

Making Terms for the Inevitable Airline Bailout

THURSDAY, MARCH 19, 2020 -- Not a dollar. Not a dime. Not a penny.

Now that I've gotten it out of my system, let's face reality: Of course airlines are going to get a bailout. It's inevitable. The only question is terms. And, boy, do we need to impose terms and conditions.

Airlines deserve our opprobrium, not an appropriation. Naturally they will return our national generosity with blinding misanthropy. And they will continue to lie with breathtaking audacity.

Nicholas Calio, the Bush I flunky who runs the airline trade association, went on Fox Business this morning and claimed that the 9/11 bailout had "too many strings." You will recall that we gifted the airlines \$5 billion. Literally, handed them a \$5 billion check, the equivalent of \$17.85 sucked from the wallets of every man, woman and child in the country. Then we lavished airlines with loans and loan guarantees, we funded their insurance, we assumed their security responsibility, we let them keep travel taxes and eventually permitted them to shed billions in pension obligations via bankruptcy filings.

Over the ensuing 20 years, airlines responded to our laundry list of aid with a laundry list of hateful policies we know so well. I'd let them burn for their lies and their arrogance, but that won't happen. Tomorrow, next week, next month, we'll rescue their detestable asses again.

But let's not be fooled again. They didn't appreciate or reciprocate our generosity 20 years ago. This time, we must put appropriate restraints on any aid provided. This time, we *must* get it right.

What we need to do, however, is put aside our airline hot buttons. We don't have time to argue over baggage fees or the execrable operational details. The aid must be conditioned on fixing the structural weaknesses exposed by this current crisis. We can argue forever about unfair frequent flyer plans and Basic Economy rip-offs. But we don't have forever. We only have time to fix the immediate issues.

So whether the airlines get a buck, a billion or a bazillion, we must impose these realistic conditions in the time of Coronavirus.

IN-FLIGHT SOCIAL SEPARATION

The frightening reality of the Covid-19 strain of Coronavirus is that it's not going away

any time soon. There's no cure, no treatment, no vaccine. This could be with us for months or years. Even assuming it subsides in late spring and summer, it'll certainly flare up again in the fall. So unless you want to ground the system indefinitely, we need social separation on planes.

The simple solution: Empty middle seats. At least until this crisis is medically conquered, airlines must leave the middle seat empty and leave an empty seat between coach passengers in 4- and 5-seat rows on widebodies. Given the outlook, this won't even cost the airlines anything. It'll be years before they get back to 67 percent load factors. But until we get the medical all-clear, we must make any airline aid contingent on the guarantee of a one-seat separation between passengers

MANDATORY INTERLINING

Once upon a time--that's the ancient era before deregulation--all U.S. airlines were required to interline and cross-honor each other's tickets. Airlines have gradually refused to honor each other's tickets, often over petty squabbles about reimbursement rates. Southwest Airlines has never interlined because it's cheaper if you don't.

Too bad. Interlining needs to be re-imposed to ease the crush if another pandemic forces a mass exodus like we saw last weekend--and what we may see again if Americans abroad rush home in response to today's [Level 4 alert](#).

Airlines only like to talk about our responsibility to them in a crisis. It's time they take responsibility for us. If one airline writes a ticket, all others must honor it. Period. Airlines are free to work out finances for themselves. But passengers need to know that a ticket purchased on one carrier is valid on another.

CANCELLATIONS REQUIRE REFUNDS

In the early days of this crisis, airlines were cancelling flights and telling customers they couldn't get a refund. Worse, they were making involuntary flight changes by hours or a full day and telling travelers that they had no choice but to accept the adjustment. That must stop. Full stop.

Any bailout must include a simple caveat: If an airline cannot operate the flight a passenger booked within two hours (domestic) or six hours (international), the flyer is entitled to a total refund.

It's sad that this is even an issue. But just yesterday I spoke to a friend whose Delta flights to Edinburgh have cancelled. His family's tickets are worth a total of about \$10,000. Delta has insisted they could only issue a credit. They're lying, of course, and I explained to him that he can contest the charge with his credit card issuer. But isn't it

bizarre that supplicants like the airlines continue to treat their potential benefactors like sheep to be sheared?

DISCOUNTS FOR CASH

It's possible that Congress will man (and woman) up and refuse to give airlines a cash payout. They may offer only loans or other financial vehicles. If there is to be a cash payment, however, we need to insist on financial reciprocity. The U.S. government spent \$300 million a month on airline tickets before this crisis began. Airlines should be required to offer the government \$1 in tickets for every \$1 of bailout cash. If we require airlines to give tickets on a dollar-for-dollar basis, we can at least blunt the impact of the bailout on the ballooning national debt.

RAINY-DAY FUNDING RULES

You have heard by now that the airlines blew 96 percent of their collective free cash flow in recent years on stock repurchase schemes. Over the last five years, that works out to about \$39 billion spent by Delta, American, Southwest and United. Airlines have also been hiking dividends, too, all in a vain attempt to prove that they are investment-grade operations.

Well, guess what? Airlines aren't investment-grade companies. For all the boasting about fundamental changes in their business models, airlines remain what they always have been: risky plays in a highly cyclical industry, incredibly sensitive to everything from terrorism and economic downturn to volcanic eruptions and medical pandemics. If we're going to bail out the airlines for the second time in 20 years, they've got to accept that they can't be make-believe financial swashbucklers. Every dime of free cash they generate needs to be banked for rainy days. No stock dividends, no stock buybacks. Bank it--bank *all* of it--for a rainy day.

It always rains on the airlines eventually. We should be very careful about continually gifting them umbrellas every time it does.

**Get great information like this in your in box
every week. See the next page for how you
can sign up for Joe Sent Me.....**

[JOIN JoeSentMe FOR ONLY \\$149 A YEAR](#)

Rejoin the site for the basics:

- ☒ Complete access to the JoeSentMe site for a year.
- ☒ Complete access to the *BizTravelLife* site, our new special section on destinations we love.
- ☒ Complete access to our business-travel archives dating to 1962.
- ☒ The members-only edition of the JoeSentMe weekly newsletter.
- ☒ Breaking-news alerts throughout the year to keep you up-to-date

And get Joe's Big Bundle of Discounts:

- ☒ Guaranteed annual renewal at \$149 a year for as long as you remain a member.
- ☒ Exclusive offers throughout the year from airlines
- ☒ 20% off black-car and ride-hailing service from [GroundLink](#).
- ☒ 5-10% discounts and upgrades on international airfares from [Cook Travel](#).
- ☒ 30% off luggage and backpacks from [ECBC](#).
- ☒ 15% off travel gear from [CircaTerra Travel Outfitters](#).
- ☒ \$35-\$50 off membership in [MedjetAssist](#), the medical-emergency evacuation firm.
- ☒ 20% off the price of membership in [Priority Pass](#), the global network of airport clubs.
- ☒ 10-15% off [Elifant Tours](#), luxury archaeo-culinary intineraries in Italy.
- ☒ Up to 15% off shipping from [Luggage Forward](#), the door-to-door luggage-shipping leader.
- ☒ 10% off [Glaser Designs](#) handmade luggage and briefcases.
- ☒ 15% off herbs, spices, oils and vinegars from [Sheffield Spice & Tea](#).
- ☒ 20% off Hawaiian coffee, macadamia nuts, cookies and candies from [Hawaii's](#)

[Local Buzz](#).

- ☒ 20% off travel DVDs from [Rudy Maxa's World](#).
- ☒ A 2-year subscription for the price of one to [Dream of Italy](#), the journal of Italian travel.
- ☒ 50% off [Entree](#), the insider's look at luxury hotels, restaurants and travel.

[CLICK HERE TO JOIN FOR JUST \\$149 A YEAR](#)