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## The Development of the Major Commercial Airlines in Dade County, Florida: 1945-1970

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The prosperity of Dade County is built in a large measure around tourism. In fact, tourism is Greater Miami's largest single source of income, as it contributed, by 1970, over 2.1 billion dollars a year to the area's economy. As one of the delivery and departure vehicles for tourists, air transportation, and particularly the commercial aviation industry, assumes a position of paramount importance carrying an estimated 60 to 65 per cent of tourists to South Florida. In addition, air transportation has become since World War II a dominant stimulant to the area's economic expansion. The industry's development and growth have helped provide the stable base for sharp rises in tourism, aviation-oriented enterprises, and other institutional growth.

This study of the development and consequent effect of air transportation on the economy of Dade County and the South Florida area, because of the enormous extent of the subject, is limited to the commercial aviation industry. In particular, it will focus upon the four major airlines serving Miami: Pan American World Airways; Eastern Airlines; National Airlines; and Delta Air Lines. There are other large domestic and international carriers serving Miami, but none have had the local impact of what this author calls "Miami's big four."<sup>1</sup>

The aviation history of Dade County can be said to have begun in 1911 when Howard Gill brought a Wright brothers aircraft to Miami. The appearance of this aircraft in July and subsequent favorable reaction on the part of local officials, augured a most beneficial relationship between

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<sup>1</sup>This designation of "Miami's big four" is not to be confused with the four largest domestic trunk carriers (American, Eastern, TWA, and United) the so-called "big four."

aviation and Miami. Aviation development was temporarily interrupted by the outbreak of World War I. The end of the war marked the beginning of commercial airline development throughout the world. As the commercial aviation industry began to grow in the United States, a number of attempts at commercial operation of scheduled lines were made in the South Florida area.

Initial operations met with limited success, however, and effective service had to wait for Congressional action to establish a solid foundation for the commercial aviation industry. The passage of the Air Mail Act of 1925 and the Air Commerce Act of 1926 marked the beginning of the present aviation system.<sup>2</sup> With the authority to award contracts under competitive bidding in late 1927 the Post Office Department established an air route between Atlanta and Miami via Jacksonville. This route opened the way for Miami to become a great aviation center, for it connected Miami with the population centers of the north and other routes, at the same time linking Latin America with the United States by air.

In 1927 an airline was founded which was to become one of the largest and most influential airlines in the world—Pan American Airways. In the summer of that year, the airline bid on and was soon awarded a contract for the carriage of mail from Key West, Florida to Havana, Cuba—the first contract awarded to any United States air transport company for the carriage of mail to a foreign country. With the hope of further contracts, the airline moved its terminal to Miami to gain better rail connections and subsequently it undertook the carrying of passengers.

Pan American continued to expand its routes. As it was necessary to use flying boat equipment, because of the lack of airfields and practical long-range, land-based aircraft, the growing company established a seaplane base in Coconut Grove, a suburb of Miami. The base (Dinner Key) soon became a popular local tourist attraction and in 1938, Dinner Key's peak year, it was often necessary to have over twenty policemen on hand to take care of the 25,000 visitors a month. That year over 50,000 passengers flowed through the airport, which made Miami one of the leading American cities as a port of entry for foreign air travelers.<sup>3</sup>

This pioneering spirit of Pan American was not an isolated experience. From the early days of aviation in southern Florida, Eastern Airlines has been a leading force in the industry. Miami's initial air link to cities in other states was forged on December 1, 1928, when Eastern, then known

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<sup>2</sup>43 Stat. 805 (1925), 39 U.S.C. sec. 461 (1940); 44 Stat. 568 (1926), 49 U.S.C. sec. 171 (1940).

<sup>3</sup>The *Miami Herald*, June 27, 1939; The *Miami News*, October 17, 1937; Grover Theis, ed., *Miami Port and Airport Book*, July, 1939.

as Pitcairn Aviation, inaugurated the first air service between Miami and the north.<sup>4</sup> During the initial years of operations Eastern concentrated almost exclusively on mail service. Air passenger service developed later and more slowly.

Eastern began passenger service in 1930; however, service advanced slowly during the depression years. Then, starting in 1935, air passenger service entered a period of rapid expansion enhanced by the introduction of improved equipment. Eastern continued to grow, acquiring new routes and facilities. The Miami base expanded, relocating (from Atlanta) the communications and purchasing departments, as well as a number of executive offices. By 1940 the airline had 1,000 employees, 447 of whom were in Miami. Routes totalled 5,300 miles.<sup>5</sup>

National Airlines, while small compared with Eastern or Pan American, has held key routes since its inception in 1934. In July, 1937, National obtained authorization to operate scheduled flights over a route extension from St. Petersburg to Miami, via Sarasota and Fort Myers. By 1938 National had extended its routes, connecting Florida with Gulf Coast cities. Increased competition (especially from Eastern) gave the impetus for the addition in 1940 of the fourteen-passenger Lockheed Lodestars, sacrificing seating capacity for speed and performance reliability.<sup>6</sup> Therefore, by World War II, despite fierce competition, National continued to grow into a viable regional carrier.

Although the company operated flights outside Florida, Delta Air Lines started in Florida in 1934 with crop dusting operations for the citrus industry. Delta's commercial operations did not actively participate in Miami's aviation growth until World War II when, under government contract, it ferried cargo to the Miami terminal from other parts of the country.

The 1930s were a time of rapid expansion for the airlines, especially in the southeastern part of Florida. Expansion of air facilities and routes and the added factor of shortening flying time between the population centers and southern Florida resulted in the beginnings and foundation of commercial aviation as an integral part of Dade County's economy. With the advent of World War II and the Japanese attack on Pearl Harbor, peacetime activities were curtailed and the airline employees in the Greater Miami area joined in the defense effort of the United States.

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<sup>4</sup>The *Miami Herald*, December 1-3, 1928.

<sup>5</sup>Eastern Airlines, "Statistics for Miami, Florida" (Mimeographed.); Eastern Airlines, "Eastern's Miami-based Employees." (Mimeographed.)

<sup>6</sup>Leonard Brigman, ed., *Jane's All the World's Aircraft*, 1941 (New York: Macmillan, 1942), pp. 186c-187c; for DC-3 statistical comparison see, *Ibid.*, pp. 161c-162c.

Although the tourist industry practically ceased to exist because of governmental restrictions during the war, thousands of servicemen were trained in, or passed through, Miami and other parts of Florida. The Greater Miami area emerged from the war known to many who would otherwise never have visited south Florida. More and more, the airplane connected Miami with the rest of the country, and with advancements in equipment, travel time was shortened and comforts increased. It was thereafter in a strategic position as not only a major tourist resort, but also as the gateway to Latin America and the world.

### I. AN ERA OF DEVELOPMENT: 1946-1962

The commercial aviation industry played a significant role in the conduct of the Allied powers in World War II. The airlines demonstrated for the first time what an invaluable aid a peacetime air fleet can be to national defense. With the end of the war, the airlines returned to increasing civilian traffic, both passenger and cargo. Since the war, airlines have expanded routes and added ground facilities to serve an increasingly air-minded public. Within a few years airlines established new records in the volume of traffic handled both in the domestic and international areas. In a relatively brief period the airlines became an essential part of the transportation system and continue to represent a substantial addition to the industrial community of the United States.

Pan American Airways, more deeply involved in the war effort, especially in Miami, than any other airline, nonetheless quickly converted back to peaceful pursuits. Among the many "firsts" of Pan American was a program of low-cost tourist-class air travel. Pan American, the first to provide such regularly scheduled service, brought air travel within the reach of the "average" person. This service, initially offered between New York and San Juan in 1948, proved so successful that it was soon extended over the system throughout the Caribbean and South America.<sup>7</sup>

The airline's immediate post-war flight equipment program was an important factor in the reconversion of the nation's aircraft manufacturing industry. First to use the DC-4 aircraft, the airline soon added Lockheed Constellations and the eighty passenger Boeing Stratocruisers to speed its service. As the decade of the 1950s advanced, larger four-engine craft, such as the DC-6B and DC-7C, were purchased.

The year 1955 was Pan American's best to that date. Total operating revenues reached \$238,100,000 up from \$218,900,000 the year before. Reflecting system-wide growth, Pan American's Latin American Division

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<sup>7</sup>Pan American World Airways, Annual Report, 1950; see also Annual Report, 1951.

carried 1,045,131 passengers in 1955—the first time the Division had reached the million mark. Moreover, passenger miles flown by the Division totalled 963,065,000 compared with 837,692,000 in 1954.<sup>8</sup>

Steadily outgrowing its facilities, Pan American had been forced to scatter its operations all over the Miami airport complex. Finally, in 1960, the airline had to make a decision whether to centralize its operations in New York, or work out an integrated overhaul base in Miami. In time, the company decided to keep a portion of its operations in Miami. With this decision, Pan American inaugurated improvements which amounted to a 6.2 million dollar expansion program.

Meanwhile, Eastern Airlines returned to civilian activities in a big way when in 1947 it more than tripled the size of its Miami facilities. A new 40,000 square foot hangar was completed as well as a five million dollar line maintenance building. Among the principal route awards were Tampa and Miami in 1944 and the lucrative Miami to San Juan segment in 1946. Eastern was also able to extend its routes by the operation of interchange services with Braniff Airways. After the war Eastern also rapidly expanded its fleet. In addition to DC-4 and Lockheed Constellation equipment, to accommodate the ever increasing traffic demands of the early 1950s, additional Super Constellations and Martin 404s were purchased—nearly doubling Eastern's fleet.

Post-war traffic increases are clearly shown by the activities of the largest airline in Florida. From 1944 through 1954 Eastern carried over seven million passengers to and from Florida. Significantly, between 1951 and 1954 the airline nearly doubled the number of passengers over the same routes. Moreover, in 1954 alone, almost two million passengers were served through Eastern's Miami terminal.<sup>9</sup> Although the largest airline in Florida and the State's largest industrial employer by 1955, and on its way to its zenith, Eastern was at the same time plagued by poor service, mediocre management, and equipment problems.

For the first time since the uncertain days of the early 1930s, Eastern failed to make a profit in 1960. The deficit was even greater in 1961. This situation was complicated by personnel problems and attitude which affected customer relations. A contributing factor was the lack of personnel, particularly in the vital customer-oriented services, vis-a-vis the extent of operations, aircraft, and passenger volume. Moreover, "big gamble" decisions on the part of management, particularly concerning equipment

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<sup>8</sup>Pan American World Airways, Annual Report, 1955.

<sup>9</sup>Eastern Airlines, (pam) "Eastern Airlines: 1954 Another Year of Progress for Florida and Eastern Airlines"; Eastern Airlines, (pam) "1955: Year of Accomplishment for Florida and Eastern Airlines."

purchase, seemingly worked out to the detriment of Eastern. Although a series of strikes by flight engineers confused the problem, the biggest factor in the sagging fortunes of the airline reflected fundamental equipment problems.

The equipment problem resulted from difficulties with the turbo-prop Lockheed Electra, as well as the vexing problem of insufficient pure jet capacity. Tragic crashes, speed problems, and subsequent adverse passenger reaction compounded the difficulties. Eastern's competitive position grew worse with the delay of jet equipment and the strong reliance on the Electras. Eastern experienced another heavy loss in 1962 which was, in part, due to a strike during the summer of that year.<sup>10</sup> The company's downturn was not reversed until there was a complete shakeup in the management structure in 1963.

National Airlines was transferred from a regional carrier to a major trunkline in February 1944 when the Civil Aeronautics Board awarded it the highly-coveted route from Jacksonville to New York. This award put National in the lucrative New York-Miami market, one of the most heavily traveled routes in the United States and up to that time serviced by only one carrier. After the war, National moved its general offices and maintenance base from Jacksonville to Miami. Its administrative office was located in the Aviation Building on N.W. 27th Avenue, and its maintenance base was located across LeJeune Road from the airport complex.<sup>11</sup>

National's existence, however, was threatened in the late 1940s. After a long and costly pilots' strike the Civil Aeronautics Board instituted an investigation in September 1948, to determine if the company's routes should be parcelled out to other carriers.<sup>12</sup> In particular, in 1948, National was in a precarious financial position as a result of a decline in revenue passenger mileage and consequent decline in load factor. During the two years following the institution of the proceedings the airline witnessed a reversal in fortunes, recapturing much lost traffic. The so-called "dismemberment" proceedings were finally dropped in 1951 and National thereupon, in a major display of aggressiveness, launched a vigorous sales and promotional program.

Another dimension of service was the interchange operation. In time National became America's largest interchange operator. For example,

<sup>10</sup>The importance of the airlines to the economic health of Greater Miami was dramatized in 1962 when Eastern closed down because of a strike of flight engineers. Begun in the summer of that year, the conflict was finally settled in the fall; however, only stage-by-stage restoration of service was put into effect. Not until December were operations restored to a normal schedule.

<sup>11</sup>The *Miami Herald*, March 24, 1946.

<sup>12</sup>U.S., Civil Aeronautics Board, National Airlines, Inc., Route Investigation, Docket No. 3500 et al, *Decisions of the Civil Aeronautics Board* (subsequently *C.A.B. Reports*), March 16, 1951, Vol. XII, pp. 798-808.

an interchange agreement between National, Delta, and American brought same-plane service from Miami to California via New Orleans, Dallas, Ft. Worth, Los Angeles, and San Francisco. The early years of the decade also witnessed a massive expansion program to enlarge and modernize the fleet of aircraft and to construct maintenance, sales, and administration facilities. The program called for the purchase of a fleet of turbo-prop and jet aircraft as well as additional propeller types. The ground expansion program included the construction of a new office building and larger maintenance facilities in Miami.<sup>13</sup>

Arriving late on the Greater Miami aviation scene, Delta Air Lines, nevertheless, has continued to hold an important place in the economy of Dade County. The Miami station started out modestly with a complement of thirty-six employees, including pilots. The Atlanta-headquartered airline inaugurated its Miami service on December 1, 1945, flying twenty-one passenger DC-3 equipment on two round trips daily between Chicago and Miami via Jacksonville with numerous intermediate points.<sup>14</sup> Five months after the Miami service opened, the company brought down 175 employees to establish a new maintenance base. Flight crews, along with mechanics, were among the personnel to be sent to Miami.

Miami has figured in a number of Delta's route extensions thereby linking the southeastern part of the state with the industrial center of the nation. For example, soon after the war, routes expanded to Knoxville and Cincinnati. The 1950s were good years and Delta gradually expanded in all directions to form a system serving more than seventy cities in the United States as well as points in Central and South America. Among Delta's most important route additions during this time was inclusion of Indianapolis, Louisville, and several additional Florida cities on the company's Chicago to Miami route.

Like National, Delta had a strong interchange network. In 1960, a Delta-American jet interchange flight began between Atlanta and Los Angeles thus providing another link to the west coast for southeast Florida. However, all these agreements ended when Delta inaugurated direct west coast service in 1961. By the provisions of the Transcontinental Case, the Civil Aeronautics Board awarded the airline the right to fly from Dallas/Ft. Worth to Los Angeles and San Francisco. Despite certain restrictions regarding schedules, the Board estimated that full implementation of these extensions could add approximately thirty million dollars in annual revenue.<sup>15</sup>

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<sup>13</sup>National Airlines, Annual Report, 1955.

<sup>14</sup>The *Miami Herald*, December 1, 2, 1945.

<sup>15</sup>C.A.B. Reports, Southern Transcontinental Service Case, Docket No. 7984 et al, Vol. XXXIII, March 13, 1961, pp. 701-964; *Ibid.*, Southern Transcontinental Service Case, Docket No. 7984, et al, Vol. XXXIV, pp. 487-499.

Thus, the growth of air travel between the end of World War II and the advent of the jet age was, despite temporary recessions, spectacular. Consequently, Miami grew to a place of dominance in the aviation industry and the commercial industry became the backbone of southern Florida's tourist industry as the vehicle of delivery and departure. By the end of the 1950s tourists made up 75 per cent of the total passengers through Miami International Airport. Moreover, between 1955 and 1960 Miami's aviation industry activity grew approximately 60 per cent.

During this period the airlines serving Miami increased their work force considerably. As the jet age started, Miami's big four employed over 15,000 workers in Dade County, which accounted for an annual payroll of approximately 75 million dollars, and made the four airlines the largest single-type industrial employer in the area.<sup>16</sup> Eastern Airlines, which employed over 7,000 in Miami by 1960, was the largest single employer in the county.

Passenger and employment increase was accompanied by a sharp rise in equipment purchases. The decade of the 1950s was a period of uncertainty for domestic as well as international carriers regarding the purchase of jet equipment. The advent of United States-made jet equipment ushered in another era of equipment expansion. As of 1961 more than 250 pure-jet aircraft were in service costing approximately five million dollars each. In addition to financing purchase of the aircraft themselves, the industry had to invest large sums in new service equipment.

Airline officials looked to a rise in passenger traffic to offset the cost of the jet expansion program. However, this increase in passenger traffic did not materialize as the initial years of jet operation brought a sharp reversal in the nearly ten per cent rise in traffic in the ten year period, 1946-1956. Domestic traffic in 1960, for example, barely rose above the 1959 level. This development, coupled with heavy investment in jet equipment, produced declining profits and in some cases, deficits.

Airline officials blamed a large part of the financial troubles on the introduction of jet aircraft; however, in reality by the 1960s the airlines had little choice but to invest in prop-jet and pure-jet equipment. With the experimental stage complete and the reliability of the jet demonstrated, it was obvious that this equipment would capture the bulk of the air passenger market. Any airline not keeping pace with new technological advances thereafter would soon face an economic crisis.

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<sup>16</sup>Dade County Port Authority, Annual Report, 1960.



## II. AN ERA OF EXPANSION AND CHALLENGE: 1963-1970

The proven ability of the jet equipment, the implementation of new promotional fares, and the resulting increase in passenger traffic, all combined to lift the airline industry to profitable years in the middle and late 1960s. The pioneer and still predominant airlines serving Greater Miami participated in the expansion and the consequent profits of the 1960s.

For the most part, the 1960s were good years for Pan American World Airways. Its Latin American service continued to expand. However, uncertainty arose concerning further base expansion in Miami. In the early years of the decade airline officials agreed on centralization of the vast company's operations in New York. Accordingly, area divisions such as San Francisco and Miami were gradually cut back, in functions as well as employees, although Miami retained part of the airframe and overhaul base.

The Miami base was not so fortunate in 1968. In the first month of that year the company bypassed Miami in favor of Los Angeles for the biggest construction program in its history—a sixty million dollar maintenance base that eventually would employ 10,000 workers.<sup>17</sup> Airline officials singled out those who had temporarily blocked an expansion bond issue to expand airport facilities for National Airlines as one of the reasons for choosing the relative stability of Los Angeles over an uncertain Miami. In the fall of 1968, a similar situation arose concerning a proposed training complex. In addition, in 1969, Pan American decided to take its Boeing 747 training program to New Mexico instead of Miami, in part due to economic concessions made by the city of Roswell, as well as the factor of uncertainty over the future of the Dade-Collier jetport.

Although considered one of the most profitable airlines throughout the decade of the 1960s, Pan American has entered upon a critical era. Faced with increasing competition both from domestic and foreign rivals, and from the dearth of domestic routes, Pan American suffered its first loss (25.8 million dollars net) in 1969. This loss, plus an uncertain future, has affected all aspects of Pan American's operations. For example, the Los Angeles overhaul base, as of 1970, had not been built.

More than 1,000 Miami-based employees have been laid off since the beginning of 1970 and further cuts are expected. President Najeeb Halaby (President 1968-1971; succeeded by William T. Seawell) cited higher labor costs and simply "too many airlines" as the main reasons

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<sup>17</sup>The *Miami Herald*, January 18, 1968.

for the sagging financial posture. Halaby concluded that the long-range profit position can be enhanced by government action that would permit the airline to have "fair and equal access to the American market by means of route awards or acquisition or merger with other carriers."<sup>18</sup>

Eastern Airlines, one of the airlines most affected by the 1962 recession, combined with plaguing strike troubles, rebounded sharply in 1964. In late 1963, a new President, Floyd Hall, was appointed and with a new line-up of executives succeeded in turning the airline around. For example, 1965 reported the first profitable year since 1959. In an attempt to correct the out-of-balance employee-operation ratio, total personnel systemwide increased from 19,848 to 22,314. In like manner, Miami-based totals increased from 5,945 in 1962 to 8,180 in 1965.<sup>19</sup>

Eastern recovered from the "meager" early years of the 1960s with ground as well as aircraft and personnel expansion. In 1963 Eastern completed a twenty-one million dollar jet maintenance complex at the 26th Street site. More activity has been evident in recent years with the construction of an executive building and an accompanying data service building and reservations center. In 1968 a building for the training of flight crews, maintenance, and customer service personnel was completed. Anticipating the era of the jumbo jet, Eastern has plans for a ten-story hangar complex designed to provide room for overhauling the fifty Lockheed L-1011 Tristar jetliners ordered.

The L-1011, powered by Rolls-Royce engines, is the wide-bodied trijet Eastern has planned as its major aircraft for the long-range, higher-density routes in the 1970s. However, by the end of 1970, delays in the L-1011 program affected the introduction of the aircraft, originally scheduled for late 1972. The ultimate decision regarding this equipment situation will not only affect Eastern's competitive position but also the proposed trijet complex in Miami.

In 1970, an Eastern aircraft either lands or takes off from Miami International Airport on an average of every seven minutes. While forty-three of over 200 flights serve the Miami-New York market, Eastern also connects the southern Florida market with practically every major city in Florida, the United States, Caribbean, and the Bahamas with non-stop jet service. Of the ten million people who visited the Miami area in 1969, the domestic and international airlines carried more than one-half, or 5.3

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<sup>18</sup>Pan American World Airways, Annual Report, 1970.

<sup>19</sup>Eastern Airlines, Annual Reports, 1964, 1965; Eastern Airlines, "Number of Eastern's Employees." (Mimeographed.)

million. Of these, Eastern carried nearly half of all the domestic airline traffic to Miami, or over 1.8 million people.<sup>20</sup>

National Airlines became a cross-country in 1961 with the award of the southern transcontinental route between Florida and California. The early years of the decade also saw a change in the management structure. At the annual meeting in November, 1961, George Baker, founder of the airline, resigned as president. Subsequently, L. B. Maytag, Jr., who resigned as president of Frontier Airlines, purchased Baker's interest in National and in 1962 was elected president and chief executive officer.

Maytag and his management team instituted changes similar in nature to those taking place at Eastern, with particular emphasis on fleet expansion. The first jet powered airline, the carrier doubled its jet fleet by fiscal year 1967-1968. By the end of the decade National ordered nine McDonnell Douglas wide-bodied DC-10s and optioned eight more for a total price of approximately 280 million dollars. Delivery of the three-engine jets began in November 1971, and will continue through December 1973.

National began planning for the introduction of the jumbo jets with a thirty-four million dollar expansion program in 1967.<sup>21</sup> The facilities to be constructed consist of a new aircraft maintenance apron, a new aircraft hangar, and administrative buildings. However, a Dade County Port Authority bond issue to finance the base was fought by critics all the way to the Florida Supreme Court. The opposition claimed such public financing of private facilities was not in the public interest. The Supreme Court of Florida upheld the bond issue.<sup>22</sup>

Miami's first direct service to Europe via a United States carrier was authorized by the Civil Aeronautics Board in its decision in 1969 when it approved a request by National for direct service between Miami and London.<sup>23</sup> Many airline officials predicted the award would mean a "bonanza" for Miami. The inaugural flight had to be delayed because of a strike by ticket agents and clerical personnel. This strike, lasting over four months, put over 4,000 Miami-based employees out of work, complicating the already worsening economic picture in 1970. The strike was finally settled in May, 1970, and Miami-London service began shortly thereafter.

Throughout the remainder of the year emphasis was placed on being

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<sup>20</sup>Eastern Airlines, "Miami Community Report: 1970" (Mimeographed.)

<sup>21</sup>The *Miami Herald*, August 16, 1968, May 29, 1969, October 15, 1969; The *Miami News*, August 15, 1968, June 12, 1969.

<sup>22</sup>For a more detailed discussion see Aurora Davis, "The Economic Development of the Major Commercial Airlines and Ancillary Industries in Dade County, Florida: 1945-1970," (unpublished M.A. thesis, University of Miami, 1972), pp. 90-94.

<sup>23</sup>National Airlines, Annual Report, 1969.

first in the New York-Miami market and improvement of service generally. With the resumption of flight schedules came the difficult task of rebuilding traffic to normal levels, a task made difficult by the already trouble-ridden calendar year in which traffic growth for the industry in general slowed drastically.

The late 1960s saw the extension of Delta's already strong route system culminating with service in 1969 between San Francisco and Miami, and Houston and Miami. In response to the increasing flight schedules, the number of Miami-based pilots increased to 203. In addition, thirty-two more reservation employees were added to accommodate the introduction of Boeing 747 service in December 1970. As of the end of the calendar year, Delta's employee contingent numbered 1,331, and the station's annual payroll was in excess of fifteen million dollars. Facility improvements announced in 1970 include a fifty-four million dollar, eight-year project at Miami International Airport, a move to accommodate the new jumbo jet transports.<sup>24</sup>

In addition to the extensions in cross-country service, Delta was the recipient in the North Carolina Points Service Case, of authorization to provide new service between Charlotte and intermediate stops in North Carolina and Miami. The softening in traffic growth among the airlines in general did not substantially affect Delta until late in the calendar year 1970. This situation was in part due to the extended strike against National. However, with a strong route network, Delta, nevertheless, improved its market share throughout the year. Net earnings for the year were 44.5 million dollars, approximately 14 per cent above fiscal 1969.<sup>25</sup>

As indicated, the 1960s were years of expansion for the major airlines serving the Greater Miami area. Strengthening of route networks, aircraft expansion, and facility improvements were all characteristic of this growth. Moreover, the ninety-five air carriers serving Miami employed more than 25,000 south Florida people by the end of 1970. In addition to the people directly employed by the airlines, an additional 60,000 jobs are dependent on or closely related to the airline industry.<sup>26</sup>

By the end of the decade, however, widespread concern was expressed over the economic crisis facing the airline industry. Underlying the economic troubles was the spread of inflation and the general business decline. While the nation's economic slowdown reduced passenger growth, inflation

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<sup>24</sup>The *Miami News*, April 22, 1969, December 16, 1969, April 23, 1970, July 1, 1970, November 12, 1970; The *Miami Herald*, November 13, 1970.

<sup>25</sup>Delta Air Lines, Annual Report, 1970.

<sup>26</sup>In short, approximately one of every four jobs in the Greater Miami area is related to the airline industry.

increased the cost of airline operation. In 1969, Pan American, for example, reported total operating expenses per available ton-mile increased from 17.3¢ in 1968 to 19.1¢ in 1969, and cash operating expenses went from 15.4¢ to 17.2¢.<sup>27</sup>

In addition, deliveries of new aircraft during 1970 eliminated or at least lowered profit margins for the airline industry. Like the previous "crisis" in the early 1960s, concern is widespread over the prospects of recovery. Many industry observers feel that the situation is forcing airlines into mergers. Most serious discussions among the major trunk lines include Northwest, Northeast, National, and Pan American World Airways.

Mergers may not solve the problem completely. Soon the airlines will again face another aircraft expansion and purchase—the supersonic transport. Despite the advantage of lower operating expenses, the equipment represents a large investment. Unless the precarious financial position of many airlines improves by the time of the introduction of the supersonic aircraft, another "crisis" may appear. Like the early 1960s situation, however, the airline which does not acquire the improved equipment may face an even more uncertain future.

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The years 1945 to 1970 witnessed the developing and maturing of the commercial aviation industry in Dade County. Much of the development of South Florida and the Greater Miami area has been due to constant changes and improvements in the air transportation methods over the past quarter century. Initial expansion of commercial air facilities, routes, passenger comfort and improved aeronautical technology during the early years of the century placed aviation within the economic structure of Dade County. The activities of two of the four major airlines established the foundation of the commercial aviation industry in the area.

During World War II over half the commercial aircraft were engaged in contractual work for the United States government and Miami was transformed into a training base and departure point for the war zones. Consequently, thousands of military personnel and government officials came in contact with the attractions of the south Florida area. Direct exposure, with the improvement of air travel, accelerated the growth and development of aviation.

The increased popularity of air travel and the emergence of Dade County as a year-round resort area paralleled the expansion of the Miami airport complex. In addition, air transportation has become since World

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<sup>27</sup>Pan American World Airways, Annual Report, 1969.

War II a dominant stimulant to the area's economic expansion. In and around Miami International Airport flows a stream of passengers and cargo traffic supplemented by a large auxiliary industry and aviation oriented employment has increased accordingly, from a few thousand Miamians in 1946 to over 70,000 persons by 1970.

With the heavy emphasis on commercial aviation, therefore, it is a fact that when airlines and aviation are in trouble, southern Florida is in trouble and the Miami airlines have been hard hit in two major recessions within ten years of each other. Despite temporary setbacks, commercial aviation has been the dominant delivery and departure vehicle for Dade County's single largest source of income—tourism. Traditionally the gateway to Latin America, Miami has broadened its horizon across both the Atlantic and the Pacific. With its strategic geographical location, the southeastern part of Florida emerged over the last quarter century as the popular "jumping off" point to any part of the United States, Latin America, and the world.