

Major Provisions of the Airline Deregulation Act - 1978

1. Entry Control - between passage of the Act and December 31, 1981, the CAB was directed to issue certificates to applicants that were fit, willing, and able to supply the service. Applicants no longer had to demonstrate a public need for the service.
Without CAB review, airlines could add one route per year and protect one route from such entry.
2. Exit - Congress guaranteed continued air service for 10 years to all cities listed on airline certificates on date of enactment. For each city, the CAB was directed to establish a level of essential air service.
Airlines serving cities that were guaranteed air service were required to notify the CAB before reducing service below the essential amount. When the CAB received such notice, it was to try to arrange for another carrier to provide essential air service. If the CAB was unable to find a replacement carrier, it could require the airline to continue service for additional 30 day intervals, but the CAB would have to pay any losses sustained by the carriers.
When the CAB went out of business on January 1, 1985, this program was shifted to the U.S. Department of Transportation.
3. Rates - without CAB review, airlines could raise prices 5 percent above the Standard Industry Fare or reduce them by 50 percent. Fares unrelated to distance were permitted. The price differential required between coach and first class fares was eliminated.
4. Sunset Provisions
 - a. entry control - December 31, 1981
 - b. price control - December 31, 1983
 - c. CAB - December 31, 1985