

CAB: full scale inquiry into TT airline hassle

By William Ringle
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WASHINGTON — The "veritable flood" of charges that two major airlines used "watergate tactics" of bribery and other chicanery to build support for their service into Micronesia has impelled the Civil Aeronautics Board to order a full-scale inquiry into the facts.

The CAB ordered that: — Its administrative law judges hold hearings on Saipan — "at the earliest practicable date" to determine if improper arm twisting has been applied by either Pan American Airlines or

Continental Airlines.

— The judge, at a separate hearing, determine the views of the island governments or civic groups.

— CAB's Bureau of Enforcement participate in the hearing because rule violations might be involved which could affect an airline's fitness to operate.

Pan Am and Continental have been the major contenders seeking a route between Guam and Japan which would serve Saipan, the Marianas Island and other intermediate points in the Trust Territory. The only condition was that the flights

serving Saipan would also serve Japan.

Last May 5 Pan Am won the first round when CAB Administrative Law Judge Milton H. Shapiro recommended that it get the route.

Last Nov. 8 the full CAB heard the case. Instead of ruling on it, the board now has ordered it sent back to Shapiro.

In his decision, Shapiro had noted the two airlines' "extensive and intensive lobbying" to influence public officials in Micronesia, so he gave the local spokesmen "slight weight".

Later, however, the Departments of State and

Interior protested, asking the CAB to attach "considerable weight to views of the elected leadership."

But since then, the CAB noted, it had received a "veritable flood" of charges and counter charges concerning the airlines' tactics. These continued until a few days ago.

For example, the CAB received a letter dated Nov. 1 from four members of the Tinian Municipal Council.

They said that Pan Am had agreed to foot the bill to send five councilmen to Singapore and the mayor and seven councilmen to Japan if they

passed a resolution favoring Pan Am. On Oct. 31 they had done so, rescinding a previous pro-Continental stand.

On the heels of the first letter came another, dated Nov. 2, from the same four, repudiating the earlier one. They said the Nov. 1 letter "had not been translated to us" nor had it been clear to them that it "was against Pan Am."

They said that Joseph Smith, Continental's manager of government and public affairs in the Trust Territory, "was just trying to confuse us."

Next from Honolulu came a

sworn affidavit from Smith denying any part of it. He said the Nov. 1 letter had been obtained by Micronesian Congressman Felipe Atalig.

Another example was cited in affidavits by legislators from Palau, saying they had all been given documents in English, which they couldn't read, which were misrepresented to them and which they signed. These turned out to be the opposite of their views they said.

In another affidavit Tinian District Legislator Herman M. Manglona said Continental's Vice President Barrie Duggan has threatened to stop flights to Tinian unless Manglona signed a pro-Continental letter.

Manglona said he had asked the airline's help to build a Youth Center next to the Catholic church and Duggan told him a check would be there when he came to sign the letter.

"I sensed that Mr. Duggan was attempting to bribe me, so I did not return to his office because it was beginning to look like ... (the airline) was dealing in Watergate tactics", Manglona wrote.

Guam's Lt. Gov. Kurt S. Moylan weighed in with a lengthy sworn statement denying some claims by three Continental operatives. They had sworn Moylan implied that the Guam Governor's position favoring Pan Am was "based upon considerations other than an evaluation of (the airline's) ...

service proposals."

Moylan denied that he had said that in exchange Pangelinan would keep Camacho informed on the progress of status talks between the northern Marianas and the U.S.

One of Continental/Air

Micronesia's lawyers contended the whole fuss was an "attempt to distract attention away from Pan Am's improper conduct" and the "undue influence of Pan Am employes on local officials".

He called it "an attempt to keep this red herring alive".
