Aug. 13, 2013

Attorney General Kane defends Pennsylvania consumers in American Airlines-US Airways merger

HARRISBURG - Pennsylvania Attorney General Kathleen Kane announced today she will join with the U.S. Department of Justice, the District of Columbia and five other states to stand up for consumers by opposing the merger between American Airlines and US Airways.

The history of airline mergers is not a happy one for consumers, according to Kane. Before 2008, there were six major airlines competing vigorously. Then came the mergers. The airlines always promised more flights, lower fares and better service.

Kane says the promised consumer benefits never materialized. Instead, the airlines have followed each other in raising ticket prices, imposing new baggage fees and reducing service.

"This merger would not be good for consumers," said Kane. "Competition would be reduced, and the cost of flying would go up. We know this from past experience, and we know it from our economist's analysis."

"US Airways has repeatedly asked for public dollars in exchange for expanded service, but it has often failed to deliver on its promises."

Evidence backs this up. US Airways asked Allegheny County to build it a new terminal at the Pittsburgh International Airport, promising that Pittsburgh would be the airline's long-term hub. The airline then abandoned the $500 million hub after its merger with America West in 2005. Other airlines, and ultimately the consumer, were left to pay the bill.


And it's not just Philadelphia and Pittsburgh that would be affected. There would be an adverse impact on any city served by the two airlines, such as Harrisburg.
Kane cited four specific areas of concern with the proposed merger:

- Ancillary fees such as baggage fees, change fees, standby fees, prime seat fees, etc., would rise in a merger. This would be especially hard on families and business travelers.
- The two airlines currently compete directly on hundreds of routes, affecting millions of passengers. In Pennsylvania, the merger would substantially reduce competition in many key markets.
- US Airways currently has a special pricing program ("Advantage Fares") in which they discount "one-stop flights into another airline’s hub." For example, US Airways uses this program on flights from Harrisburg to Chicago. If the airlines were to merge, that program would be curtailed, hurting consumers.
- The CEO for US Airways has repeatedly endorsed "reduced seat capacity" as a good business strategy for the airline industry. Reducing seat capacity would result in higher prices, which would harm consumers.

The end result would be less competition amongst major carriers, higher ticket fares, less flight availability and higher fees for everything from luggage to change fees, and even standby fees.

The Attorney General noted five of the states joining in this lawsuit (Pennsylvania, Virginia, Florida, Texas and Arizona) have US Airways or American hubs.

Kane thanked Executive Deputy Attorney General James Donahue for his work on this case. Donahue is highly-respected by Attorneys General across the country, and has served as Chair of the National Association of Attorneys General Multistate Antitrust Task Force.

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