and infrastructure at Love Field during the past thirty-plus years. We believe Mr. Kelleher described it well when he said that he felt like the fly who was constantly being invited to dinner by the world's largest spider. Likewise, it is laughable and absurd for officials at DFW to insist that they know better than Southwest's own management what airport choices it should make.

Repeal of the Wright Amendment is a consumer issue, not an American or Southwest issue. The North Dallas Chamber of Commerce believes that its repeal will remove the final major government imposed, anticompetitive barrier to airline competition that no other city or airport in the United States has to tolerate. It will allow any airline that chooses to do so to serve Love Field as it would any other airport. It will

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bring lower fares and greater choices to consumers traveling to or from both Love Field and DFW. Those benefits will stimulate economic growth throughout the Dallas/Fort Worth Metroplex. They will also extend to consumers in Arizona, Oregon, Florida, California, Nevada, and every other state going forward.

The City of Dallas owns almost 70% of the DFW Airport and controls seven of eleven board seats. It owns 100% of Love Field. Dallas, not the Congress should determine the highest and best uses for Love Field.

The Love Field Master Plan is in place. It is the product of much work and contributions from many diverse constituencies. It places practical limits on growth and respects the airport's neighbors. We believe it should be followed, unburdened by the artificial restraints of the Wright Amendment. We know of no other case where a city with two precious airport assets like DFW and Love Field has been required by Congressional mandate treat one like a prince and the other like a red headed step child.

The North Dallas Chamber of Commerce strongly supports the goals of S. 1424. We believe that repeal of the Wright Amendment will end the

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uncertainty that has surrounded both DFW and Love Field for years. It will also allow the City of Dallas to better manage Love Field in accordance with the Love Field Master Plan. Most importantly, it will bring about lower fares, new competition and traffic growth at both DFW and Love Field. It advances the policy of airline deregulation.

While The Chamber would welcome immediate repeal this archaic and anticompetitive law, we have also suggested a compromise solution. To that end we propose that the Wright Amendment be phased out in stages during the next two-to-five years. This would achieve our ultimate goal and also insure that there was an orderly adaptation to the effects of the repeal.

If Congress were to choose this approach, we believe the first step should be the immediate removal of the marketing, through ticketing, and checked baggage restrictions that the Wright Amendment presently imposes on any airline serving Love Field. These provisions harm millions of air travelers each year and serve no purpose other than to artificially constrain competition.

Thank you for your time and your courtesy. I will be happy to answer any questions you may have.