

EDWARD J. DRISCOLL

Forming a Partnership for National Defense:

Commercial Airlines and the Air Force

An Oral History

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## *Post-War Airlift: Berlin and Korea*

Dr. Matthews: Our nation's airlift capability today--in support of military engagements, humanitarian operations, and international disasters--is a result of over 50 years of development. When would you start the history of modern airlift?

Mr. Driscoll: In 1948, following World War II, when the Secretary of Defense [James V. Forrestal, 1947-1949] established the Military Air Transport Service [MATS]. It was composed of the wartime Air Transport Command and the Naval Air Transport Service,\* giving MATS approximately 300 to 400 transport aircraft in support of the DOD [Department of Defense].

Dr. Matthews: So MATS was "joint" initially?

Mr. Driscoll: Yes. At its inception it was a unified command composed of both Air Force and naval units. The commander was an Air Force general and the deputy commander was an admiral. Larry Kuter [Air Force

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\*In order to consolidate all air transportation within the Army, General Henry A. "Hap" Arnold created the Air Transport Command (ATC) in June 1942. ATC was inactivated in May 1948 with the creation of MATS as the single manager of strategic airlift operations. The Navy had created its Naval Air Transport Service (NATS) in December 1941 to provide logistics airlift for its fleets and bases. Effective 1 July 1948, NATS transferred personnel and aircraft, from three squadrons that flew C-47s and C-54s, to the newly established MATS. (SOURCE: *Anything, Anywhere, Anytime: An Illustrated History of the Military Airlift Command, 1941-1991*, Office of History, Military Airlift Command, 1991.)

Lieutenant General Laurence S., Commander, MATS, 1948-1951] was the first commander. In 1951, Larry was replaced by Joe Smith [Air Force Lieutenant General Joseph, Commander, MATS, 1951-1958], who had organized the Berlin Airlift\* in 1948.

Col Owen: You started working for MATS at its inception?

Mr. Driscoll: Actually, I started at MATS in 1949 as a logistician, but later in 1952 I was made head of the MATS Civil Aviation Procurement Activity monitoring the Korean airlift contracts and the contracts for operations at Roberts Field, Liberia, by Pan American World Airways; for Wake Island by Transocean Air Lines; and for Iceland by American Overseas Airlines. Primarily, however, the office monitored the Korean airlift contracts. Those contracts had been negotiated and entered into by the Air Materiel Command [AMC], which was the procurement activity of the Air Force located at Wright Field in Dayton, Ohio.

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\*On 24 June 1948, the Soviets cut off land access to the city of Berlin. From 26 June 1948 to 30 September 1949, the United States and its allies airlifted food, coal, and other supplies into the city. By the time the blockade lifted, the allies had flown 279,114 flights and airlifted in 2,324,257 tons of supplies, making it the largest airlift operation until Desert Shield in 1990. Commercial air carriers flew more than 600 transatlantic flights to Europe in support of the allies. (SOURCE: *Anything, Anywhere, Anytime: An Illustrated History of the Military Airlift Command, 1941-1991*, Office of History, Military Airlift Command, 1991; Letter, HQ MAC/HO to Editor, *Airplane Pilot*, "Commercial Air Carrier Participation in the Berlin Airlift," 27 February 1979.)



Col Owen: How many civil aircraft supported the Korean War initially?\*

Mr. Driscoll: There was a requirement for 60 aircraft to be maintained in the Korean airlift, that number being required by a JCS [Joint Chiefs of Staff] decision. There were between ten and thirteen air carriers supporting the Korean airlift, a UN [United Nations] operation. Initially there were two foreign carriers involved. One, Sabena of Belgium, was under contract to the Belgian government. The other, Canadian Pacific Air Lines, was contracted to the Canadian government. Both of those foreign flags pulled out early, and it became strictly a US air carrier operation.

Dr. Matthews: How did the contract work?

Mr. Driscoll: The air carriers were under a cost reimbursable contract, which was redetermined under annual review, plus a return on investment. The rates of that service varied from about \$1.30 per mile for the smallest of the carriers, to over \$2.00 per mile for the major carriers like Pan Am [Pan American World Airways] and TWA [Trans World Airlines]. Seaboard Western [Airlines], later known as Seaboard World, was also involved as were Transocean

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\*Civil air carriers flew 2,186 missions, carrying over 7,250 tons of cargo and more than 29,000 passengers on the United States-to-Japan shuttle. (SOURCE: *A History of the Civil Reserve Air Fleet*, by Theodore Joseph Crackel, Air Force History & Museum Program, 1998.)

Air Lines and California [Airlines] Eastern, the latter a Part 45 carrier\* as opposed to carriers that had a license from the Civil Aeronautics Board. They had only a license from the FAA [Federal Aviation Administration]. All carriers performed excellently. The US civil airlines, big and small, moved passengers and cargo between Travis Air Force Base [(AFB), California] and Japan, and then the traffic moved into Korea by military aircraft.

Col Owen: What about insurance arrangements for civil aircraft during the Korean War?

Mr. Driscoll: During that contract operation, and following the activation of those 60 airplanes, the insurance company raised the rates on hull insurance to exorbitant levels. Therefore, the Air Force, using the first War Powers Act [1941], established an indemnity in which it insured the carriers against loss. In event of loss, the carriers were required to declare at inception either a "stated value," or accept market value. TWA elected a stated value on their aircraft of \$350,000.

Col Owen: Were any aircraft lost?

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\*Refers to Part 45 of the Civil Air Regulations. Issued by the Civil Aeronautics Administration, a predecessor to the FAA, the regulations were effective 1 November 1937. Part 45 carriers were commercial operators who transported cargo or passengers but were not certificated by the Civil Aeronautics Board. (SOURCE: Ned Preston, Agency Historian, Federal Aviation Administration.)

Mr. Driscoll: Two. TWA lost an airplane in Sandspit, British Columbia, and at that time market value of that airplane was somewhere around \$600,000, but they were restricted to the stated value of \$350,000. One interesting point is TWA tried to invoke the Warsaw Convention\* minimum liability rule. However, that was denied because at that time Japan was not a high power; it was under occupation by the United States. Warsaw only applied between two high contracting powers. A second airplane was lost by California Eastern, which had elected market value. It was ditched in the Pacific between Honolulu and Travis. That airplane cost the taxpayers \$675,000. Over the entire airlift MATS maintained records to show that the indemnification by the United States was cost effective. The government saved between five and seven million dollars vis-à-vis what would have had to be paid to commercial insurance companies for coverage.

Dr. Matthews: Did the "60 airplane" decree remain throughout the conflict?

Mr. Driscoll: For contracts during the last nine months of the Korean airlift, prior to the termination of hostilities in July 1953, the JCS finally followed MATS' advice and removed the

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\*The 1929 Warsaw Convention created a standardized civil liability protocol for air carriers and shippers involved in the international transport of passengers, baggage, and cargo. (SOURCE: Office of Chief Counsel, United States Transportation Command.)

requirement for 60 aircraft and adopted a requirement based on passengers and tons of cargo to be moved. Being relieved from the requirement to maintain a specific number of airplanes, MATS forced AMC to go to a competitive bid operation, which ended up at much lesser rates than we had been paying and increased the capacity of the aircraft. Carriers pulled out all those heavy first-class seats and put in high-density capacity seats. They even stripped the paint and increased the ACL [allowable cabin load] in a DC-4 to almost 20,000 pounds across the Pacific, which was unheard of at the time.

Dr. Matthews: How would you assess the competitive bid process?

Mr. Driscoll: In hindsight, forcing the competitive bidding was not, in the long run, good for the airlines or the government. It actually injured some of the carriers. For example, Transocean, which had been one of the real stalwarts in the operation, suffered greatly under that competitive bid operation.

Dr. Matthews: In what way?

Mr. Driscoll: Transocean lost money, eventually leading to bankruptcy and the loss of that fine service in the Pacific.

## *MATS and the Civil Airlines*

### *The Civil Reserve Air Fleet*

Col Owen: Did General Smith see the commercial airlines as allies?

Mr. Driscoll: While Joe Smith sought cooperation between the military and civil carriers, he worked hard to establish the military as first and foremost. Joe did not trust the civils to provide good service without detailed specifications. For example, Joe asked us in the civil aviation division to prepare a detailed contract to cover the type of food, quantity of food, and how every operation of the civil carriers would be conducted in support of the military. MATS took its plan to AMC and told them this is what they will do whenever they contract with the civils. AMC rejected it saying they, not MATS, would determine how the contracts were entered into. At that point, we appealed to Headquarters Air Force. After lengthy discussions, the Air Force authorized MATS to enter into *charter* arrangements for airlift as opposed to *contracts*. So we implemented a program using a TR [Travel Request] and a bill of lading as the contractual documents. For years we worked through this charter arrangement. AMC protested and went all the way to the Secretary of Defense, who ruled that MATS was operating legally using a TR and a government bill of lading as the contractual documents. That's when we

came up with the Form 8 as a routing document that went with the government forms as the paying document. The MATS Form 8 is still in existence today.\*

Dr. Matthews: So MATS, under Joe Smith, established a definite requirement for the civils?

Mr. Driscoll: Yes, although he wanted to operate his military airline to keep his crews trained. But he recognized he would need to use civils in war and emergencies, and to do so, he had to help ensure they would be and could be responsive when needed.

Dr. Matthews: What was it like getting that first CRAF\*\* [Civil Reserve Air Fleet] contract signed?

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\*Now the Air Mobility Command Form 8, "Civil Aircraft Certificate." See Appendix 1.

\*\*After World War II, the government and commercial airlines realized they had been overly optimistic in their projections of postwar passenger traffic. By the end of 1947, domestic routes were operating at a loss. In addition, events during World War II made it clear that the military could not maintain enough airlift capability for its wartime requirements. In December 1950, the Committee on Wartime Airlift Requirements and Capabilities, known as the Douglas Committee for its chairman Mr. James H. Douglas, issued its "Report on Utilization of Airlines for Wartime Airlift and Proposals to Aid Expansion of the Civil Air Fleet." The committee recommended establishing a three-tiered reserve of four-engined transports in the civil airlines to supplement military airlift during times of war. The Departments of Defense and Commerce approved the basic concept, known as the Civil Reserve Air Fleet, in late 1951. President Harry S. Truman signed Executive Order 10219 establishing the CRAF that same year. Initially, commercial aircraft were allocated to the program by the Defense Air Transportation Administration of the Department of Commerce. *The Role of Military Air Transport Service in Peace and War*, (see page 18), published in 1960, tied peacetime and wartime requirements together, eliminating the need for a separate CRAF contract as airlines were required to commit wartime capability in order to receive peacetime business. (SOURCE: *Anything, Anywhere, Anytime: An Illustrated History of the Military Airlift Command, 1941-1991*, Office of History, Military Airlift Command, 1991; Mr. Edward J. Driscoll.)

Mr. Driscoll: Secretary of the Air Force Douglas\* [James H., Jr., 1957-1959] received a letter from Gordon Gray [Director of the Office of Defense Mobilization, 1957-1958], who was the head of emergency planning for the President. In the letter, Gray said that in the past we had relied on the Defense Production Act\*\* to give us the authority to militarize the civil carriers if needed in order to operate the CRAF program. Gray said that that was no longer doable, that CRAF had to be a contract program because under the Defense Production Act, while we could take the airplane, we couldn't get the support, the crews, and so forth. Douglas called in the CEOs [Chief Executive Officers] of the airlines--Pan Am, Northwest, United, American--all of them, and told them we needed to get them into a contract. He asked the CEOs to set up a

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\*James H. Douglas, Jr., was pivotal in guiding the development of civil-military relationships between 1940 and 1960. During World War II, Colonel Douglas served under General C. R. Smith in the Air Transport Command. After the war, Smith returned to his job as CEO of American Airlines and Douglas returned to his law practice representing American Airlines. In 1950 Douglas chaired the committee that recommended establishing the Civil Reserve Air Fleet. In 1958, as Deputy Under Secretary of Defense, Douglas headed the committee appointed by President Dwight D. Eisenhower to study the use of military and civil capability in support of a national transportation system. Douglas used the committee's report, *The Role of Military Air Transport Service in Peace and War*, to direct the Air Force to prepare a plan for the implementation of the report. See page 18. The policies and procedures set forth in the Air Force's implementation plan are as applicable today as they were in 1960. (SOURCE: Mr. Edward J. Driscoll.)

\*\*The Defense Production Act (DPA) of 1950 is the key authority for government and industry joint planning. The Executive Agent for the DPA is the Federal Emergency Management Agency, which has the power to prioritize domestic industrial effort and to allocate resources. Enacted in 1950 and reauthorized periodically thereafter, the DPA provides important legal protections for the Civil Reserve Air Fleet (CRAF) and Voluntary Intermodal Sealift Agreement (VISA) programs. (SOURCE: Office of Chief Counsel, USTRANSCOM.)

group of three or four of their lawyers to negotiate that contract. Douglas appointed two other lawyers and myself to represent the Air Force. We met numerous times with our counterparts representing the civils--John Slate of Pan American World Airways, Howard Childress of American Airlines, and the representative from TWA--and we negotiated, negotiated, negotiated, and after two years of work, we finally came up with a contract.

Col Owen: Who signed it?

Mr. Driscoll: We had difficulty getting anyone to sign it. So we talked to Secretary Douglas and he said, "You know, Thomas [Charles S.] is now head of TWA." Thomas had been Secretary of the Navy [1954-1957] and Douglas had, he said, always wanted to give Thomas the Air Force Medal. So Douglas set up a ceremony and told me to have the contract ready and when Thomas arrived to receive the medal, he would get him to sign the contract. Which he did. Next, the Flying Tigers signed off. Those are the only two we ever got signed up before the publication of *The Role of Military Air Transport Service in Peace and War*,\* which tied peacetime contracting and CRAF together.

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\**The Role of Military Air Transport Service in Peace and War*, Department of Defense, February 1960. (See page 18.)



## *Congressional Hearings*

Col Owen: How would you characterize the MATS-civil airlines relationship in the post-Korean War era?

Mr. Driscoll: Extremely bad, nearly non-existent. MATS' philosophy was if there was a requirement, you tried to solve it with military aircraft, and if you couldn't solve it with military aircraft, then reluctantly you went ahead and procured a commercial aircraft. It was during that period, from 1953 to 1955, that the industry became agitated over the military's avoidance of using civil aircraft. And that's when Congressman Daniel [J.] Flood, [Democrat-Pennsylvania], on behalf of one of the trade associations in Washington, became very active in challenging MATS' policy of non-use of civil aircraft. He was a member of the House Appropriations Committee, which was chaired by Congressman George [H.] Mahon [Democrat-Texas].

Col Owen: What was Flood's modus operandi?

Mr. Driscoll: He attempted, through the appropriations process, to force certain monies to be expended only for civil aircraft. It was during hearings in 1954 that I was sent to the Hill to support Secretary Douglas\* during his testimony. On the first day, we succeeded, with the

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\*Under Secretary of the Air Force, March 1953 to April 1957.

support of Mahon, in fending off Flood. Flood, however, insisted that he didn't want "just" Mr. Ed Driscoll there representing MATS. He insisted that General Joe Smith appear. Mahon eventually agreed, and so it became Secretary Douglas, General Joe Smith, and myself fielding the questions.

Flood, who had been an actor--he had a handlebar mustache--was a cunning opponent. His whole purpose in getting Joe Smith before the committee was to embarrass him. He started out the session by stating he had asked MATS for information, and Smith's people had sent him a ton of it, figuring he'd never get through it. He went on to say that he did get through it and he wanted to know why Smith classified as top secret modifications to the aircraft galleys. Flood then held up documents and photographs of the galleys stamped "Top Secret" and demanded that Smith declassify them.

Col Owen: What did your commander say?

Mr. Driscoll: Smith said something like, "I didn't classify them, and I won't declassify them. I have no authority to do so." They argued on and on. This combative interchange, for the first time, exposed MATS as running an airline. MATS had established passenger service throughout the Atlantic and the Pacific. In the Atlantic, it was called the "Blue Plate Special," which operated between Andrews

AFB [Maryland] and Paris [France] with full galley and cocktail service. Flood actually displayed the MATS cocktail napkins before the committee. It became apparent to all in attendance that MATS had made running a commercial airline, instead of preparing for war, its primary mission.

Dr. Matthews: Why did MATS try to make itself a commercial airline?

Mr. Driscoll: The whole argument, from MATS' standpoint, was training crews and keeping them trained for war. War readiness, MATS concluded, required crews to fly four and one-half hours per day. Since there was not enough cargo being generated to fill that training requirement, the military needed to move pax [passengers], too. But the fallacy of this logic was every time the military was faced with an emergency, they turned to the civils for help. Take Project Yellow Jacket\* as an example. When the Chinese attacked Formosa and threatened to take over outlying islands, the United States had to deliver parachutes to Formosa to use to drop supplies to those islands. The United States didn't want to use military aircraft to do that. For political reasons they wanted the

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\*In August 1958, Communist China threatened to invade the Chinese Nationalist-held islands of Quemoy and Matsu in the Straits of Formosa and possibly Taiwan itself. The United States responded by airlifting a Tactical Composite Air Strike Force and an Air Defense Command squadron of F-104 Starfighters to Taiwan to strengthen the position of the Taiwanese government. (SOURCE: *Toward the Air Mobility Command: A Chronology of Tanker and Airlift Events*, compiled by Robert deV. Brunkow, Office of History, AMC, 1994.)

civils to do it. We had lined up the civil carriers by phone for the operation even though we had no contracts with the civils to do so. And the civil carriers responded.

Dr. Matthews: Another airlift following the Korean War was the Hungarian Airlift of 1956.\* What role did civil aviation play?

Mr. Driscoll: President Eisenhower [Dwight D.] appointed Tracy [S.] Voorhees\*\* as the coordinator of that airlift, and he established a figure of 800 refugees per day to be brought from Munich, West Germany into McGuire [AFB], New Jersey. The refugees then moved to Fort Dix [New Jersey], which is collocated with McGuire. The airlift was to be part military, part civil. I took my whole office up to Westover [AFB], Massachusetts, to coordinate the lift. We knew that the Munich airport would likely be subject to fog in the early part of January and February 1957, so we wanted to get the airlift over with by December 1956. This was October. So, we increased the lift to a thousand refugees per day, and went ahead and contracted with the civils to meet that goal. When Voorhees found out about the increase, he was upset. He accused us of setting up a concentration camp at Fort Dix

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\*In November 1956, Soviet tanks crushed the briefly successful Hungarian Revolt in Budapest. Between December 1956 and June 1957, MATS transported over 10,000 Hungarian refugees. Commercial carriers under government contract transported an additional 4,170 refugees.

\*\*Tracy S. Voorhees was the chairman of the President's Committee for Hungarian Refugee Relief, 1956-1957.

and directed us to cut it back to 800. To do so, we had to cancel the contracts with the civils and rebid the whole process, which again caused problems on the Hill and with the civil carriers.

Dr. Matthews: The antagonism between the military and civil airlines increased then following the Hungarian refugee lift?

Mr. Driscoll: Yes, in 1956, 1957, and into 1958 we had increased difficulty utilizing the civil carriers. As I mentioned earlier, the military had a requirement to train at four and one-half hours a day per crew, and if you followed the four and one-half hours per day vis-à-vis the military capability, there was very little unsatisfied requirements for civil carriers.

Col Owen: Did Congress step in again?

Mr. Driscoll: MATS was under pressure from the House Appropriations Committee and the House Armed Services Committee, which usually supported the military rather than the civils, to use more civils. So, General Tunner [Air Force Major General William H., Deputy Chief of Staff for Operations, Headquarters Air Force, 1957] convinced Secretary of the Air Force Douglas that the best thing that could be done was to lease military aircraft to the civils and to have them perform with military aircraft. Unfortunately, what he didn't recognize was that there were civilian aircraft

stockpiled all around the country not being flown. I prepared a memorandum for Joe Smith to send to the Secretary that pointed out the controversy would get worse before it got better. The ink wasn't yet dry on that document when we got a notice from Chet [Chester Earl] Holifield. Holifield, a congressman [Democrat] from California and chairman of the House Committee on Government Operations, requested that we suspend all activities with regard to leasing until he could hold hearings in January [1958] when Congress went back into session.

Col Owen: As I recall, the leasing issue led Congress to do a much broader hearing on MATS itself.

Mr. Driscoll: They dissected MATS from top to bottom. For nearly six months Congress grilled MATS at all levels, and then they moved up to the Secretary of the Air Force. The Secretary of the Air Force at that time was Dudley [C.] Sharp [1959-1961], Douglas having been elevated to Deputy Secretary of Defense. Those hearings resulted in twenty-two recommendations, all of which restricted the military to the military mission and allowed the channel traffic and a lot of other airlift requirements to be filled

by the civils.\* Immediately following the Holifield recommendations, [L.] Mendel Rivers [Democrat-South Carolina], who was at that time Chairman of the Aviation Subcommittee [of the House Armed Services Committee], called additional hearings, which resulted in nine more recommendations. While this military committee was more in tune with MATS than with the civils, it did recognize that the civils should be given part of the business. As a side note, at that time Mendel Rivers' boyhood friend, George Tompkins, operated an independent carrier called Overseas National Airlines.

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\*The recommendations set the groundwork for the first national airlift policy statement. The House Committee on Government Operations directed that MATS focus on outsize or unusual missions, leaving the passenger and conventional cargo business to the commercial carriers. (SOURCE: *Anything, Anywhere, Anytime: An Illustrated History of the Military Airlift Command, 1941-1991*, Office of History, Military Airlift Command, 1991.) For a historical perspective of the National Airlift Policy, see Appendix 2.

## *The Role of Military Air Transport Service in Peace and War*<sup>\*</sup>

Dr. Matthews: Pressure was building on SECDEF [Secretary of Defense] to take action?

Mr. Driscoll: Yes. President Eisenhower signed a memo to Secretary McElroy [Neil H., 1957-1959] directing that he conduct an analysis and determine what should be done. Deputy Secretary of Defense Douglas was the lead on that study. The members of the study group included the chairman of the Civil Aeronautics Board, the Secretary of Commerce, and just about all of the departments that you could think of. Their deliberations resulted in a report titled *The Role of Military Air Transport Service in Peace and War*. When it was issued, General LeMay [Air Force General Curtis E.], the Chief of Staff of the Air Force [1961-1965], took issue with it and forbade “blue suiters” [Air Force personnel] to have anything to do with it. It was then up to the Secretary to implement it. Gradually, through the discussion and the implementation phase, some in the Air Force began to

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<sup>\*</sup>As a result of the Holifield hearings, President Eisenhower directed Secretary of Defense McElroy to examine MATS' peacetime and wartime responsibilities. See Appendix 3. Completed in February 1960, *The Role of Military Air Transport Service in Peace and War* contained nine *Presidentially Approved Courses of Action*, the first national airlift policy statement, which defined the roles assigned to military and commercial airlift for the next 27 years. The *Presidentially Approved Courses of Action* were implemented by the Air Force in its report dated 1 May 1960 (See Appendix 4), and updated in 1987 by the National Security Directive 280. (See Appendix 5.)



see the advantages to be gained by closer cooperation with the civil airlines. Up to that point, the military had not been able to acquire any new aircraft. In fact, there was a block in Congress for appropriations for aircraft. Getting implementation of the *The Role of Military Air Transport Service in Peace and War* program and assigning certain parts of the transportation business to the civil carriers was, the Air Force began to conclude, a method for removing the embargo on funds for military aircraft. Consequently, the Air Force prepared for implementation of the report.

Dr. Matthews: Secretary Douglas relied on you for advice on civil aviation matters?

Mr. Driscoll: Following my appearance before the House Appropriations Committee with Secretary Douglas in 1954 through the end of the Eisenhower Administration in 1960, the Secretary and I maintained an excellent working relationship. From time to time he asked me to review testimony dealing with civil aviation that he was preparing to present to Congress, and he appointed me as one of three attorneys to represent the Air Force in negotiating a standby contract for CRAF. He also asked me to help draft the report that subsequently became *The Role of Military Air Transport Service in Peace and War*, which was approved by President Eisenhower.

Col Owen: What specifically was your role in implementing *The Role of Military Air Transport Service in Peace and War*?

Mr. Driscoll: I was involved in Course of Action Number Five, the "Use of Civil Carriers."<sup>\*</sup> It assigned business to full plane load, charter-type operations, and also individually ticketed transportation to the major international carriers flying scheduled routes such as TWA and Pan American. Additionally, it was to restrict business to only carriers certificated by the Civil Aeronautics Board, thereby eliminating the Part 45 carriers, such as California Eastern. Thus, the Civil Aeronautics Board could demand that minimum rates had to be followed for passengers and cargo. Initially, the Air Force opposed the minimum rates, but once they were reduced to a reasonable level--initially they weren't--then the Air Force supported them. Whoever offered the most capacity, got the business, but we proportioned it so that the smaller carriers could also participate.

Dr. Matthews: MATS was supportive?

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<sup>\*</sup>"That, with respect to services overseas and to foreign countries commercial augmentation airlift procurement policies and practices be adopted to meet the long-range Department of Defense requirements, and to encourage and assist in sound economical growth development and maintenance of an increased air cargo capability by the air transport industry." (SOURCE: *Role of Military Air Transport Service in Peace and War*, Procurement Division, Office of the Deputy Chief of Staff for Materiel, Headquarters MATS, 1960.)

Mr. Driscoll: In trying to implement that program we still had problems with MATS, which did not follow the Air Force direction and was alleged to have incorrectly handled one of the procurements. It ended up with an appeal to the General Accounting Office requiring adjudication by Secretary Sharp. It was determined that MATS had lied. Subsequently, one of the individuals in MATS broke and admitted that he was under directions to lie. As a result, a colonel who directed the lie and was on the promotion list for brigadier general was removed from that list at the direction of the Secretary. The Air Force Chief of Staff was warned that if the colonel's name showed up on the list, the entire list would be rejected.

Dr. Matthews: This was when Joe Kelly [Air Force General Joe W., Commander, MATS, 1960-1966] took command of MATS?

Mr. Driscoll: Yes. He had been on a MATS familiarization tour when this mini-scandal unfolded. The Secretary of the Air Force [Sharp] had an understanding with Joe Kelly that either he would implement *The Role of Military Air Transport Service in Peace and War* the way it was supposed to be implemented or he would be replaced.

Joe came over to me\* and said, "Ed, as I understand it, I'm going to support you and I'll get in bed with you, but when you get up, I get up, too."

Col Owen: And the Part 45 carriers...

Mr. Driscoll: The first elimination of Part 45 carriers was on the international side. A year later, it was on the domestic side. And a year after that, it was the Alaskan carriers-- Alaska always being something that had to be handled very judiciously. Once we had the procurements under *The Role of Military Air Transport Service in Peace and War* moving forward, we developed a five-year program showing the increasing total dollars that would be available year by year for the civil carriers. At that time also, as a result of the Holifield hearings, we got the go ahead to establish LOGAIR and QUICKTRANS\*\* as civil operations and eliminate any military operation.

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\*Mr. Driscoll served as the Special Assistant to the Assistant Secretary of the Air Force for Communications from 1958 to 1960, and as the Deputy Assistant Secretary of the Air Force for Transportation and Communications from 1960-1963.

\*\* QUICKTRANS was the Navy's long term airlift service contract. LOGAIR was the Air Force Logistics Command's US Contract Logistic Airlift Service.

## *New Cooperation Between MATS and the Civil Airlines*

### *The Cuban Missile Crisis*

Dr. Matthews: By the late 1950s and early 1960s, the Air Force and civil airlines had established a new basis for cooperation?

Mr. Driscoll: Yes. In fact we were able to set up a new program whereby the civil carriers who ordered modern turbine power-driven cargo equipment would get business preference. They were given a one-year contract with two successive one-year options provided they placed orders for the modern turbine power-driven equipment. All except one did. In fact, that program was so successful that in 1962 we had to call the industry together and advise them that they were not to procure any more aircraft on behalf of only the military. From that point on, their aircraft procurement had to be based upon the commercial requirements. Certain carriers had become totally dependent upon the military and, as a consequence, we put in a requirement that the carrier had to have a certain percentage of its business with commercial resources. We started at 25 percent and then moved to 35 percent, and then Secretary McNamara [Robert S., Secretary of Defense, 1961-1968] directed it to go to 45 percent. Eventually the percentage increased to 60-40, the rule on the books today, which helps assure

that the carriers, if the military requirements evaporate, will have sufficient commercial business to continue, and therefore be available to the military for wartime use.

Dr. Matthews: Since we are at 1962, tell us about the civilian air carriers and the Cuban Missile Crisis.\*

Mr. Driscoll: In early 1962, a handful of people in the Pentagon--the Secretary of the Air Force [Eugene M. Zuckert, 1961-1965], Assistant Secretary Joe Imirie [Joseph S., Assistant Secretary of the Air Force (Materiel)], and myself included--were briefed on CINCLANT [Commander in Chief, US Atlantic Command] 312, a plan for the invasion of Cuba. The LOGAIR system was immediately sent into motion, moving supplies on a procurement basis into Florida and Guantanamo [US military base in Cuba]. The military C-124s, which supposedly had air drop capability, were found to be not properly configured. They had not put in the static barb that lets the shoots drop, so they had to be stood down to be modified for troop drop. As events came to a head in October, the CRAF program was put on alert. FAA was

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\*The Cuban Missile Crisis brought the United States to the brink of nuclear war with the Soviet Union. In early October 1962, the United States had convincing evidence that the Soviets were building sites in Cuba for medium-range and intermediate-range missiles capable of reaching targets in the southeast United States. On 22 October, President Kennedy went on national television to inform the nation of the risk and the steps his administration would take to meet the threat, including a selective naval blockade of Cuba to prevent additional military assistance from reaching the island. On 28 October, Soviet President Nikita Khrushchev and President Kennedy reached an agreement: Khrushchev would withdraw the missiles if Kennedy would pledge not to invade Cuba, and after a brief interval US land-based missiles would be removed from Turkey.

advised to grant waivers, and our request to activate CRAF went all the way to the Secretary's desk. But he did not order it.

Col Owen: Why?

Mr. Driscoll: We first had to verify how many CRAF aircraft we would need. For the movement of two divisions to Germany in support of NATO [North Atlantic Treaty Organization], we determined that about 45 DC-8s/707s would be required. And rather than activate CRAF, we decided to request Pan American and TWA to volunteer their DC-8s/707s. I made the calls, and within two hours both carriers had promised us their airplanes. Therefore, the possibility of activating CRAF remained off to the side, but this crisis set up a requirement for the stages of CRAF. The Secretary directed MATS to come up with incremental CRAF requirements rather than requiring a full CRAF activation. We didn't say three stages, we just said stages, and MATS came up with three increments.

Col Owen: Were there insurance issues?

Mr. Driscoll: An airline named Saturn, which eventually merged into Trans America, was flying ammo into Guantanamo [Bay, Cuba]. All of a sudden they called saying that their commercial insurance had been cancelled and that they needed government war risk insurance. Joe Imirie, my boss, said not to use civil carriers for a military mission.

“If it’s military, let the military handle it,” he said. The military replaced Saturn. But Saturn was still willing to fly if they had been given war risk insurance.

### *Vietnam*

Dr. Matthews: Was activation of CRAF a possibility in Vietnam?

Mr. Driscoll: Yes, CRAF activation was threatened during the war in Southeast Asia. The civil aircraft had been assigned to the operation and they were operating a sizable number of aircraft; but as the war seemed to turn in favor of the United States and the South [Vietnam], MAC\* [Military Airlift Command] told the civil air carriers to go home because it didn’t need them, and they went home. Then, as a result of the Tet Offensive,\*\* General Estes [Air Force General Howell M. Estes, Jr., first commander of MAC, 1964-1969] had to call the carriers and tell them he needed their aircraft back. They were reluctant at first, but eventually, under threat of activation, they came back.

Dr. Matthews: Did they fly into harm’s way?

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\*MATS was renamed the Military Airlift Command on 1 January 1966.

\*\*Tet is a traditional Vietnamese holiday that celebrates the beginning of the lunar New Year. During the Vietnam War, it had been customary for both sides to observe a cease-fire during the Tet holiday. In a surprise breach of the cease-fire, on 30 January 1968, at the beginning of the Tet holiday, the North Vietnamese and Viet Cong simultaneously attacked major cities, towns, and military bases throughout South Vietnam.



Mr. Driscoll: Several carriers, including Trans America [Airlines] and Flying Tigers, had their aircraft damaged while under attack. The civils' did not question going into combat areas. They flew right along side their military counterparts. In fact, the military was reluctant to expose the C-5 because they feared the *Galaxys* would be sitting ducks, and civils did not object to operating in their place. However, the FAA inspector intheater at one point convinced General McKee [Air Force General William F.], who was then the FAA Administrator, to preclude night flying in Vietnam. As a result, the civil carriers and the Secretary of the Air Force [Harold Brown, 1965-1969] met with General McKee. They agreed that the FAA would withdraw its stance on night flying because it was so much safer and more effective to fly at night than in the daytime. The civil carriers wanted night flying restored, which demonstrated, I think, beyond a doubt, their responsiveness and reliability.

## *Israeli Airlift and MAC's Cargo Enhancement Initiative*

Dr. Matthews: Were the civils equally responsive during [Operation] Nickel Grass?\*

Mr. Driscoll: Initially, no. The civils had operations on both sides. Supporting the Israelis would jeopardize their business in the Arab world. It was a close call. The Secretary of Transportation called Paul [R.] Ignatius,\*\* who headed the ATA [American Transport Association], and myself\*\*\* to his office at five o'clock in the afternoon and said, "We want all the civil carriers. We have aircraft at Boeing that can be manned. We want them to operate into Israel." About a half-hour earlier, a decision had been made that MAC, then commanded by P. K Carlton [Air Force General Paul K., Commander, MAC, 1972-1977], would get into the fray. Following the operation, General Carlton, in briefing the Secretary of Defense [James R. Schlesinger, 1973-1975], stated there had never been a question concerning the responsiveness of

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\*US airlift of much needed war materiel to Israel during the Yom Kippur War, which began on 6 October 1973. From 13 October to 14 November, MAC C-5s and C-141s airlifted 22,318 tons of material to Israel in 567 missions and 18,414 hours of flying time. (SOURCE: *Anything, Anywhere, Anytime: An Illustrated History of the Military Airlift Command, 1941-1991*, Office of History, Military Airlift Command, 1991.)

\*\*Mr. Ignatius was president of the ATA from 1972 to 1984, and its chairman from 1985 to June 1986.

\*\*\*Mr. Driscoll served as the president of the National Air Carrier Association from 1967 to 2000.

the civil carriers and their willingness to fly into combat areas.

Col Owen: How did the civils take to MAC's cargo enhancement initiative\* to modify civil passenger airplanes so that they could be used as cargo airplanes during war?

Mr. Driscoll: NACA [National Air Carrier Association] carriers at that time--two big ones, Trans America Airlines and World Airways--had procured cargo aircraft, 747s and DC-10s. Consequently, we, NACA, opposed the initiative. We said, "Look, we have invested our own money. Don't invest US taxpayers money for modifying other aircraft so that they can compete with us." We were successful, year after year, in stopping the Senate from appropriating the money. Howard Cannon [Senator Howard Walter, Democrat-Nevada], who headed the Aviation Subcommittee of the Commerce Committee and was a member of the Armed Services Committee, supported us 100 percent. Eventually, however, the Senate did appropriate the money and MAC entered into a contract with Pan American World Airways for the modification by Boeing at a cost of about \$33 million per aircraft. I

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\*In January 1973, General Carlton first questioned his staff on the feasibility of modifying a passenger aircraft into a cargo carrier. At first, civilian carriers were receptive to the idea, providing the government paid for the modifications. Congress, however, was very slow to authorize adequate funding for the program. Due to rising modification costs and civil carriers' reluctance to commit their aircraft to the program, by 1987 only 21 aircraft had been modified. (SOURCE: *A History of the Civil Reserve Air Fleet*, by Theodore Joseph Crackel, Air Force History & Museum Program, 1998.) For a short history of NACA, see Appendix 6.

believe there were ten of those aircraft up for modification. Unfortunately, for MAC and the taxpayer, those aircraft were lost when Pan American went bankrupt. One or two of them might have been saved, but that was all. So, overall I don't think the program was a success. If there had been a solid business requirement to modify those airplanes, the civils would have done it themselves. The military, saying "Let's modify them so that we can increase the cargo capability" without commercial operational requirements, didn't make good sense, and I don't think it really added to the nation's capability.

### ***Conclusion: The Future of CRAF***

Dr. Matthews: What worries you most about the future of CRAF?

Mr. Driscoll: Decreasing movement requirements as we continue to draw down the forces and as we continue to withdraw forces from Europe and the Far East. It's that same old story. The civils need the military's peacetime business to guarantee their wartime commitment. GSA [General Services Administration] City Pairs\* is today an important peacetime hook for CRAF wartime commitment; the military requirements account for

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\*GSA City Pairs program is a price-and-service contractual arrangement with CRAF carriers providing inexpensive seats for individual government travelers on over 5,000 domestic and international commercial air routes. In this way, CRAF carriers are guaranteed peacetime business for their wartime commitment to the CRAF program.

nearly 65 percent of the government GSA traffic. The CAT B\* requirement (full plane charter) is the real base for civil response during emergencies.

Col Owen: What else?

Mr. Driscoll: The other thing that worries me, as far as the CRAF is concerned, is foreign investment in US airlines. Some of the EU's [European Union's] initiatives are to eliminate the Fly America Act,\*\* allow foreign investment, and permit cabotage. One of their arguments is that they could be as responsive as the US carriers. The question is, will their governments permit them to support an operation that is primarily US oriented? All we have to do is look at what happened in Desert Shield/Desert Storm\*\*\* to find the answer. To remain a world power, the United States must have the capability to go it alone.

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\*Category B is the movement of passengers in planeload lots on commercial flights by Air Mobility Command (AMC). Procurement is made at AMC-negotiated uniform rates and services are billed at the Transportation Working Capital Fund tariff rate. AMC contract flights are booked by AMC passenger booking activities and operate between military and/or commercial airports. Passengers use travel orders. (SOURCE: AMC Command Data Book.)

\*\*The "Fly America Act" refers to the provisions enacted by section 5 of the International Air Transportation Fair Competitive Practices Act of 1974, which prohibits expenditure of appropriated funds for air services performed by non-US air carriers unless US air carrier service is not available. (SOURCE: Point Paper, MAC/TR, "New Contract Airlift Law," 24 November 1986.)

\*\*\* Foreign flag carriers completed a relatively small number of the total commercial missions flown in support of the operation. In fact, an Alitalia-chartered African International Airlines DC-8 was the only foreign flag aircraft in service to the United States that flew into the area of operations during hostilities. (SOURCE: *So Many, So Much, So Far, So Fast: United States Transportation Command and Strategic Deployment for Operation Desert Shield/Desert Storm*, James K. Matthews and Cora J. Holt, Government Printing Office, 1999.)

Those foreign nations who say “give us your peacetime business” cannot offer us the assurance that they will be there, based on prior performance, when we need them.

Dr. Matthews: Do you have a concluding statement for us?

Mr. Driscoll: In conclusion, I must emphasize that the US has a tremendous airlift capability and the nation must preserve it for national defense. The United States must restrict foreign investment and maintain the Fly America Act. The US cannot rely upon foreign air carriers to meet US requirements as was shown in the war in the Persian Gulf.

Dr. Matthews: Is there any way you would recommend changing the current CRAF program?

Mr. Driscoll: CRAF is a voluntary program simulated by the award of peacetime business. Keep peacetime business available and keep it for US flags.

Dr. Matthews: Thank you Sir.

## *Biography*

### *Edward J. Driscoll*

Edward J. Driscoll currently practices law in the District of Columbia with offices at 910 17th Street, N.W., Suite 800, Washington, D.C.

He recently retired as Chairman, President, and CEO of the National Air Carrier Association, having served in that capacity for over 32 years. 1967-2000.

He also served as general counsel of the International Air Carrier Association headquartered in Geneva, Switzerland. 1971-1988.

Prior to leaving the U.S. Government, Driscoll served as Executive Director of the U.S. Civil Aeronautics Board. 1963-1966.

Previously he served as Deputy Assistant Secretary of the United States Air Force for Transportation and Communications. 1960-1963.

From 1949-1958 he served in Military Air Transport Service. 1958-1960, he served as a special assistant to the Secretary of the Air Force.

Subsequent to leaving government, Driscoll served as Vice President and Assistant President World Airways. 1966-1967.

During World War II, he served in the United States Coast Guard Reserve.

Driscoll served over 25 years in U.S. Government Service. 1941-1966. He is the recipient of the Department of the Air Force Exceptional Service Medal for distinguished patriotic service.

He is a senior member of the United States Air Force, National Defense Transportation Association Military Advisory Committee. 1970-Present.

Education: attended University of Maine--1941; University of Baltimore--1946-1947; Columbus School of Law, Catholic University of America--1949-1953.

Bar Admission: United States District Court District of Columbia--1953; United States Court of Appeals DC Circuit--1953; Supreme Court of the United States--1965

## *Glossary*

ACL	Allowable Cabin Load
AFB	Air Force Base
AMC	Air Materiel Command Air Mobility Command
ATA	American Transport Association
ATC	Air Transport Command
CAT B	Category B
CEO	Chief Executive Officer
CINCLANT	Commander in Chief, U.S. Atlantic Command
CRAF	Civil Reserve Air Fleet
DPA	Defense Production Act
DOD	Department of Defense
EU	European Union
FAA	Federal Aviation Administration
GSA	General Services Administration
JCS	Joint Chiefs of Staff
LOGAIR	Air Force Logistics Command's US Contract Logistic Airlift Service
MAC	Military Airlift Command
MATS	Military Air Transport Service
NACA	National Air Carrier Association
NATO	North Atlantic Treaty Organization
NATS	Naval Air Transport Service
Pan Am	Pan American World Airways
QUICKTRANS	Navy's long term airlift service contract
SECDEF	Secretary of Defense
TR	Travel Request
TWA	Trans World Airlines
UN	United Nations
VISA	Voluntary Intermodal Sealift Agreement



# Appendix 1

CIVIL AIRCRAFT CERTIFICATE						NUMBER	
I. CONTRACT TERMS							
CONTRACTOR				GUARANTEED ACL	CONTRACT NUMBER		ITEM NUMBER
					F11626-		
This is to certify that the carrier named herein is under contract with the United States Air Force; that trip indicated has been duly authorized; and the aircraft is permitted to transit military installations on ferry portions of the trip.							
DATE		NAME, GRADE AND TITLE OF ISSUING OFFICIAL			SIGNATURE		
II. TRIP DATA							
ROUTING				TRIP NUMBER	MONTH OF OPERATION	TYPE AIRCRAFT	TAIL NUMBER
III. CERTIFICATE OF SERVICES PERFORMED AND ACCEPTED							
I hereby certify that the transportation services as indicated in the Offload and Onload columns below were performed by the above Contract Carrier in accordance with the provisions of the above cited contract, and were accepted by the Government.							
FLIGHT LOG SUMMARY							
STATION	OFFLOAD		ONLOAD		DEPARTURE LOAD		CERTIFYING SIGNATURE OF STATION OAE
	PAX	LBS	PAX	LBS	PAX	LBS	
REMARKS (Any differences between the amount of guaranteed ACL and the Departure Load at either the originating station or at any intermediate station must be fully explained by the certifying officer in accordance with AMCI 24-201, Chapter 4.)							
IV. CARRIER'S CERTIFICATE OF SERVICES PERFORMED							
I certify that the services listed above have been performed and that said services were in accordance with contract requirements.							
DATE		NAME OF CARRIER REPRESENTATIVE			SIGNATURE		



## *Appendix 2*

### **BACKGROUND PAPER**

SUBJECT: National Airlift Policy 1950-1998: A Historical Perspective

#### DISCUSSION:

- Commercial and military air transport relationships forged during World War II.
  - Executive Order 8974, "Control of Civil Aviation" (13 December 1941) directed the Secretary of War "to take possession and assume control of any civil aviation system, or systems, or any part thereof, to the extent necessary for the successful prosecution of war."
  - In 1942, commercial carriers performed nearly 88 percent of air transport activities managed by the Air Transport Command; by war's end, some 19 percent.
- Routes awarded to American airlines after the war were generally the ones they had flown for the Air Transport Command during World War II. The proliferation of airlines following the war and a soft market caused friction between established and newly formed airlines, and raised the question of the need for military airlift.
- Participation of the commercial carriers in the Berlin Airlift and Korean War reaffirmed their vital role in supporting the airlift requirements of the Department of Defense (DOD). DOD acknowledged their importance at the same time it consolidated some of its air transport operations by establishing the Military Air Transport Service (MATS) to provide "point-to-point" or strategic airlift.
- In 1952, Civil Reserve Air Fleet program was instituted whereby commercial airplanes could augment the military airlift system during emergencies (first activated during Desert Shield/Storm).
- In the 1950s, great emphasis was placed on reducing government expenditures and the airline industry faced instability. As a result, role and function of military airlift debated at the national level.

## Appendix 2

Two reports influenced the debate:

- The presidentially-directed, but not endorsed, Air Coordinating Committee's *Civil Air Policy* report (May 1954) stated that "the government should, to the greatest extent practicable, adjust its use of air transportation so as to use existing unutilized capacity of the United States air carriers." It also stated that "a government agency must often base its decision on factors in addition to business economies."
- The Hoover Commission's *Report on Transportation* (1955) recommended that "MATS should become, in fact, the real logistics air arm of the Department of Defense by the elimination of separate transport-type air activities by other commands, with complete responsibility to all of the services being integrated into the one organization." Furthermore, "the level of MATS' peacetime operations [should] be limited to that necessary to maintain the minimum war readiness of the command. The peacetime operations of the integrated service should be restricted, and realistically limited, to air transportation of persons and cargo carefully evaluated as to necessity for such transportation, and only after all forms of commercial carriers have handled traffic appropriate and properly assignable to their service."

A series of congressional hearings also ensued, defining MATS' airlift operations.

- Flood hearings resulted in the House Appropriations Committee Report of 1956 requiring the Air Force to keep the civilian airlines in sound financial order.
- 1957 Senate Appropriations hearings led to a directive that civil carriers perform 40 percent of the passenger and 20 percent of the cargo requirements of MATS.
- 1958 House Military Affairs Subcommittee hearings (Holifield) limited MATS to outsize cargo, special cargo traffic, and technical missions ("hard-core") while it gave the DOD's

## Appendix 2

passenger and conventional cargo business to the commercial carriers.

- During the hearings, Air Transport Association proposed a national airlift program, whereby DOD would first look to the civil carriers to meet its wartime airlift requirements and then allocate the remainder to the military--MATS. MATS would primarily provide "hard-core" airlift that required transports for "outsize" or exceptionally heavy cargo, unusual security measures, or direct support of tactical combat units.
- Air Force maintained commercial airlift was complementary, not equivalent, to military airlift.
- During the 1959 Holifield follow-up subcommittee hearings, Elwood R. Quesada, head of the Federal Aviation Administration (FAA), proposed an "air merchant marine," built by government-guaranteed loans. The plan called for developing a new fleet of all-cargo transports which would form the commercially-operated National Air Cargo Fleet, effectively disestablishing the Civil Reserve Air Fleet and limiting military airlift to "hard-core" requirements.
- Defense Appropriations Act for Fiscal Year 1959 required DOD to use \$80 million of MATS' funds for procuring commercial airlift, after Congress believed DOD failed to adhere to the 40/20 provision.

By 1960, crises in Lebanon and Taiwan as well as the promulgation of presidential policy resolved the debate over military airlift.

- Crises demonstrated the need to retain a responsive military airlift capability.
- President Eisenhower's *Presidentially Approved Courses of Action* (February 1960)--the first national airlift policy statement--essentially defined the roles assigned to military and commercial airlift for the next 27 years.

## *Appendix 2*

- Limited MATS to the military's "hard-core" airlift requirements, directing MATS to reduce its regularly scheduled, fixed routes "consistent with assured commercial airlift capability at reasonable cost, and consistent with economical and efficient use, including realistic training."
  - Directed that commercial carriers through the Civil Reserve Air Fleet program would augment the military's airlift requirements.
  - Stipulated increased use of commercial carriers' long-range modern cargo aircraft.
  - Required MATS to procure its commercial airlift through negotiation versus previous competitive bidding, which had proved counterproductive.
  - Stipulated an aircraft modernization program for MATS.
  - Requested consideration of equipping Air Force Reserve and Air National Guard units with transport aircraft from MATS' excesses to augment MATS during emergencies.
  - Proposed joint civil-military development of a long-range, turbine-powered cargo aircraft as mutually beneficial.
- 
- As a result, commercial airlift increased over the next several years from 41.4 percent of the passenger and 16.5 percent of the cargo in Fiscal Year 1961 to 91.9 percent and 24 percent, respectively, by Fiscal Year 1968.
  - In 1963, CRAF program adopted procedures to call up CRAF assets in stages based upon national emergencies.
  - After Vietnam, commercial carriers enlisted the support of Congress in the early 1970s to secure at least 50 percent of DOD's cargo business. Commercial contracts during the war had peaked at \$690 million but had fallen to \$230 million by Fiscal Year 1976.

## *Appendix 2*

- With the military undergoing reductions and the commercials already receiving on average 60 percent of DOD's passenger and cargo business, 89.6 percent and 25.8 percent respectively, the bills died in committee.
- In the 1980s commercial carriers became alarmed over the planned acquisitions of the C-5B, KC-10, and C-17, fearing reduced government business in the competitive environment of deregulation. Acquisitions were to meet the airlift shortfalls documented in the *Congressionally Mandated Mobility Study* (1981).
  - In 1982, The Boeing Company offered 747s as an alternative to procuring new C-5 and KC-10 aircraft. Proposal ranged from 69 new 747-200Fs to a combination of 50 used 747s as freighters and 36 used 747s as cargo/tanker aircraft. Offer sparked congressional debate and threatened C-5B funding.
  - President Reagan successfully enjoined members of Congress to "agree that the Department of Defense should not be required to substitute commercial aircraft that do not meet our needs. There are no savings if what we buy will not do the job that needs to be done."
- Promulgation of National Security Decision Directive No. 280, "National Airlift Policy" (24 June 1987) redefined roles of military and commercial airlift, maintaining that both were "important and interdependent" for fulfilling mobility requirements. It provided that:
  - Policies "be designed to strengthen and improve the organic airlift capability of the Department of Defense, and where appropriate, enhance the mobilization base of the U.S. commercial air carrier industry."
  - The government "maintain in peacetime organic military airlift resources, manned, equipped, trained and operated to ensure the capability to meet approved requirements for military airlift in wartime, contingencies, and emergencies." Further directed the establishment of minimum utilization rates.

## *Appendix 2*

- The DOD shall “determine which airlift requirements must move in military airlift...and which airlift requirements can be appropriately fulfilled by commercial air carriers.”
- The commercials “will be relied upon to provide the airlift capability required beyond that available in the organic military airlift fleet.” Further recognized the interdependence of military and commercial airlift capabilities in meeting wartime requirements and the need to protect the national security interests contained in the air carrier industry.
- During peacetime, DOD requirements for airlift augmentation “shall be satisfied by the procurement of airlift from commercial air carriers participating in the Civil Reserve Air Fleet program” as long as it was suitable and responsive.
- DOD “shall establish appropriate levels for peacetime cargo airlift augmentation in order to promote the effectiveness of the Civil Reserve Air Fleet and provide training within the military airlift system.”
- Short-term airlift for contingency requirements could be met by organic as well as by air carriers who regularly provided service to the DOD.
- The “aviation industry be apprised by the Department of Defense of long-term requirements for airlift in support of national defense.”
- The DOD and DOT “jointly develop policies and programs to increase participation of the Civil Reserve Air Fleet and promote the incorporation of national defense features in commercial aircraft.”
- Government policies should support research that promotes the development of technologically advanced transport aircraft as well as related equipment.



## *Appendix 2*

- U.S. aviation policy “shall be designed to strengthen the nation’s airlift capability and where appropriate promote the global position of the United States aviation industry.”
- Although the airline industry did not persist in this position, it did propose during the drafting process that the commercials receive all of the DOD’s passenger and cargo business in peacetime.
- During Desert Shield/Storm, Stage I of CRAF was activated on 16-17 August 1990; Stage II on 16 January 1991. CRAF aircraft moved 27 percent of the cargo and 62 percent of the passengers during the deployment phase; 40 percent of the cargo and 84 percent of the passengers during the redeployment.
- Secretary of Defense Memorandum, “Strengthening Department of Defense Transportation Functions,” (14 February 1992) vested the commander-in-chief of the United States Transportation Command with the authority to procure commercial transportation services and to activate, with Secretary of Defense approval, the CRAF, the Ready Reserve Force, and the Sealift Readiness Program.
- DOD Directive 5158.4, “United States Transportation Command,” 8 January 1993.
  - Reaffirmed 14 February 1992 Secretary of Defense Memorandum.
- Defense Secretary of Defense Memorandum, “Policy Memorandum on Transportation and Traffic Management,” 16 June 1994 (effective 1 October 1994).
  - Established policy that “(1) DOD shall utilize CRAF carriers to the maximum extent possible unless there is a documented negative, critical mission impact; and (2) in accordance with applicable law, all future acquisitions of DOD airlift services will require CRAF membership, if the carrier is CRAF eligible, as a prerequisite for award.”
  - Established precedence for passenger and cargo airlift, which became known as “Fly AMC First”: Air Mobility Command

## *Appendix 2*

arranged/operated airlift; General Services Administration (GSA) arranged/contracted airlift on CRAF carriers; other U.S. CRAF carriers; DOD-approved U.S. flag carriers; non DOD-approved U.S. flag carriers (for individual travel); DOD-approved foreign carriers; and non DOD-approved carriers (for individual travel).

- Under Secretary of Defense Memorandum, "Transportation Acquisition Policy," 15 January 1998.
  - Affirmed "The fundamental transportation policy of the Department of Defense (DOD) is that DOD transportation requirements shall be met, to the maximum extent possible, through the use of commercial transportation resources."
  - Affirmed participation in the Civil Reserve Air Fleet and Voluntary Intermodal Sealift Agreement programs as a condition for receiving DOD business.

### RECOMMENDATION

- Informational.

OFFICE: HQ AMC/HO/Ms. Betty R. Kennedy, GS-12/DSN 779-7812/19  
Mar 2001

*Appendix 3*

THE WHITE HOUSE  
WASHINGTON

July 23, 1958

MEMORANDUM FOR

THE SECRETARY OF DEFENSE

In connection with our previous discussion of the study you are to make of the military role performed by MATS in peace and war, I am looking forward to having your report of your findings as soon as practicable.

While reviewing areas where MATS may be performing transportation roles in duplication of commercial enterprises, you will also need, I am sure, to see that careful consideration is given to the requirement of the Military Establishment to retain or augment its worldwide combat mobility, with due regard to the attendant necessity for realistic training on a continuous basis, as well as the economical use in peacetime of airlift necessarily generated by a ready D-day force.

*Dwight D. Eisenhower*

Appendix 1



## Appendix 4

MILITARY AIR TRANSPORTATION

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### APPENDIX II—AIR FORCE PROGRAM OF IMPLEMENTATION

#### THE AIR FORCE PROGRAM OF IMPLEMENTATION

of the Presidentially-Approved Courses of Action Contained in The Department of Defense Report "Role of the Military Air Transport Service in Peace and War"  
1 May 1960

#### AIR FORCE PROGRAM OF IMPLEMENTATION

##### Summary

1. The measures which comprise the Air Force Program of implementation of the Presidentially-approved courses of action are stated in this document. These are described under the course of action to which they pertain and summarized with respect to those which will be completed as of the date of the report, those scheduled for completion by 1 July 1960, and the measures scheduled for completion later.

2. The objective of the Air Force is to achieve modernization of the military strategic cargo fleet and to stimulate both modernization and expansion of the civil cargo fleet. The balance between military and civil airlift is keyed to the re-statement of wartime airlift requirements by the JCS each year. Both hard-core and civil eligible portions of the total are calculated. As civil carriers acquire modern turbine-powered cargo aircraft and commit them to the wartime task, adjustment in MATS operations can be made on a phased and orderly basis. Implementation will be reflected in annual budget submissions for modernization and operation of the military fleet.

3. Modernization of the military strategic airlift fleet is recommended through the development of an advanced cargo aircraft for civil and military use. An interim modernization program is proposed to provide an earlier capability in fast-reaction airlift and to meet other military airlift requirements provided necessary funds are made available.

4. The exercise of the military airlift fleet and its supporting system to perform the wartime mission is a continuing requirement. At present, it is essential to maintain the MATS aircraft daily utilization rate at approximately five hours per day.

5. Subject to the negotiation of prices acceptable to the Department of Defense, revisions to commercial airlift procurement practices are recommended to encourage the purchase of modern cargo aircraft by the commercial airlines thereby strengthening the national airlift capability. It should be appreciated that the number of civil aircraft needed by the military in wartime greatly exceed the number which can be used by the military in peacetime.

6. A concept for the employment of Air Force Reserve and Air National Guard units in the strategic airlift role has been formulated, and units are being equipped to perform emergency airlift tasks.

7. The measures described in this program provide for an orderly development of national airlift resources. The total airlift capability will be increased and both its civil and military elements will be responsive to the nation's emergency and wartime airlift needs.

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MILITARY AIR TRANSPORTATION

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- VIII. Course of Action No. 9 .
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- X Summary .

I. Course of Action No. 1:

" That MATS be equipped and operated in peacetime to insure its capability to meet approved military hard-core requirements in a general war and in situations short of general war, and such other military requirements as cannot be met adequately by commercial carriers on an effective and timely basis."

A. Statement of Hard-Core Requirements - The first step in implementing the DOD report is to re-examine the airlift requirements of the armed services under conditions of general war, and also in emergencies other than general war with the objective of defining civil eligible and hard-core requirements. The hard-core requirement is that part of the wartime airlift requirements which must be moved in military aircraft. The re-examination is an annual task of the Joint Chiefs of Staff.

1. JCS Action on Hard-Core Requirements - The current statement of airlift requirements, including those which are hard-core, were provided by the Joint Chiefs of Staff on 15 October 1959. The next JCS determination of the services wartime airlift requirements is expected to be made in September or October of this year. The Army has indicated that its hard-core requirements for general war and limited war will increase. Whether these requirements will be approved is not yet known.

B. Equipping of Military Fleet - According to the current JCS statement of hard-core airlift requirements and capabilities, the present military fleet is adequate. However, present lack of civil cargo capability necessitates application of military airlift to civil eligible cargo requirements as well. The combination of MATS and CRAF capability does not entirely satisfy total cargo needs for the first 30 days of general war. The overall shortage can be corrected by expansion of the civil fleet and modernization of the military fleet. The latter will be pointed toward satisfying the hard-core needs. As noted above, however, a re-statement of hard-core airlift requirements is anticipated. The following measures will be completed 60-90 days after revised wartime airlift requirements are available from the JCS.

1. Program for Aircraft Inventory - Using the new JCS requirements, the Air Force will determine the size of the wartime strategic transport fleet and the size of the military and civil portions thereof. The planned military fleet must meet hard-core requirements including the D-Day airframe requirements to satisfy necessary simultaneous sorties. Any remaining military capability must be in balance with developing civil capability.

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a. Changes in the number and type of aircraft in the military fleet will be reflected from year to year in normal programming cycles and budget actions. In the meantime, the Air Force desires to implement an interim program for re-equipping MATS (see II B 2 below).

C. Peacetime Utilization Rate - In connection with the programming of the MATS inventory referred to above, wartime and peacetime utilization rates will be developed. The peacetime operating rate of the MATS fleet is directly related to the operating rate that it will be required to attain in wartime. A determination will be made of the sustained wartime rate of utilization of aircraft by type to perform the wartime mission. The peacetime rate will be set accordingly, at a level necessary to assure the capability to surge to and sustain the wartime rate.

1. Present Rate - At present it is essential to maintain the daily utilization rate of MATS aircraft at approximately five (5) hours. This will be reviewed periodically to ensure that it is consistent with the MATS wartime task.



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### II. Course of Action No. 2:

"That the modernization of MATS hard-core military airlift capability be undertaken in an orderly manner consistent with other military requirements and in keeping with the objectives of Course of Action No. 1."

A. Development of Modern Transport Aircraft. The amount of \$50 million has been provided in the Air Force budget request for FY 1961. It is planned that these funds would be used for initial development and engineering costs of a modern turbine-powered cargo aircraft.

1. Determination of Aircraft Characteristics - The specific Operational Requirement (SOR) for the transport aircraft to be developed has been written and coordinated with the Army. Coordination with the FAA with respect to acceptability for use of civil air carriers has been underway for months and will continue as appropriate. Final action on the SOR will be completed prior to 1 July.

B. Interim Modernization - The Air Force desires an interim modernization program provided additional funds and expenditure authority are available. This would provide MATS with a number of "off-the-shelf" aircraft prior to the time the SOR transport becomes available.

1. The Air Force has reviewed the characteristics of currently available turbine-powered aircraft which would be suitable for the MATS mission and provide an early replacement for the more obsolescent MATS aircraft, compatible with the longer range objectives for the equipping of MATS.

2. If an interim modernization of MATS is authorized the Air Force recommends the procurement of 100 off-the-shelf aircraft in a mixed force of:

a. For adaptability to Army airlift requirements (air drop and short field capabilities); 50 C-130E (extended-range C-130B) aircraft.

b. For a fast reaction capability; 50 cargo-version turbine-powered aircraft.

3. Assuming a 1 October 1960 go-ahead, these aircraft would be delivered prior to the end of calendar year 1963.

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#### III. Course of Action Nos. 3 and 4:

"That MATS routine channel traffic (regularly scheduled, fixed routes) operations be reduced on an orderly basis, consistent with assured commercial airlift capability at reasonable cost, and consistent with economical and efficient use, including realistic training, of the MATS capacity resulting from the provisions of Course of Action No. 1."

and

"That as commercial carriers make available modern, economical long-range cargo aircraft and as further orientation of MATS to the hard-core function is effected, increased use should be made of the services of such commercial carriers."

A. General Considerations - The reduction of MATS channel traffic operation is contingent upon two things being determined. One is the assured capability of commercial carriers at acceptable and predictable prices and committed to the wartime airlift task. The other is the amount of channel traffic that will be accomplished by the utilization of MATS aircraft in training essential to execution of its wartime airlift mission.

1. An Assured Commercial Airlift Capability - The availability of an assured commercial cargo capability in an emergency is a general objective of this program. Most of the measures discussed herein pertain to that goal. Legislative and contractual arrangements being considered are described below. It is not possible to predict the outcome of this program in specific terms. Therefore, quantitative determination of the use which will be made of commercial carriers in peacetime channel traffic operations is infeasible at this time. Such determination shall be in accordance with the following:

a. The Air Force, acting in concert with the civil carriers, should restudy carefully the extent of application of civil carriers to the military wartime task. This should be done as follows:

(1) Re-evaluate, on a continuing basis, the magnitude of the total wartime airlift requirement. This requirement should be met with all available airlift resources, military and civilian. This consideration fixes the size of the combined effort of military and civil carriers.

(2) Ascertain the willingness and capability of the civil operators to guarantee the availability of airlift of the type, and on the time schedule required, particularly that which is suitable for regular scheduling. Provided suitable guarantees are forthcoming, allocate to the civil carriers as much of the total as they can supply consistent with the paragraph below; This consideration fixes the upper level of civil participation.

(3) Since civil air carrier availability is not as certain as a military force in its response to an emergency, the Air Force will identify those wartime operations which are of a character demanding the use of military airlift. This consideration fixes the minimum level of military participation. The operations in question are:

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(a) Those requiring such quick reaction as to necessitate a force in continuous state of readiness, such as emergency positioning of support personnel and equipment in anticipation of maximum effort operations, and deployment of initial elements of strategic and tactical units.

(b) Those requiring extensive military training.

(c) Those of such a sensitive nature as to require military discipline and security.

b. At such time as civil air carriers are committed to the military wartime requirement on a scale permitting reduction in the Military Air Transport Service commitment, the Air Force should redefine the wartime mission of MATS and reduce the MATS peacetime flight activity rate. Civil carriers should then assume a greater portion of the military peacetime air traffic load. Under this arrangement a greater proportion of MATS flying activity would be devoted to the objective of quick reaction. MATS, however, must continue to participate in channel traffic, to the degree required:

(1) To keep the worldwide operating capability alive.

(2) To utilize gainfully those flying hours, over and above that required for exercises and local training, which must be flown to keep its activity rate up to the level necessary to meet that part of the wartime requirement beyond civil capability and/or commitment.

2. Peacetime Utilization of MATS Aircraft - As described in I above, a program for determination of the peacetime utilization of the strategic military transport fleet will be accomplished following the JCS re-statement of hard-core airlift requirements. The peacetime aircraft utilization rate, as derived from the wartime mission, will be allocated to training exercises, special missions and to the extent necessary, to channel traffic operations. The latter are considered to be essential training for the MATS wartime mission. Consistent with the availability of funds they may be reduced but not below an essential training level.

3. Large Joint Exercises - An increased participation of MATS in large scale Army training exercises is considered desirable. This is subject to the availability of funds for maneuver expenses.

B. Procedure for Implementing - While the factors which influence the magnitude of MATS channel traffic operations are not yet determined, the Air Force program will result in the implementation of this Course of Action as follows:

1. Programming Actions - The programming of MATS aircraft inventory and peacetime utilization rate as outlined for Course of Action No. 1 will provide for necessary training, joint exercises, special missions, and similar operations in preparation for the wartime task, and will set limits to the channel traffic operations. There is no intention to eliminate MATS global route operations by this procedure.

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2. Budget Actions - The costs of civil augmentation will be presented in the annual budget review. Budget submissions, based upon operational studies indicated above, will correlate economical use of MATS flying-training with commercial augmentation for channel traffic operations.

3. Contractual Arrangements - Consideration is being given to the contracting practices which would allocate military airlift business to air carriers which possess and make available modern turbine-powered cargo transport aircraft. The implementing measures related to contractual assurances are presented in IV below.

C. Further Actions - The FY 1961 estimate submitted to Congress would provide commercial airlift of 55% of the passengers and 10% of the cargo generated by the military services. Any increase in the amount of channel traffic given civil carriers would be commensurate with assured airlift capability produced by modern long-range turbine-powered cargo aircraft made available at prices acceptable to the Department of Defense and compatible with the effective utilization of MATS.

1. Legislative Considerations - An assured civil cargo capability pertains to the responsiveness of commercial airlift to military needs in emergencies as well as in time of war. At present the President's power of seizure exists only "in time of war."

a. Primary Proposal - The legislation to be recommended provides that; "In time of war or national emergency, the President, through the Secretary of Defense or his designee, may take possession and assume control of all or part of any system of transportation to transport troops, war material, and equipment, or for other purposes related to the war or emergency. So far as necessary, he may use the system to the exclusion of other traffic." The proposed legislation will be submitted to the Department of Defense legislative staff by 1 July 1960. This will provide authority to seize and operate the equipment and facilities of any air carrier who fails to perform in time of national emergency as well as in time of war.

b. Other Legislation:

a. The Air Force is also concerned about the authority to require performance of airline crews and other personnel necessary to insure proper operation of aircraft. No specific proposal is ready for submission at this time, but there may be a need for legislation that will provide for a special reserve status for airline personnel who would be subject to call to active duty if the situation required. There does not seem to be a need for special legislation for protection of civil aircraft crews insofar as their prisoner-of-war status is concerned. They are covered by the Geneva Convention of 1949 to which the USSR, the Eastern European Satellites, and the Peoples Republic of China are signatories.

2. Future Contractual Considerations - At such time as significant increases are contemplated in the channel traffic to be performed by civil carriers, the Air Force will review the contractual obligations of such carriers to insure their responsiveness under all conditions.

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- IV. Course of Action No. 5:

"That, with respect to services overseas and to foreign countries commercial augmentation airlift procurement policies and practices be adopted to meet the long-range Department of Defense requirements, and to encourage and assist in sound economical growth, development and maintenance of an increased air cargo capability by the air transport industry."

A. Negotiation Procedures - Consistent with courses of action 3 and 4, that part of the total MATS air transportation requirement which is to be obtained through commercial augmentation will be procured by negotiation procedures as a means of encouraging air carriers, as defined in the Federal Aviation Act of 1958, to acquire modern turbine powered cargo aircraft, and to assure their availability to the Department of Defense in time of emergency, as well as in non-emergency periods at prices acceptable to the Department of Defense. The use of formally advertised contracts is not precluded, however, if negotiated contracts which are in keeping with this expressed course of action prove infeasible.

1. Procedure. The commercial augmentation airlift will be procured in the following three categories, in such proportions as are in the best interests of the Department of Defense.

a. Commercial augmentation traffic in certain categories, which may include dependents, personnel on temporary duty assignments, and certain cargo (including ordinary military mail) will be procured by negotiation between the Air Force and certificated route carriers for movement on regularly scheduled commercial flights. Passenger service will be provided by jet type aircraft unless operating conditions preclude the use of jet type aircraft and with standards of service to be at least the equivalent of the civil economy class. Passengers will be ticketed and will load and leave flights at commercial airports, except where such flights normally serve military bases. Cargo service must be provided with the most modern cargo aircraft available. Cargo in this category will normally move on way-bills between military ports of embarkation in the continental United States and military bases outside the continental United States except where the use of commercial airports is more convenient to the Air Force.

Where more than one carrier provides service between the same points, traffic will be appropriately allocated between such carriers with consideration being given, among other factors, to the type of equipment being operated. Air carriers participating in this category of procurement must agree to provide appropriate expansion capacity in any emergency declared by the Secretary of Defense.

This policy is based on the negotiation of rates acceptable to the Department of Defense and the premise that the air carriers will equip themselves with modern turbine powered cargo aircraft.

b. Certain commercial augmentation traffic moving in plane load lots will be procured by competitive negotiation in accordance with principles, among others, set forth in the following paragraphs.

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Air carriers submitting proposals under this category will be required to furnish specific types of aircraft designated as minimum essential by the Air Force and will be required, in time of emergency as determined by the Secretary of Defense, to transport traffic over these routes or such other routes as the military may require. Carriers must assure the Government that they have adequate control of the aircraft to be used to guarantee performance in time of emergency. In the awarding of contracts consideration will be given on a preferential basis to those carriers offering expansion capability in such emergency. For the transportation of passengers preference will be given to those carriers offering jet aircraft, and for the transportation of cargo preference will be given those carriers offering aircraft with overfly capability. The contracts may be let for as long as three-year periods but may be for one-year periods with options to the Government to renew for two succeeding one-year periods. In the exercise of such options, there will be taken into account, among other factors, whether the contractor has taken positive steps to equip himself with modern turbine powered aircraft.

The Air Force may decline to place more than one contract in this category with any one air carrier unless all air carriers offering to perform subject to the specified conditions and at fair and reasonable rates have received contracts. The Air Force may withdraw any proposed contract from this category if no air carrier submits a proposal meeting all specified conditions and offering rates considered fair and reasonable by the Air Force. Receipt of a contract in this category will not entitle the contractor to any preferential consideration with respect to contracts for subsequent periods.

In negotiating contracts with this category of carriers, carriers will be requested to stipulate the expansion capability available over the routes they will fly if the Government needs additional capacity. The Government will have the right to utilize such additional capacity or portion thereof in peacetime or emergency conditions. However, in peacetime the carrier will have the right to refuse to furnish such additional capacity if it has been otherwise committed.

This policy is based on the premise that the carriers will equip themselves with modern turbine powered aircraft.

c. Other commercial augmentation requirements in a quantity sufficient to assure adequate participation by small business will be established as a set aside for air carriers qualifying as small business. Carriers submitting proposals under this category will be required to furnish specific types of aircraft designated as minimum essential by the Air Force for the transportation of passengers and/or cargo. Carriers in this category must also agree to divert to other routes in time of emergency as the situation may require. In awarding contracts to this class of carriers consideration will be given to the expansion capabilities such

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carriers may be able to make available to the Government in time of emergency. In addition those carriers offering expansion capability in peacetime will also be considered for additional business as it generates under the same terms set forth in paragraph b above.

B. Authority - Contracts in the first category (a. above) will be negotiated pursuant to 10 U.S.C. 2304(a)(17). Contracts in the second and third categories (b & c above) will be negotiated pursuant to 10 U.S.C. 2304(a)(16).

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#### V. Course of Action No. 6:

"That since the development of long-range, economical turbine-powered cargo aircraft is essential to MATS modernization and to long-range evolution of a modern civil cargo fleet, suitable arrangements should be made for defense and industry participation in the costs of such development."

A. Joint Funding - The military/civil sharing of the development costs of an advanced cargo aircraft implies joint funding; fiscal and engineering cooperation between civil and military agencies. At the present time coordination of the operational specifications is being accomplished.

B. Joint Procurement - The Air Force would expect cost sharing to be achieved through lower unit costs due to the procurement of the same aircraft by civil air carriers and the military.

1. Current Action - Action has been initiated which should insure cognizance of known and forecast civil industry requirements. This action involves close and continuing coordination with FAA agencies. Through this channel the flow of information is anticipated to be continuous until publication of a firm development plan. In this way we can expect a capability to incorporate the cargo aircraft design characteristics whenever the military capabilities of the aircraft will not be compromised. The nature of the problem of joint military/civil participation dictates against establishing a completion target date. Rather, a program of continuing coordination and cooperation with FAA will be followed.

2. Future Actions - As the development program is established and coordination with FAA completed, consideration may be given to sharing the cost of development. In this connection, civil carriers may support flight test and acceptance costs. Consideration may be given to sharing the initial deliveries as well as later deliveries to make unit costs equitable between military and civil procurement. As indicated above, continuing efforts in this direction are necessary.

#### VI. Course of Action No. 7:

"That purchase loan guarantee legislation, if proposed, contain provisions to insure the immediate availability of cargo aircraft covered thereby to meet military and mobilization requirements."

A. Congressional Consideration - Guarantee loan legislation was introduced in Congress this year. Due to opposition which developed, the legislation was withdrawn. It is understood that no further consideration is being given to guarantee loan legislation. No implementing measures are proposed by the Air Force at the present time.



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### VII. Course of Action No. 8:

"That consideration be given to equipping certain Air Force Reserve and Air National Guard units with transport aircraft that might be available from MATS excesses as augmentation forces for MATS in time of emergency."

A. Concept for Reserve Forces - A concept for the future utilization of the Air Reserve Forces was approved by the Secretary and Chief of Staff on 2 February 1960. This concept indicates that the future role of the Air Reserve Forces will continue to include providing the Air Force with various types of combat and combat support flying units that are needed in addition to those in the active force to meet overall Air Force peacetime and wartime commitments. The concept specifically states that "Strategic Airlift is a feasible role for the Air Reserve Forces. If the requirement exists, and provided proper equipment is available, the Air Reserve Forces can provide long-range transport units to meet the needs of the Air Force."

B. Equipping Air Reserve Forces - In support of this concept, the following specific actions have been taken, or are being considered:

1. As of 15 April 1960:

Six (6) ANG tactical fighter and fighter interceptor units have been converted into air transport squadrons. They are equipped with C-97 aircraft and are assigned to MATS for mobilization.

2. Prior to 1 July 1960:

a. No specifically approved actions regarding further equipping of Air Reserve Forces units with transport aircraft are planned for completion in this time period. However, consideration is being given to a further conversion of ANG fighter units to air transport in current force structure planning. These plans also are considering the conversion of AFR troop carrier (medium) units to heavy troop carrier units as C-124 aircraft become available from the active Air Force inventory.

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### VIII. Course of Action No. 9:

"That the role of CRAF be re-examined with the objective of insuring optimum effectiveness and responsiveness of commercial airlift services to the Department of Defense under all conditions."

A. Measures Applicable - The implementing measures thus far outlined in this Air Force program bear directly upon the role of CRAF. The CRAF program was established to improve capabilities and responsiveness of civil air carriers to the emergency needs of the armed forces. A principal weakness in the current CRAF concept is that there is no provision for a partial mobilization of the CRAF. Its use in emergencies less than general war is therefore difficult.

1. Altered Concept of CRAF - If civil carriers are given channel traffic contracts in peacetime over routes which they would continue to fly to meet the requirements of wartime or emergency, and if they agree to provide reasonable expansion in such emergencies, the present need for partial mobilization of CRAF would have been satisfied. The future concept of commercial augmentation would thus provide three categories of commercial airlift:

a. The active fleet, or that which would be engaged in contract hauling for the DOD for periods of one year or longer in peacetime and would continue in war.

b. The emergency augmentation fleet comprised of the ready reserve which each company would be prepared to contribute, as required in contingencies short of general war to accommodate increased traffic on their regular routes or to provide additional lift into new areas.

c. The general war fleet which would include a and b above and any necessary additional aircraft needed to meet general war requirements.

2. Responsiveness of CRAF - See previous discussion of necessary legislation and contracts under Course of Action Nos. 3 and 4.

B. Further Review - The role and concept of the CRAF will be continually reviewed during the implementation period and changed as necessary. A report as to the possible future concept will be submitted by 1 October 1960.

## Appendix 5

June 24, 1987

### NATIONAL AIRLIFT POLICY

The United States' national airlift capability is provided from military and commercial air carrier resources. The national defense airlift objective is to ensure that military and civil airlift resources will be able to meet defense mobilization and deployment requirements in support of US defense and foreign policies. Military and commercial resources are equally important and interdependent in the fulfillment of this national objective.

Our basic national security strategy recognizes the importance of strategic lift, and the need to reduce current shortfalls. The broad purpose of this directive is to provide a framework for implementing actions in both the private and public sectors that will enable the US efficiently and effectively to meet established requirements for airlift in both peacetime and in the event of crisis or war. Toward this end, the following policy guidelines are established:

1. United States policies shall be designed to strengthen and improve the organic airlift capability of the Department of Defense and, where appropriate, enhance the mobilization base of the U.S. commercial air carrier industry. A U.S. commercial air carrier is an air carrier holding a certificate issued pursuant to section 401 of the Federal Aviation Act of 1958, as amended.
2. The goal of the United States Government is to maintain in peacetime organic military airlift resources, manned, equipped, trained and operated to ensure the capability to meet approved requirements for military airlift in wartime, contingencies, and emergencies. Minimum utilization rates shall be established within the Department of Defense which will provide for levels of operation and training sufficient to realize this goal.
3. The Department of Defense shall determine which airlift requirements must move in military airlift manned and operated by military crews because of special military considerations, security, or because of limiting physical characteristics such as size, density, or dangerous properties; and which airlift requirements can be appropriately fulfilled by commercial air carriers.

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4. The commercial air carrier industry will be relied upon to provide the airlift capability required beyond that available in the organic military airlift fleet. It is therefore the policy of the United States to recognize the interdependence of military and civilian airlift capabilities in meeting wartime airlift requirements, and to protect those national security interests contained within the commercial air carrier industry.
  
5. During peacetime, Department of Defense requirements for passenger and/or cargo airlift augmentation shall be satisfied by the procurement of airlift from commercial air carriers participating in the Civil Reserve Air Fleet program, to the extent that the Department of Defense determines that such airlift is suitable and responsive to the military requirement. Consistent with the requirement to maintain the proficiency and operational readiness of organic military airlift, the Department of Defense shall establish appropriate levels for peacetime cargo airlift augmentation in order to promote the effectiveness of the Civil Reserve Air Fleet and provide training within the military airlift system.
  
6. Short-term airlift capability required to meet contingency requirements which might be considered minor surges shall be provided by increased utilization of aircraft in the organic sector, as well as by the increased utilization of the commercial air carriers regularly providing service to the Department of Defense.
  
7. United States Government policies should provide a framework for dialogue and cooperation with our national aviation industry. It is of particular importance that the aviation industry be apprised by the Department of Defense of long-term requirements for airlift in support of national defense. The Department of Defense and the Department of Transportation shall jointly develop policies and programs to increase participation in the Civil Reserve Air Fleet and promote the incorporation of national defense features in commercial aircraft. Government policies should also support research programs which promote the development of technologically advanced transport aircraft and related equipment.

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8. The Department of State and other appropriate agencies shall ensure that international agreements and federal policies and regulations governing foreign air carriers foster fair competition, safeguard important US economic rights, and protect US national security interests in commercial cargo capabilities. Such agencies should also promote among US friends and allies an appreciation of the importance of intercontinental airlift and other transportation capabilities, and work to obtain further commitments from such countries and foreign air carriers in support of our mutual security interests.
  
9. United States aviation policy, both international and domestic, shall be designed to strengthen the nation's airlift capability and where appropriate promote the global position of the United States aviation industry.

The Department of State, the Department of Defense, the Department of Commerce, the Department of Transportation, the Federal Emergency Management Agency, and the National Aeronautics and Space Administration shall provide leadership within the executive branch in implementing these objectives.

This directive replaces the Presidentially approved Courses of Action contained in the February 1960 Department of Defense study, The Role of Military Air Transport Service in Peace and War.

## *Appendix 5*

## *Appendix 6*

### *A Brief History of the National Air Carrier Association*

*by Edward J. Driscoll*

Incorporated in January 1962 in the state of Delaware, the National Air Carrier Association (NACA) was established to assist its members to serve the military and the public, and to obtain certification from the Civil Aeronautics Board and the Congress. The Association had the following founding members: American Flyers Airline Corporation; Capitol Airways, Inc.; Modern Air Transport, Inc.; Overseas National Airways; Purdue Aeronautics Corporation; Saturn Airways, Inc.; Southern Air Transport, Inc.; Trans International Airlines, Inc.; and World Airways, Inc.

The formation of the Association followed the enactment of the Federal Aviation Act of 1958 and *The Role of MATS in Peace and War* issued in February 1960. Subsequently, in May the Air Force completed an implementation plan of that document which the Department of Defense (DOD) approved the following month.

The bylaws of the association stressed the importance of carriers being approved for military operations, conducting operations with the highest degree of safety of flight, and maintaining financial fitness. Failure to maintain these standards was grounds for expulsion.

Originally, the Association had two divisions: the Trade Division and the Traffic Division. The Traffic Division worked with the military for domestic service while the Trade Division worked with Congress and government agencies to foster the interests of member carriers and to expand civil operations. The Trade Division also represented policy issues with the DOD and the Air Force. Contractual matters with the Military Air Transport Service (MATS), and later the Military Airlift Command (MAC), were handled by individual carriers.

The Federal Aviation Act authorized the Civil Aeronautics Board (CAB) to issue operating certificates to carriers it found qualified as supplemental airlines. In 1962, as a result of the Public Law 87-528, the CAB issued Supplemental Airline Certificates to fifteen operators: AAXTCO Airlines, Inc.; American Flyers Airline Corporation; Capitol Airways, Inc.; Johnson

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Flying Service, Inc.; Modern Air Transport, Inc.; Overseas National Airways, Inc.; Purdue Aeronautics Corporation; Saturn Airways, Inc.; Southern Air Transport, Inc.; Standard Airways, Inc.; Trans International Airlines, Inc.; United States Overseas Airlines, Inc.; Vance International Airways, Inc.; World Airways, Inc.; and Zantop Air Transport, Inc.

NACA members were also part of the Civil Reserve Air Fleet (CRAF), even before NACA was formed. Many of the changes to CRAF throughout the 1960s and 1970s were debated and agreed upon between NACA, its members, and DOD.

Since its inception, NACA has promoted the interests of its membership to Congress and DOD. Its efforts included:

1961 - NACA and its carriers were successful in convincing Air Force to let three-year contracts.

1962 - LOGAIR was modernized with the addition of DC-6 aircraft and later with L-100 aircraft.

1967 and 1968 - NACA pushed for inclusive tour charters in the Courts and Congress.

1970 - NACA pressed for additional authority with the Administration and the Congress for advanced booking charters.

1972 - NACA was appointed to the National Defense Transportation Association (NDTA) Military Airlift Committee, and was made a member of the U.S. negotiating team for negotiating bilateral aviation agreements with foreign countries.

1974 (and again in 1988) - NACA again pressed the military for three-year contracts and MAC responded favorably.

In 1977 - NACA pressed for deregulation of cargo.



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1978 - NACA was the lead-off witness in the Senate Judiciary Committee and later the Commerce Committee in support of total domestic deregulation.

- the CAB terminated ratemaking for military operations. Although NACA was unsuccessful in its protest to the CAB, it did succeed in protesting to the Secretary of the Air Force the CAB's decision to discontinue the practice of setting minimum rates. The policy of setting minimum rates continues to the present. Also in 1978, NACA obtained authority for carriers to market all tours and to conduct scheduled service.

- NACA formed an international division headquartered in Paris, France. The international division was converted into the International Air Carrier Association, headquartered in Geneva, Switzerland.

Throughout its history, NACA has been a strong proponent of the U.S. military. It has supported forward deployment of the nation's troops as a deterrent and required service to the Armed Services as a basis of membership. Furthermore, NACA carriers have distinguished themselves in many military operations over the years such as the Berlin Airlift, the Korean Airlift, the Hungarian Airlift, Project Yellow Jacket, inter-island service in the Pacific, LOGAIR, QUICKTRANS, and the Central Intelligence Agency (CIA) in the Bay of Pigs (Cuba, 1962). NACA members constituted the backbone of commercial air carrier support to national defense policy in Vietnam. One of NACA's members, World Airways was the last commercial air carrier to fly from Saigon during the fall of that city to the North Vietnamese in 1975.

Discussions between NACA, its member carriers, the NDTA, and DOD culminated in the publication of the *Department of Defense Transportation Policy* signed by Secretary of Defense Dick Cheney on May 22, 1990. The policy recognized the "DOD's unique relationship with the transportation industry, depending on the civil sector for transport of more than 85 percent of its needs in wartime and well over 90 percent in peacetime."

NACA's member carriers were equally instrumental in the early and sustained success of Operation Desert Shield. In fact, NACA's members were the first to volunteer to assist DOD in response to the Iraqi invasion of Kuwait, and more than a week before CRAF was activated. On August 8, 1990, World Airways, a NACA founding member, landed at Dhahran, Saudi

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Arabia, carrying U.S. troops, the first commercial aircraft to arrive in the area of operations. American Trans Air, Evergreen, Southern Air Transport, and Tower offered similar early and frequent volunteer airlift. For instance, American Trans Air volunteered its long-range fleet if DOD would promise to keep them gainfully occupied. NACA member carriers continued their strong support throughout the following year with members American Trans Air, Evergreen, Southern Air Transport, Tower Air, and World Airways flying more than 1,500 of the approximately 5,000 commercial mission to and from the Arabian peninsula.

While NACA has championed the role of commercial aviation in national defense, its role has always been much broader. Since its formation, NACA has been a strong team member and positive influence in bilateral aviation negotiations. While most of these negotiations revolve around scheduled passenger services between nations, NACA has championed the role of charter passenger and all cargo operations in opening economic opportunities between nations. As a direct result, most U.S. aviation agreements have very liberal passenger and cargo charter provisions. NACA has also provided strong representation for its members in the promulgation of public laws and regulations that govern the airline industry.

Today, NACA is a trade association serving ten U.S. air carriers that provide scheduled and nonscheduled passenger and cargo operations domestically and internationally. NACA and its member air carriers are well known in national and international aviation circles. As of December 2000, NACA members are: Air Transport International, American Trans Air, Champion Air, Evergreen International Airlines, Gemini Air Cargo, Miami Air International, North American Airlines, Omni Air International, Ryan Air International, and World Airways

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