

cities to boot.

The British also demanded at the time that the United States allow foreigners to own majority stakes in U.S. airlines.

The deal with USAir will make British Airways the first truly global airline, by providing British Airways access to the extensive USAir network inside the United States, the world's largest market. The ability to feed passengers from USAir into British Airways's overseas routes will be invaluable: British Airways will be the only airline to have feeder networks on both sides of the Atlantic.

Protests likely to fall on deaf ears

But American, Delta, and United have expressed strong opposition to the deal.

On Aug. 3, Delta charged that "the United Kingdom has repeatedly blocked Delta and other carriers which wanted to expand in the highly restricted U.S.-British markets, instead protecting British Airways from competition. . . . The US-Air-British Airways transaction must be seen for what it is: a foreign carrier cloaked in the protection of one of the most restrictive and anti-competitive international aviation regimes in the world, seeking control over a U.S. carrier in violation of our government's current law and policy."

Pointing to the veto power accorded British Airways by having four representatives on a USAir board expanded to 16 seats, and in which a super-majority of 80% must approve all major decisions, Delta argued that "British Airways will exercise control over virtually every significant business activity of USAir. . . . The Federal Aviation Act, as consistently interpreted and applied over the last 50 years, prevents a foreign air carrier from exercising control over a U.S. air carrier. Therefore, the Department of Transportation, as a matter of law, must take action to prevent consummation of this agreement."

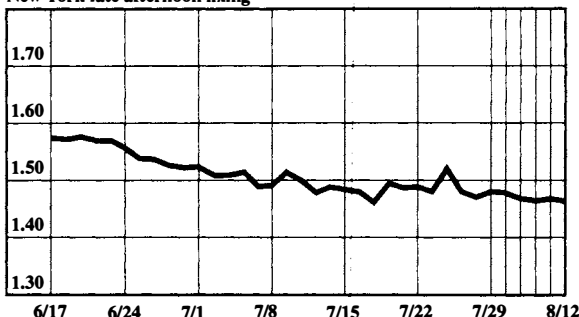
The problem is that the power of the U.S. government has been usurped by a band of free market ideologues who don't give a hoot about the smooth and safe functioning of industries. They don't even care about the intent of the law—witness how Glass-Steagall restrictions against commercial banks being involved in investment banking have been ignored. They desire to see the end of "economic anachronisms"—i.e., national governments seeking to succor and develop industries rather than abandoning them to the ravages of the free market.

Echoing Shane, U.S. Secretary of Transportation Andrew H. Card, Jr. described the proposed USAir-British Airways deal as an "innovative financial and operating agreement" offering "the promise of competitive benefits." Perhaps showing his cards too early, the secretary concluded, "The world's airline industry is clearly moving in the direction of cross-border alliances," and pledged that the deal would be reviewed on an "expedited basis."

Currency Rates

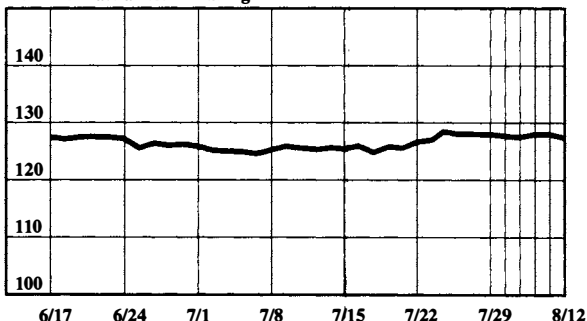
The dollar in deutschemarks

New York late afternoon fixing



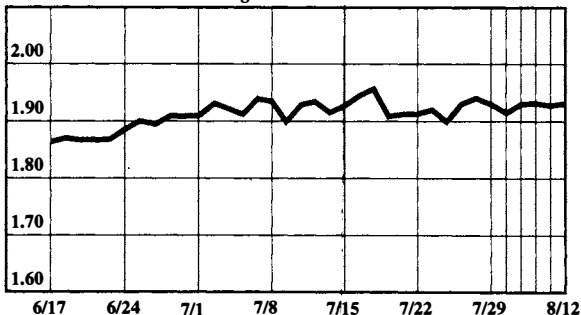
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

