

Statement of  
**The Honorable Herb Kohl**

United States Senator  
Wisconsin  
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Senator Herb Kohl  
Chairman of the Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights  
Hearing on Delta-Northwest Proposed Merger  
Opening Remarks  
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Our hearing today will examine the \$ 3.7 billion dollar merger between Delta and Northwest Airlines, a merger that will create the world's largest airline. Many predict this merger will just be the opening salvo in wave of mergers in our nation's airline industry.

We recognize the tremendous pressures that the airline industry has endured in recent years. After recovering from the horrible tragedy of 9-11, the industry now faces skyrocketing fuel costs, and many of our major airlines - including both Northwest and Delta -- have undergone the painful process of bankruptcy filings. Yet, while it has been the worst of times for the airline industry, it has been no better for the flying public. We all complain about airline service. Uncomfortable flights, frequent delays and mysterious prices are a staple of air travel. Now the airlines suggest that they will be able to merge their way out of their troubles in a way that will benefit consumers.

As we analyze their claim, we will confront the crucial questions of how this merger will affect air competition, and whether it will lead to higher prices and reduced service for consumers. And we need to very carefully examine the impact of this deal - and others that may follow - on air service offered to small and medium sized cities that depend on frequent and inexpensive air service for their economic health. We expect to hear from the airline executives here today about their plans to maintain service to these communities. While there may always be ample competition between New York and Los Angeles, what does this deal tell us about the future of competition for the rest of us?

Of equally vital interest to me is that this merger not harm the independence of Midwest Airlines, Milwaukee/Wisconsin's hometown airline. Midwest Airlines is a unique company in the airline industry - an airline that offers the highest quality of service, and is actually beloved by its customers. In the last year, Midwest Airlines was acquired by an investment firm that partnered with Northwest Airlines. If the merger before us today is completed, Delta will acquire Northwest's stake. I will expect today to hear from Delta that it will not harm the independence, quality and frequency of service or competitive viability of Midwest Airlines.

Both Delta and Northwest defend this merger by arguing that they operate largely complementary route structures that overlap only occasionally. Whatever the merits of that claim - and we expect the Justice Department to scrutinize it carefully - our inquiry cannot end merely with an examination of overlapping routes. These two airlines are competing national networks. Each airline takes passengers from small and medium sized cities, through their gigantic hubs, and then on to the travelers' final destinations. There are now six of these national networks. This merger will reduce it to five, and many analysts expect even more mergers soon to reduce the number to four or even three. As we go from six to five to four and maybe even three or less, we need to stop and ask the question -- what will be the impact of the loss of competition on price or service? Are the few smaller low cost airlines really sufficient for competition? Or will the remaining dominant airlines gain a stranglehold on our air transportation system?

Other important issues are implicated by this merger, such as the hard won rights of employees of both airlines. We are concerned that this merger not lead to any loss of labor protections enjoyed by the airlines' employees. While no union is testifying today in person, we are including in the record submissions from any union concerned about this merger.

In closing, the executives who lead these airlines have a responsibility to their shareholders to create the strongest airline. But we on this Subcommittee have a different, and perhaps, more important, responsibility. Our responsibility is to the public - to protect consumers and to ensure that no airline or small group of airlines gains a stranglehold over the market. We need to be sure that the announcement that we've all heard flight attendants say at the end of a flight - "we know that you have a choice among airlines" does not become as obsolete as airlines like TWA, Pan Am, Eastern, Braniff, ATA, and now perhaps Northwest.