

Senatorial Field Hearing  
On Jobs and the Economy

**Midwest Jobs Picture:  
“Strategies to Rebuild Communities”**

Testimony of Dudley Mead  
Astar Air Cargo Pilot

Wednesday, October 8, 2008

Good afternoon. It is an honor to appear before this committee today. I would like to begin by saying “thank you” to Senator Brown for holding this important hearing and to Governor Strickland and Mayor McLin for their valuable attention and support.

My name is Dudley Mead. I was born, raised and currently live here in Dayton. I have been a professional pilot for nearly thirty years. My father, also a Daytonian, was a Colonel in the U. S. Air Force who continued to fly as a private pilot after retiring from military service. My mother and three of my five siblings are also licensed pilots. I am quite proud of the rich aviation heritage I have inherited from my family, from my hometown of Dayton, and from the State of Ohio.

A longer version of my statement will be entered into the record. I’d like to simply summarize for you, and answer any questions you might have.

I am currently employed as an airline pilot by ASTAR Air Cargo in Wilmington, Ohio. ASTAR is one of the two Ohio based airlines that provide airlift services to DHL Worldwide Express.

As all of you are very aware, last May DHL announced that they would be transferring ALL of their air operations to their main competitor, UPS. The president of ASTAR, John Dasburg, announced to his employees that upon the termination of our contract with DHL, he would be forced to shut down our airline and lay off all of ASTAR’s one thousand plus employees.

This news was absolutely devastating for all ASTAR employees and for the nearly nine thousand other DHL workers and related business people who would lose their jobs in southern Ohio because of DHL’s catastrophic decision.

For myself, this announcement could not have been made at a worse time. The prospects of finding a comparable job in the airline industry are abysmal. The airline industry is rapidly contracting and most US airlines are eliminating tens of thousands of positions for pilots, mechanics and other employees.

A recent survey of the six “legacy” airlines in the U. S. shows furloughs or planned furloughs of nearly four thousand three hundred pilots this year. Of the twenty “national” U. S. airlines only two, Southwest and Virgin, plan to hire and half of the remaining eighteen plan furloughs for a net loss of over a thousand jobs in this group as well. This totals well over five thousand jobs

lost at legacy and national airlines this year not including the additional one thousand pilot jobs lost at Astar and ABX.

Additionally, the recent failures of several airlines including the cargo carriers Gemini and Kitty Hawk, and the passenger carriers American Trans Air, Aloha, Skybus, Maxjet and Eos have added several thousand more to the number of airline pilots that are also looking for jobs.

Exacerbating this pilot surplus is the recent change to the mandatory retirement age for pilots from age 60 to 65, which has slowed or completely stopped pilot retirements for the next five years. Airlines do not need to hire new pilots to replace those who previously would have been retiring.

The proposed merger between UPS and DHL will certainly not create jobs for ASTAR pilots at UPS, either. On July 10th, UPS spokesman Norman Black told the Atlanta Journal Constitution that UPS has no plans to hire DHL pilots that lose their jobs. This statement is consistent with UPS' past actions.

When UPS acquired Menlo Worldwide (the successor of Emery Worldwide from Dayton) they eliminated all 1400 jobs at the Dayton International Airport and did not hire any of the Emery pilots. When UPS acquired Challenge Air Cargo, they failed to transfer any of the jobs from that transaction, as well.

There are airlines that are hiring pilots overseas, however. A move to one of these airlines would require expensive retraining and require that I move my family – and my earnings - to some far away place like Hong Kong or Dubai which, unbelievably, I am actually considering.

Even if the domestic airline industry were to improve and begin hiring large numbers of pilots, those of us who are losing our careers would have to start over in an entry-level position. For example, even though I am a pilot with over 12 years of seniority, I would have to start over as a first year pilot with first year status and pay at another airline. Starting over will be very difficult and, indeed, may not be possible for many of our pilots who's average age is 49 years old.

Other than Southwest Airlines, which plans to hire only one or two hundred additional pilots this year, none of the handful of other airlines in the U. S. offer salaries that come close to matching those of the Legacy carriers, or the cargo carriers, Astar, ABX, Fedex and UPS.

Were I able to get hired despite these difficult circumstances, first year pay would start at around twenty-one dollars an hour - which represents an eighty five percent pay cut for me – and I would not regain my current salary level for at least ten years if at all.

I have heard of the plans of the state and federal governments to assist employees with education and training grants and benefits. I applaud this news, although I am loath to have to ask for governmental assistance.

Unfortunately, retraining for me and virtually all of the other ASTAR pilots will be mandatory due to the fact that DHL never upgraded our fleet to more modern aircraft. The airliners at ASTAR have an average age of around thirty years and are not operated by virtually any other airline in the U. S.

The training required to allow ASTAR pilots to be competitive in this job market will be expensive. The primary qualification in the aviation industry is the “Type Rating”. A Type Rating is an FAA certificate granted to a pilot upon completion of a rigorous training regimen in one specific type of aircraft. This training would cost twenty-five to fifty thousand dollars per rating depending upon the type of aircraft and will be impossible to afford for many of us due to this high cost.

When I was asked to testify today, I was also asked to share my feelings about my pending job loss. To put it succinctly: I AM ABSOLUTELY FURIOUS!

The thing that makes me so apoplectic is that DHL has purposefully misled their employees, their vendors, the affected communities, the worldwide media, and our government all in the interest of creating a global monopoly with UPS.

In my testimony submitted for the record, I cite some of the more egregious examples of DHL’s misrepresentations.

A fact sheet distributed by DHL representatives at recent congressional hearings, cross-checked with the public records of the costs of doing business with ASTAR and ABX, clearly show that the air operations are absolutely NOT the cause of the massive losses DHL purports to have incurred in the U. S. Nor are the air operations at UPS going to offer the \$1

billion savings that DHL claims.

DHL has said that their mandatory goal of saving \$1 billion will be achieved only through its arrangement with UPS. The justification of their failure to consult with the state, or to entertain alternative proposals was based on their judgment that it was unrealistic that any assistance by the state or proposals from ASTAR or ABX could bridge this billion dollar gap. It is important to understand that this last claim is untrue.

The air operation costs to DHL from the ASTAR and ABX AXMI agreements annually run approximately \$550 million and \$650 million, respectively (including fuel costs), for a total of \$1.2 billion. With an advertised cost of \$1 billion to have UPS fly DHL freight, it is clear that the transfer of the air ops will, at best, save \$200 million – a cost which could be easily recouped either by the merger of ASTAR and ABX, the renegotiation of the ASTAR and ABX contracts, the introduction of more modern and fuel efficient aircraft, or a host of other aggressive cost cutting measures

A review of the DHL supplied fact sheet clearly shows that the bulk of the improvements that will supposedly lead to the \$1 billion dollar savings are network reductions and rationalizations which can be made no matter who DHL uses to supply lift. Working with a single air provider – UPS - is only one of many improvements. Nevertheless, DHL has given the impression that the entire financial improvement is contingent on this transfer of flying. In reality, the transfer of flying to UPS saves only \$200 million per year.

However, you will also note that DHL absorbs \$2 billion in one-time implementation costs. Therefore, over the course of the ten-year proposed block space agreement DHL saves two billion, but spends 2 billion in one time implementation costs. Even these savings are illusory because they have experienced a dramatic loss in volume and revenue simply as a result of announcing the deal.

The most basic point, though, is that neither the state nor the incumbent vendors have to bridge a billion dollar a year gap in order to compete; they simply have to save \$200 million, a more than realistic figure, especially if the two carriers are integrated.

I believe this perspective is important because DHL's primary defense is that it cannot continue to sustain the losses it is experiencing. No one can argue with this, but the fact is that the transfer of flying does nothing to stem the losses.

I believe that this information is the “smoking gun” which clearly shows the construction of a false foundation upon which DHL has built their argument for the elimination of their entire U. S. air operation and the resulting devastation of Wilmington, Ohio and the economy of Southwest Ohio.

The only possible reason for this incredible subterfuge is a clandestine agreement to create a monopolistic empire with DHL supplying the international market for express parcel delivery and UPS operating the domestic U. S. market. The illegal anti trust aspects of this syndicate are utterly outrageous and obvious.

I implore you to continue your unwavering pursuit of the truth in this fiasco. Your tireless efforts will uncover the realities that have been so carefully hidden and will save thousands of jobs and, ultimately, the economy of a huge portion of our great state.

I am quite certain that I speak for the more than ten thousand people who are impacted by this deal when I say “Thank You” from the bottom of our hearts for your determined stand in this fight. The incredible magnitude of assistance and attention you have given to us is recognized by everyone and dismissed by none.

Thank you.