CLEARED TO LAND IN THE DESERT: COMMERCIAL AIR TRAVEL'S ROLE IN THE GROWTH AND DEVELOPMENT OF LAS VEGAS AS A WORLD-CLASS TRAVEL DESTINATION

A DISSERTATION IN
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by
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ABSTRACT

This study provides a history of commercial aviation in Las Vegas, focusing on the powerful influence commercial air travel had with the financial help of the federal government on Las Vegas's growth and development as a world-class travel destination. It especially emphasizes how the airline industry was the catalyst for Las Vegas's transformation from an isolated desert town into a world-famous tourist city. Such a study is important to show while Las Vegas's story is unique it is a microcosm of a broader regional and national story where airlines played an influential role in the economic growth and development of other western and national cities. Through the use of primary and secondary sources, my dissertation proves that in order to properly understand the history of transportation in the American West, commercial aviation must be included in the story.

APPROVAL PAGE

The faculty listed below, appointed by the Dean of the School of Graduate Studies, have examined a dissertation titled "Cleared to Land in the Desert: Commercial Air Travel's Role in the Growth and Development of Las Vegas as a World-Class Travel Destination," presented by Daniel K. Bubb, candidate for the Doctor of Philosophy Degree, and certify that in their opinion it is worthy of acceptance.

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INTRODUCTION

“The airlines of America are the vital core of the world’s biggest industry - - travel and tourism.” Thomas Petzinger Jr.

Evening rush hour at McCarran International Airport in the heart of Las Vegas, Nevada is an impressive sight. Air traffic control is busy sequencing incoming Delta, Alaska, Southwest, American, Frontier, United, Virgin Atlantic, Northwest and Allegiant airliners for landing on runways twenty-five left and nineteen right. Nearby, more than two dozen passenger jets patiently wait for clearance to take off on runways twenty-five right and nineteen left. Terminals and concourses are teeming with thousands enplaning and deplaning passengers. In the distance, more of the world’s finest passenger planes slowly approach the nation’s seventh busiest and sixth largest mega-port. The big birds have landed in the desert bringing travelers from all parts of the globe to a world-class travel destination.

Manned flight has intrigued Americans from the day the Wright brothers successfully flew their experimental powered-glider *Kitty Hawk* in North Carolina on December 17, 1903, right up to the landing of the six-hundred passenger Emirates Airbus A380 jumbo jet at John F. Kennedy Airport on August 1, 2008. Numerous books, articles, and stories have been written about the phenomenon of man leaving the ground to enter a new frontier in the sky through passenger travel. Few of them however, have addressed the history of what happened when the sky frontier met the ground frontier in the American East and rapidly moved to the American West.

As the airplane came west to Denver, San Francisco, Los Angeles, Salt Lake City, Phoenix, and Tucson, these growing cities eagerly reached out to this new transportation phenomenon by building airports with graded runways, small terminal buildings, and hotels, working diligently to become part of the prestigious, government-funded transcontinental air mail and passenger transportation system. As this system began to grow, smaller connecting towns were needed for fuel stops, one of which was Las Vegas. An interesting and unexamined part of this story is the meeting of the airplane with this small desert frontier town in the 1920s where the two formed a symbiotic relationship that over eight decades, transformed the tiny oasis into a leading global tourist destination by the end of the twentieth century. Why an unexamined story? Commercial air travel often is taken for granted simply as a faster and more convenient form of transportation, and Las Vegas has been dismissed as an aberration, a bastion of vice and gambling.

As a new and unseasoned form of transportation and part of the Civil Air Mail Route 4 (CAM-4), commercial air travel came to a sparsely populated Las Vegas in 1926 when the town was little more than a watering hole, an isolated train stop in the desert. During the Great Depression years when only the wealthy could afford to fly, the airlines struggled while Las Vegas, with construction of the Hoover Dam, experienced a tourism boom. During the war years, civilian passenger travel was put on hold so the airlines could provide planes and personnel for the war effort. But the post-war boom and beginning of the consumer age prompted larger and faster planes to bring more tourists to Las Vegas. McCarran Field expanded its runways and terminal, new casino-resorts appeared downtown, and the city grew. During this time, commercial aviation became a more important source of transportation for tourists, business travelers, and conventioneers wanting to come to the Strip's most recent, luxurious casino-resorts. The coming of jets in the 1960s revolutionized commercial air travel for the next four decades, offering affordability, comfort, and speed to domestic and global travelers. By century's end, the airlines delivered more than 33 million passengers to McCarran International Airport, with the airlines and airport together pumping more than $30 billion into the southern Nevada economy.[1] Las Vegas reached its zenith as the fastest growing city in the nation, which in partnership with the largest airline industry in the world and a cutting-edge modern mega-port, formed a world-class travel destination.

This dissertation argues that commercial air passenger transportation, prodded by progressive government aeronautical policies and aviation technology from 1926-2009, served as a vital catalyst for Las Vegas's development of a lucrative tourism industry and for the city's rapid growth. The focus is on the close and complex relations between airline technology, airline management, tourism, airport management, and the casino-resorts. It also highlights the relationship between politics, economics, technology, and how these forces combined to help shape and reshape Las Vegas's physicality and urban spaces.

Frontier myth and the idea of rugged individualism notwithstanding, the historiography is replete with examples of how government and private interests working together forged the future of the American West.[2] The Las Vegas story,

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[1] Las Vegas McCarran International Airport News Release, "Terminal 3 more than 50% complete," 12 January 2010

[2] For an example of the federal, state, and local government working with private organizations in Las Vegas see Eugene P. Moehring *Resort City in the Sunbelt: Las Vegas 1930-2000* (Reno and Las Vegas: University of Nevada Press, 1989, 1995, with new epilogue 2000); Hal K. Rothman *Devil's Bargains: Tourism in the Twentieth-Century American West* (Lawrence: University of Kansas Press, 1998; Hal K. Rothman, *Neon*

moreover, is a microcosm of a broader regional and national story where airlines and government played an influential role in the economic growth and development of urban tourism. My dissertation shows the close historic ties between commercial passenger travel and the economic growth and vitality of Las Vegas within the broader context of aviation history and history of the American West.

To explore the complex relationships between private interests, especially in the air transportation industry and local, state, and federal governments, I draw on scholars who have emphasized the role played by organized corporations and groupings within the United States liberal capitalist system.[3] Rationality and efficiency do not come about merely through the market place or by political fiat. It is the influence of business groups, labor unions, and other interests together with government action that have made modern capitalism functional. This was certainly true of the airline industry in the United States. Historian Ellis Hawley observed the importance of government involvement in the aviation industry claiming,

> "Rapid development of the [aviation] industry was vital to national defense; yet because it was in a pioneer stage, risky, speculative, and unable to offer assured returns, the industry on its own could never attempt the large capital outlays that were necessary

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Metropolis: How Las Vegas Started the Twenty-First Century (New York and London: Routledge, 2003); For Las Vegas and the West see John M. Findlay *Magic Lands: Western Cityscapes and American Culture After 1940* (Berkeley, Los Angeles, and Oxford: University of California Press, 1992); Earl Pomeroy, *The American Far West in the 20th Century* (New Haven and London: Yale University Press, 2008); For federal, state, and local government working with private organizations in aviation see Carl Solberg, *Conquest of the Skies: A History of Commercial Aviation* (Boston and Toronto: Little, Brown & Co., 1979); Roger E. Bilstein, *Flight in America: From the Wrights to the Astronauts, 3rd Edition,* (Baltimore and London: Johns Hopkins University Press, 1984, 1994, 2001); T. A. Heppenheimer, *Turbulent Skies: The History of Commercial Aviation* (New York: John Wiley & Sons, 1995); Thomas Petzinger Jr., *Hard Landing: The Epic Contest for Power and Profits That Plunged the Airlines into Chaos* (New York: Three Rivers Press, 1995); Kenneth B. Ragsdale, *Austin: Cleared for Takeoff: Aviators, Businessmen, and the Growth of an American City* (Austin: University of Texas Press, 2004).

[3] Howard J. Wiarda, *Corporatism and Comparative Politics: The Other Great "Ism"* (M.E. Sharp, 1996), 33.

> for rapid expansion. The answer was government support. Under aviation acts of 1925 and 1926, the government had to step in to provide safety controls, generous mail subsidies, and a wide variety of promotional and navigation aids."[4]

These new regulations made air travel much safer and more accessible to the public. Among cities that would benefit from these new federal regulations was Las Vegas.

Las Vegas is an ideal case study for my dissertation because it is an example of federal, state, and local governments and private monies working together to create unique partnerships that enabled a modern twentieth-century city to rise from the desert floor and become a global tourist mecca. As a small desert town with a limited economy, Las Vegas financially benefited from private southern California investment, government funding for an airport meeting strict regulatory standards, revenue from a mushrooming tourism industry, and eventually, an image transformation into a modern metropolis designed to attract domestic and international air travelers.

The first chapter provides the early history of commercial aviation, the airport, casino-resorts, and the city of Las Vegas from 1925-1940. Its central theme focuses on the city's efforts to prepare for and be connected to the powerful, growing infant airline industry by building an airport, which initiated the symbiotic relationship between the airlines, airport, and casino-resorts. A major sub-theme is the federal government's financial and political involvement in the airline industry, serving as a financial backstop to an industry that was too expensive for private funding alone.

[4] Ellis Hawley, *The New Deal & Problem of Monopoly* (New York: Fordham University Press, 1995), 240.

The government also established a strong set of regulations, mandating pilot certification, proper aircraft maintenance, and flying rules for safer air travel. A second subtheme explores the challenges the city faced in its effort to be awarded a civil air mail route to attract airlines, and the establishment of a fledgling tourism industry in Las Vegas.

Chapter 2 discusses commercial air travel during and after World War II from 1940-1958, the relocation and expansion of McCarran Field, and the influence of the larger and more luxurious resorts to accommodate high-volume fly-in and drive-in visitors. The chapter's central theme explores the unique relationships between federal, state, and local governments, and private business through government funding for the airline industry and airport development. The chapter also discusses and analyzes the importance of junkets that brought hundreds of thousands of tourists and gamblers to Las Vegas, their unique marketing modus operandi, and the package deal which became the blueprint of marketing techniques adopted by the commercial airlines and casino-resorts years later.

Chapter 3 examines the revolutionary role jets played in the growth and development of the airline industry itself, the expansion of McCarran Field to McCarran International Airport, and of Las Vegas entering the early mega-resort era. From the arrival of the first jet in 1960, a United Airlines Boeing 720-B, up to the appearance of the wide-bodied 350-passenger Boeing 747 in 1970, jets transformed travel to Las Vegas by linking it to other national and international cities through direct, non-stop flights. In response to the explosive passenger volume growth at McCarran that followed and a simultaneous bump in drive-in visitors, casino owners

Jay Sarno (Caesars Palace), and Kirk Kerkorian (Landmark) built high-rise mega-resorts to accommodate the new flood of tourists.

Chapter 4 argues that deregulation of the United States airline industry, which opened the air travel market to wider national and international competition, profoundly affected the airlines, McCarran International Airport, and Las Vegas by elevating the tourist economy to a global level on a larger scale. MGM Grand, Mirage, Excalibur, Luxor, and other themed mega-resorts with a combined 130,000 rooms, appeared on the Strip to accommodate the more than 30 million air travelers who annually came to visit. The chapter also examines the airport officials' and contractors' ambitious expansion plans for McCarran Airport for future needs of anticipated 40 million passengers annually passing through the airport's gates.

Chapter 5 explores the on-going transformational impact of the airline industry on Las Vegas through the first decade of the economically tumultuous twenty-first century. It shows how 9/11 represented only a temporary setback for the airlines, airport, and casino-resorts because in the following years leading up to 2008, the airlines enjoyed the highest load factor of 85%-90% seat occupancy in aviation history. McCarran Airport's passenger volume increased from 43 million to nearly 48 million, and the casino-resorts combined enjoyed their largest annual profits of all time: $20 billion. The growth occurred in spite of underlying structural deficiencies in the airline business - - high fuel prices, mismanagement, labor unrest, and mounting debt, and the casino industry's practice of overbuilding and over-borrowing from leveraged Wall Street banks. To add to the problems, the onset of the 2008 national recession slowed leisure travel, but never brought Las Vegas's one-dimension tourist economy to a halt. The relationship between the airlines, airport, and casino-resorts remained strong, though with the global recession, dependency of the airport and casino-resorts on the airlines to bring in much needed passengers was deeper than ever. Despite the airline industry's many financial difficulties, the federal government continued to subsidize carriers which transported the U.S. mail and encouraged greater city participation in the Open Skies Agreement, a brokered arrangement allowing U.S. airlines to fly to more global countries, and more international airlines to serve the United States.

The conclusion offers a new way to study Las Vegas, Nevada, and Southwest history through the role commercial aviation played in their economic growth and the development of tourism, and how passenger planes connected southwestern cities to the nation and the world. It also emphasizes the role of airports in the geographic, political, social, and cultural growth of southwestern cities.

CHAPTER 1

THE AIRLINES COME TO LAS VEGAS

The First Airline Arrives

April 17, 1926 was a landmark day for the dusty little desert town of Las Vegas. At 10:05 a.m., after a two hour, twenty-nine minute flight from Los Angeles, Western Air Express World War I pilot Maury Graham landed his single-engine Douglas M-2 bi-plane on the freshly-graded dirt airstrip at the new, officially designated Rockwell Field.[1] Having completed the first leg of the inaugural airmail flight from Los Angeles to Salt Lake City, he stopped in Las Vegas just long enough to refuel, deliver and pick up mail bags before taking off to complete the last leg of his trip. Three hours later, fellow Western Air Express pilot Jimmie James landed at Rockwell Field after a bumpy five-hour, forty-minute flight from Salt Lake City.[2] As planned, he also stopped to refuel, deliver and pick up mail bags, and continue on to Los Angeles to finish the history-making eight hour trip. Scheduled commercial aviation had finally come to Las Vegas.

Mayor Fred Hess and more than two hundred automobiles filled with excited townspeople turned out to greet each of the pilots as their M-2s arrived.[3] Since 1918, Las Vegans had watched World War I pilots Randall Henderson and Emery Rogers arrive from Southern California in their small Curtiss JN-4 “Jennies” doing fly-bys and touch-and-goes to

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[1] Jay D. Evensen, “Vegas Air History Flies by,” *Las Vegas Review- Journal,* 4 October 1985, p. 12.

[2] Elizabeth Harrington, “History of Aviation in Las Vegas Valley,” *The Nevadan,* 22 August 1976, p.5. Note that Graham and James, along with fellow Western Air Express pilots Al DeGarmo and C.C. Moseley were given the nickname “the four horsemen” by Las Vegans as the pioneer airmail pilots for Las Vegas. See Frank Wright, *Desert Airways: A Short History of Clark County Aviation, 1920-1948* (Las Vegas: Clark County Heritage Museum Press, 1993), 8.

[3] Evensen, “Vegas Air History Flies by,” p.12.

impress their desert onlookers with the wonders of this new machine called the aeroplane.[4] According to the *Las Vegas Age* newspaper, Henderson, Rogers, and other pilots "just dropped in as if it were an everyday occurrence to hop across 300 miles of desert to call on friends."[5]

Of course, an essential part of the promotion of aviation in Las Vegas was landing and parking the planes for public inspection, and offering flights to the daring of which there always were a few. Most Las Vegans were left with "dislocated necks and sunburned tonsils" from watching the planes circle the valley.[6] Army Air Corps pilots also frequently performed aerial maneuvers over the little town in their DeHavilland DH-4s while scouting airmail routes. Being able to get a first-hand look at the M-2 bi-planes with mail bag compartments in the front, and pilot seating in the back, was a big deal on this special occasion. Robert Griffith, then Postmaster of Las Vegas, recalled "the great day of April 17, 1926 when Jimmie James landed at Las Vegas. Several hundred people watched as 'Wild Bill' Morgan, former Pony Express rider, delivered the first bag of mail on horseback ever to be sent from Las Vegas by air. Jimmie was a well-loved hero and the plane was the finest. The Douglas M-2 had a 450 hp engine, metal prop, droppable gas tanks, 145 mile per hour speed, many other up to the minute features, and cost a fabulous $18,000 dollars. Las Vegas, for sure was on the map now."[7]

This level of excitement for a pair of airmail pilots delivering a few bags of letters may seem overblown, but Postmaster Griffith was correct, Las Vegas was literally on the national

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[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] Robert Griffith, Former Post Master General to Arthur F. Kelly, Delta Airlines Vice-President of Sales, 10 September 1962, Delta Airlines Collection, Atlanta, GA.

aviation map.[8] As a fuel stop on the Los Angeles to Salt Lake City feeder route, Las Vegas became a part of the highly coveted San Francisco to New York transcontinental airmail system, which opened the door to passenger travel and tourism. And with the guidance and financial support of the federal government, during the next eight decades, commercial airlines enabled Las Vegas to become a world-class travel and tourism destination.

The United States Airmail Comes First

Using aviation to transform Las Vegas was a massive undertaking, but it started simply enough with the airmail. At the end of World War I, many Americans wondered about the complex shift from combat to peace. Questions about the shape of the American economy, the role of the federal government in private life, and the place of the military in a non-wartime society headlined contemporary debates. Several of these concerns telescoped into the issue of aviation.

Near the conclusion of WWI, the federal government began experimenting with transporting mail by air because of the speed of delivery. Army Air Corps pilots were the best trained, most experienced at flying, and readily available airmen after the war. So, the Post Office hired them to transport the mail. On May 15, 1918, President Woodrow Wilson ordered the allocation of $100,000 for pilots, airplanes, maintenance personnel, and facilities for the Post Office to transport part of the nation’s mail by air from New York to Washington D.C. via Philadelphia.[9] To save money, the Post Office purchased the cheapest and most available of the WWI surplus planes, the JN-4 “Jennies,” but their airframes proved too

[8] Ibid. Note that both M-2s delivered a total of 671 letters to Las Vegas and 2,246 letters to Los Angeles and Salt Lake City.

[9] Nick A. Komons, *Bonfires to Beacons: Federal Civil Aviation Policy under the Air Commerce Act 1926-1938* (Washington D.C.: United States Department of Transportation, Federal Aviation Administration, 1978), 86.

fragile and their engines failed during flight.[10] The Post Office changed to the larger DeHavilland DH-4s, which could carry 400 pounds of mail and travel 250 miles before refueling. But they proved to be fuel inefficient for long-distance flight. Needing more durable planes, the Post Office switched to the workhorse, the Douglas M-2s that could carry more than 1,000 pounds of mail, travel 600 miles without refueling, and had more reliable engines.[11]

For the airmail industry to be successful, flight safety was paramount. Even with better planes and highly skilled pilots, the Army Air Corps from 1918-1927 suffered more than 200 crashes, causing 43 deaths and 25 serious injuries.[12] The reasons for the crashes were many. With an increasingly heavy business mail volume demanding time-saving delivery, there was immense pressure for round-the-clock mail service. To meet deadlines, pilots had to fly day and night often in adverse weather conditions. Airplane cockpits lacked proper navigation instruments forcing pilots to practice “iron navigation,” pilot jargon for following the railroad tracks, and keeping to the right unless another plane was traveling in the opposite direction on the left. Night flying was especially precarious because in most places there was no safe ground lighting. Pioneer pilots literally had to “fly by the seat of their pants,” a reality that caused the most daring among them to be chosen to fly the mail routes. A crash report from well known pioneer mail pilot Dean Smith is informative: “On Trip 4 westbound. Flying low. Engine quit. Only place to land on cow. Killed cow. Wrecked plane. Scared me. Smith.”[13]

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[10] David T. Courtwright, *Sky as Frontier: Adventure, Aviation, and Empire* (College Station: Texas A&M University Press, 2005), 58.

[11] Frank Wright, *Desert Airways*, 6.

[12] Courtwright, *Sky as Frontier,* 65.

[13] Ibid., 59.

By 1924, there was marginal improvement in flight safety when the Army Air Corps installed turn indicators in airplane cockpits, gyroscopic instruments that enabled pilots to see when and how much they were turning in low visibility flying conditions. That same year, the federal government began installing flashing beacons on hilltops so that by 1927 airmail pilots could fly 4,121 miles of lit airways nationwide at night, visibility depending on weather conditions.[14] Though these changes provided some measures of safety, pioneer airmail flying remained a very dangerous occupation.

The 1920s mail planes were built of light wood and fabric, often incapable of handling turbulent flying conditions. Many a wing or tail blew off with strong winds and storms. Lightning caused fires, and flocks of birds damaged engines. With weak regulatory oversight, airplane maintenance was poor. An added problem was that the now-underfunded Army Air Corps tried to save money by delaying airplane overhauls as long as possible.[15]

All of these problems hampered the effort to create a viable airmail delivery infrastructure giving the airmail division of the Post Office a bad reputation among the public as both unreliable and unsafe. Additionally, railroad executives complained to Congress that the Post Office's airmail division was cutting into their profits. They approached Representative M. Clyde Kelly (R- Pennsylvania), a strong supporter of the railroads and Chairman of the Post Office Committee, asking him to convince his congressional colleagues to privatize air mail transportation to force the Post Office's aviation division out

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[14] Roger E. Bilstein, *Flight in America: From the Wrights to the Astronauts, 3rd Edition* (Baltimore: Johns Hopkins University Press, 1984 with new editions in 1994, and 2001), 50. Also see T.A. Heppenheimer, *Turbulent Skies: The History of Commercial Aviation* (New York: John Wiley & Sons, 1998), 10.

[15] Ibid. Budget cuts and political squabbles significantly slowed the Army Air Corps from acquiring better planes.

of business.[16] The railroads could then try to control the airlines through majority stock ownership. With mounting pressure from railroad executives and the public's concern about lack of aviation safety, in 1924, Postmaster General Harry New terminated the Post Office's contract with the Army Air Corps.[17]

The Army Air Corps out, powerful private commercial airline businessmen such as Juan Trippe, a Yale University graduate, co-founder of New York Airways, and later CEO of Pan American Airways (Pan Am), and Harris M. "Pop" Hanshue, a former automobile dealership owner, and President of Western Air Express Airlines, used their influence to further pressure Congress to privatize air mail transportation. Trippe especially pushed for privatization so he could build a globally competitive commercial airline mail and passenger service from the East Coast of the United States to Central and South America.[18] At the same time, both men recognized even if Congress approved privatizing the air mail industry, the airline industry still would need some government financial backing because it was too expensive to sustain with private funding alone. With the help of Alan Scaife, a fellow Yale graduate, and son of the prominent Scaife family that owned several ore mining businesses in Pittsburg, Trippe petitioned Representative Kelly to craft legislation allowing private companies to contract with the Post Office to transport the mail.[19]

Embracing his party's free market, laissez-faire political ideology, Kelly responded by presenting to Congress a proposal that authorized the postmaster general to contract with

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[16] Robert J. Serling, *The Only Way to Fly: The Story of Western Airlines, America's Senior Airline* (Garden City, NY: Doubleday, 1976), 7.

[17] U.S. Centennial of Flight Commission, http://www.centennialofflight.gov/essay/Government_Role/1925-29_airmail/POL5.htm

[18] Marylin Bender and Selig Altschul, *The Chosen Instrument: Pan Am, Juan Trippe, The Rise and Fall of an American Entrepreneur* (New York: Simon & Schuster, 1982), 65.

[19] Ibid.

private carriers, set airmail rates, and decide how much to subsidize the airlines.[20] On February 2, 1925, Congress passed the Kelly Act.[21] Immediately, more than twenty private air carriers placed bids for contracts with the Post Office, including Las Vegas's first airline, Western Air Express.

The Airmail Comes to Las Vegas

As far back as October 1920, talk arose in southern Nevada of a possible airmail route passing through Las Vegas. An editorial in the *Clark County Review* pointed out how the original postal air route from San Francisco to Salt Lake City via Reno was too dangerous because of the Sierra Nevada Mountain Range's high elevation, blinding winter blizzards, and severe up and downdrafts during the hot summer. The paper claimed that Las Vegas, located away from the mountains in the flat Mojave Desert, would provide a much safer and suitable stopping point for aircraft to refuel.[22] Robert Hausler, a Las Vegan and former Army pilot scouting air mail routes in the Southwest, echoed those sentiments as the *Clark County Review*. In November 1920, he prepared tiny Anderson Field with a leveled L-shaped runway for takeoffs and landings and built a small terminal, and a fuel station.[23]

The *Clark County Review* praised Hausler, claiming, "With the establishing of Anderson Field, which is due principally to the efforts of Bob Hausler, and the reputed price of these machines [airplanes], which is not more than a good auto, it is not unreasonable to

[20] U.S. Centennial of Flight Commission, http://www.centennialofflight.gov/essay/Government_Role/1925-29_airmail/POL5.htm

[21] Heppenheimer, *Turbulent Skies*, 11.

[22] *Clark County Review,* 23 October 1920, p.1.

[23] *Clark County Review,* 9 October 1920, p.1.

suppose that one or more machines will soon be located here for commercial purposes and possibly some privately owned."[24] The new airfield drew praise from the Southern California Aero Club, an organization comprised of wealthy businessmen and former World War I pilots interested in promoting and increasing aviation in southern California.[25]

The Club believed that promoting Las Vegas as a fuel stop for eastern travelers heading west would increase air travel in Los Angeles, and enable southern California to compete with northern California for aviation business (San Francisco was the West Coast terminus on the Transcontinental Airmail Route).[26] Establishing a Post Office airmail route through Las Vegas would assist this endeavor by increasing air traffic and bringing greater publicity through airmail advertising to the region. Hausler and the Aero Club published an article in the *Aviation and Aircraft Journal* explaining why the Post Office should select Las Vegas to be part of the Los Angeles to Salt Lake City Civil Airmail Route-4 (CAM-4). They wrote "Las Vegas has the best laid out and properly marked [air] field between Salt Lake and Los Angeles."[27]

To drum up local support for the Civil Air Mail Route-4 bid, the editor of the *Clark County Review* released a statement claiming, "The value of the airmail to Las Vegas cannot be overestimated: aside from the convenience of the service, the inauguration of this new route will bring a vast amount of publicity for this city, which could not be purchased at any price. It is in the interest of every businessman of this city that he avail himself of the

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[24] Ibid.

[25] Note that the only information on the Southern California Aero Club is in newspapers.

[26] "Aero Club Commends Work of Bob Hausler in Las Vegas Field," *Clark County Review* 5 February 1921, 1.

[27] *Clark County Review,* 11 June 1921, p.1.

new means of communication at every opportunity."[28] No effort seemed too large to attract airmail delivery to the city. The *Clark County Review* asked Las Vegans to "write their friends and send them a letter on the first plane out of here, for the continuance of the service will depend on the amount of business done."[29]

Essentially, the Post Office needed "feeder routes" to pick up and deliver mail and promote aviation in smaller towns off the main transcontinental route from San Francisco to New York, one of which was the CAM-4 Los Angeles to Salt Lake City Route. Feeder routes also served as fuel stops because mail planes often did not have the fuel range to make non-stop flights. In Nevada, pilots repeatedly complained to Postmaster Robert Griffith about not being able to complete their flights because their airplanes kept running out of gas. Clearly, a series of connected stopover cities was required. Although other Nevada towns such as Caliente, Pioche, and Ely also wanted to be on the route, they could not compete with Las Vegas' natural advantages of long, wide valleys for airplanes to safely takeoff and land. Mayor Fred Hess and Postmaster Robert Griffith tried to convince United States Postmaster General Harry New that since they were farther south than their competitors, Las Vegas would be a wise choice as a fuel stop for a southern transcontinental air mail route.[30] The country had a northern and a central transcontinental air mail route, but not a southern one. A southern route would facilitate expansion of the air mail volume, allow faster delivery to southern towns, and generate more revenue from increased business for the Post Office, private air carriers, and towns being served.[31] After five years of waiting, the

[28] Ibid.,26. Also see "Air Mail May Come This Way," *Clark County Review,* 12 February 1921, p.1. Also see "May Route Air Mail via Vegas," *Clark County Review,* 23 October 1920, p.1

[29] *Clark County Review,* 19 March 1921, p.1.

[30] *Clark County Review,* 30 December 1921, p.1. Note the only archival information on Mayor Hess and Post Master Griffith are *Clark County Review* newspaper articles.

[31] Ibid.

newspaper editorials, political support, and pressure from the Southern California Aero Club finally worked because on November 7, 1925, Griffith announced Las Vegas would be an official stopping point on the CAM-4 Route.[32]

Soon after Griffith made the announcement, it made headlines in the *Clark County Review*, and the entire town went crazy with excitement. The City Council rejoiced and was overwhelmed by the deluge of positive responses from the public in the form of phone calls and letters. The *Clark County Review* even claimed, “Over one hundred letters have already been received at the post office to be mailed out on the first mail plane leaving here, some of them being sent long distances.”[33] Las Vegans eagerly awaited the arrival of a commercial plane to transport their letters, but to a public accustomed to the rickety planes of the Army Air Corps, they never imagined it would be such an impressive airplane as the Douglas M-2, part of Harris M. “Pop” Hanshue’s Western Air Express fleet.

Hanshue, a former race car driver from southern California, along with William Garland, a wealthy realtor, Harry Chandler, owner and publisher of the *Los Angeles Times*, and James A. Talbot of Richfield Oil, saw a lucrative opportunity offered by the federal government to start a feeder airline service to the central transcontinental air mail route.[34] With Chandler, Garland, and Talbot as primary financiers, and Hanshue as president, they started a feeder airline company called Western Air Express. It was based in Glendale, Los Angeles, and began on 4,283 shares of stock valued at $100 per share, as an initial public

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[32] Wright, *Desert Airways*, 5.

[33] *Clark County Review,* 19 March 1926, p.1.

[34] Tom D. Crouch, *Wings: A History of Aviation from the Kite to the Space Age* (New York and London: W.W. Norton, 2003), 251.

offering.[35] The revenue from the stock was used to purchase flying equipment, build hangars, and terminal facilities. Western Air Express's fleet consisted of six Douglas M-2s, and three Fokker 10s.[36] The airline flew mail from Los Angeles to Salt Lake City with a stop in Las Vegas, Cheyenne to Pueblo, Amarillo to Dallas, and Los Angeles to Kansas City.[37] It made a profit of $1,140 per flight hauling mail, which was considerable for that time, but slowly diminished as insurance and operating costs later increased.[38] Originally, the interest of Western Air Express was hauling mail, but, Hanshue had a different goal – he wanted to transport people.

In 1926, his opportunity came with a grant of $180,000 from the Guggenheim Fund for the Advancement of Aeronautics to establish a route between San Francisco and Los Angeles.[39] Using three Fokker 10s with seating for twelve passengers, business began slowly with the transportation of six hundred passengers that year.[40] Two years later, more than five thousand passengers had traveled the route confirming Hanshue's vision that there was growing demand for airplanes to haul mail and people. In a reminiscence, W.W. Hawes, Second Assistant Postmaster General in Washington D.C. remembered how, "Although no mail contract was obtained for this route, and Western Air Express's operation [initially] resulted in considerable loss, nevertheless the Los Angeles to San Francisco route was warranted by the development of additional air transportation service which gained for

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[35] Honorable W.W. Hawes, Second Assistant Postmaster General in Washington D.C. Summarization of Western Air Express, 1 July 1933, 1, Delta Airlines Collection, Atlanta, GA.

[36] R.E.G. Davies, *Airlines of the United States Since 1914* (London: Putnam Publishers, 1972), 65.

[37] W.W. Hawes, Summarization of Western Air Express, 1.

[38] Davies, *Airlines of the United States Since 1914*, 43.

[39] Carl Solberg, *Conquest of the Skies: A History of Commercial Aviation in America* (New York: Little, Brown & Co., 1979), 38. Also see W.W. Hawes, Historic account of Western Air Express, 2.

[40] Ibid.,38. Also see Davies, *Airlines of the United States Since 1914*, 65.

Western Air Express an unexcelled reputation for service, and which further provided experience and data necessary for the future expansion of passenger and air mail operations."[41] With financial support from the government, the commercial air travel industry could not fail. As Hawes noted, "The Post Office Department, in its role of sponsor of commercial air transportation development, established the policy of desiring and aiding the expansion of efficient, safe, and economical air passenger transportation."[42] Though the airlines got their start by transporting mail, Trippe, Hanshue, and other airline executives always had the broader vision of transporting people.[43]

Delivering Airmail and Passengers

Although the intent of the Kelly Act was to allow private air carriers to transport mail, it soon gave way to the Air Commerce Act of 1926 which permitted air carriers to transport passengers.[44] While the Post Office had been building the air mail system, the government had begun experimenting immediately after World War I with the idea of expanding aviation to carry people. Government officials did not have to look far. Most European states had already begun passenger air travel. This was not the first time the United States fell behind Europe in air travel and aviation technology. According to aviation historian Roger Bilstein, "As early as 1911, many thoughtful figures in American aviation circles believed that the United States had begun to fall behind in comparison to European aeronautics. France, Russia, Germany, Italy, and Great Britain all had active aeronautical laboratories with varying degrees of government support, and many of their designs were beginning to show

[41] W.W. Hawes, Summarization of Western Air Express 2.

[42] Ibid., 3.

[43] Serling, *The Only Way to Fly, 39.*

[44] John H. Frederick, *Commercial Air Transportation* (Homewood, IL: Richard D. Irwin Press, 1961), 76.

clear evidence of superiority over American aircraft."[45] A scathing report conducted by Dr. Albert F. Zahm, Chief of the Smithsonian Aviation Laboratory confirmed this, claims Bilstein, who wrote that the 1914 report "emphasized the galling disparity between European progress and American inertia."[46] This disparity meant that Europe became the leader in aviation technology, and had the ability to dominate global markets. The Air Commerce Act sought to improve commercial aviation by creating a regulatory aviation framework to better organize it, make air travel safer, establish an agency to supervise it, and enable the United States commercial aviation industry to globally compete with the European air carriers. But, which government agency would oversee the airlines?

The logical United States government agency to address the need seemed to be the Department of Commerce. While the Republican administrations of the 1920s are popularly associated with free market economics, numerous historians have shown that the government structures established during the Progressive Era endured through the "roaring twenties" and in some cases underwent expansion. The historian Joan Hoff Wilson has in fact identified Commerce Secretary Herbert Hoover as a "forgotten progressive" who used his regulatory powers to streamline domestic commerce and greatly expand United States foreign trade. He used the same approach to reorganizing the airline industry. [47]

Hoover understood aviation's economic value to the United States and his newly established Bureau of Aeronautics in the Department of Commerce established a basic and badly-needed aviation regulatory framework.[48] Its laws were based on the Secretary's

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[45] Bilstein, *Flight in America*, 30-31.

[46] Ibid., 31.

[47] Joan Hoff Wilson, and Oscar Handlin, *Herbert Hoover: Forgotten Progressive* (Long Grove, IL: Waveland Publishers, 1992), 113.

[48] *Public Papers of the Presidents of the United States: Herbert Hoover, 1929-1933,* 4 vols. (Washington D.C.: Government Printing Office, 1974-1977), 145.

seven-prong vision of creating a system of national airways, government subsidization for private companies to transport the mail, making the commercial aviation industry an auxiliary to national defense, regulating pilots and planes to increase safety, getting government completely out of transporting mail by plane, allocating funding for scientific research into aviation problems, and creating a separate governmental agency to supervise the aviation industry.[49] Hoover's plan resulted from the findings of a panel of representatives of airplane manufacturing companies, aeronautical engineers, and public officials who urged the establishment of a strong regulatory system for planes and pilots as a result of too many crashes from poorly constructed and maintained planes, and insufficiently experienced pilots.[50]

Hoover was not the only government official envisioning a profitable commercial aviation industry operating under a strong governmental regulatory framework. President Calvin Coolidge also envisioned the beginning of an industry that would be a major stimulus to national, state, and local economies, while also recognizing the importance of air safety.[51] Following the Kelly Act of 1925, he appointed a task force led by Dwight Morrow, a former college classmate, Senior Partner at J.P. Morgan, and later a United States Senator, to investigate the feasibility of safe mail and passenger transportation.[52] The Morrow Report concluded that the airline industry would provide an important service to the nation, but needed government subsidizing through mail contracts to make commercial air travel profitable and safe. Similar to Hoover's plan, the Morrow Report recommended government

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[49] Ray Lyman Wilbur, and Arthur Mastick Hyde, *The Hoover Policies* (New York: Charles Scribner & Sons, 1937), 215.

[50] Ibid., 216.

[51] Serling, *The Only Way to Fly*, 9. Also see Davies, *Airlines of the United States Since 1914*, 33.

[52] Solberg, *Conquest of the Skies,* 63.

provision for air routes, a weather warning system, airway charts, partial funding for landing fields and airports, lit airways for night flying, and a systematic inspection of planes and personnel to ensure safe and reliable transportation, and contract air mail carriage not to exceed 80% of postal receipts.[53]

Essentially, the Morrow Report implied that a private airline industry funded by the federal government would create the foundation for what the government and airlines hoped would be a growing, thriving, modern mass transportation industry. Based on the Morrow Commission's findings, the new agency would mandate that the Department of Commerce certify airplanes for airworthiness, require pilots to pass flight tests and written examinations, and provide funding for adequate navigation aids including color-coded flashing beacons so planes could fly at night.[54] It would also regulate air fares. On May 20, 1926, United States President Calvin Coolidge made that happen by signing into law the Air Commerce Act.[55] Equally important, the Air Commerce Act ensured the preservation of government-private business relations in the aviation industry.

Delivering Airmail and Passengers to Las Vegas

On May 23, 1926, just five weeks after the arrival of the first mail plane, and just days after the passage of the Air Commerce Act, a Western Air Express Douglas M-2 coming from Los Angeles, delivered its first passengers A.B. DeNault, Vice-President of the Piggly-Wiggly grocery chain, and Charles Kerr, President of the Los Angeles Automobile Insurance

[53] Wilbur, and Hyde, *The Hoover Policies,* 216-218. Also see *Public Papers of Presidents of the United States: Herbert Hoover*, 145.

[54] Heppenheimer, *Turbulent Skies*, 14.

[55] Komons, *Bonfires to Beacons*, 86. To see some of the specific laws implemented by the Department of Commerce under the Air Commerce Act of 1926, see E. Kintz, "Regulating Air, Article IV" *Aviation,* February 22, 1930, 376-379.

Company, to Las Vegas.[56] That same day, a south-bound Western Air Express M-2 arrived from Salt Lake City with passengers Benjamin F. Redman, Chairman of the Aviation Committee of the Salt Lake City Chamber of Commerce, and John A. Tomlinson, a businessman from Salt Lake City. Redman and Tomlinson were honorary guests celebrating the inauguration of Western Air Express's first passenger flights from Salt Lake City to Las Vegas. [57] When they deplaned, they were met by Harris M. "Pop" Hanshue, President of Western Air Express, Las Vegas Mayor Fred Hess, Las Vegas townspeople, and even a few dogs. They were also greeted by eager local news reporters for the *Clark County Review* who asked them about their flight experience. Redman and Tomlinson enjoyed the adventure of the five hour forty minute flight, bumps and all on board the faithful M-2, a single-engine, open-cockpit biplane flying at a speed of 135 miles per hour at an altitude of 6,000 feet.[58] As they spoke to the reporters, they removed their primitive flight gear--coveralls, leather helmets, goggles, and a parachute.[59]

The publicity of Redman's and Tomlinson's arrival attracted the attention of many others present who wanted to fly on the Western Air Express plane. Hollywood celebrity and nationally recognized aviation supporter Will Rogers, who happened to be shooting part of a film in Las Vegas at the time, and never turned down a chance to fly and promote aviation, begged to be the first passenger to fly with Jimmy James on to Los Angeles. With such a large volume of mail that day, there was no room for a passenger, so James politely

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[56] Ralph J. Roske, *Las Vegas: A Desert Paradise* (Tulsa: Continental Heritage Press, 1986), 69.

[57] "Plane Conveys Human Freight," *Salt Lake Tribune* 24 May 1926, p.1.

[58] Jessie L. Embry, "Air Travel in Nevada," unpublished manuscript, 1990, 1-23, 13.

[59] Ibid.

refused. Rogers offered to buy as many postage stamps as necessary to pay for his weight, but he never got his ride.[60]

Maude Campbell, a telephone supervisor and public relations clerk from Salt Lake City, became the first female passenger to fly to Los Angeles on Western Air Express. Wanting to enjoy the warm weather in southern California, on June 10, 1926, Campbell paid $90 to fly round trip from Salt Lake City to Los Angeles with an overnight stop in Las Vegas. The entire flight took six hours and fifty minutes each way in the M-2. Campbell, who donned a flight suit, golf knickers, and a parachute, sat on mailbags for the entire flight. If anything catastrophic happened to the plane en route, she was told to jump, count to three, and pull the chord.[61] Upon her arrival in Los Angeles, Campbell was greeted by photographers, journalists, and "Pop" Hanshue, who gave her a bouquet of flowers. Campbell made national news and her picture appeared on the front page of the *New York Times* as the first female in the United States to travel on an airline.[62] Her response to news journalists' questions about her flight was that she was thrilled to fly, but found the seat uncomfortable and the engine noisy.[63]

The arrival of DeNault, Kerr, Redman, Tomlinson, Campbell, and later other customers interested in the many business and leisure possibilities of air travel signified to the Las Vegas community that the airline industry had great potential in their city as an

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[60] Serling, *The Only Way to Fly,* 45. Note that in 1926, Rogers became the first passenger to make a round-trip transcontinental flight in a mail plane. In 1933, he earned the nickname "the number one air passenger" because he flew so much, and the "patron saint of aviation." In 1935, Rogers died in a plane crash with world-famous ace aviator and friend Wiley Post. In 1969, Wiley Post was inducted into the Aviation Hall of Fame, and Will Rogers was inducted in 1977. All of this is accessible on the National Aviation Hall of Fame Website www.nationalaviation.org

[61] Southern California Rapid Transportation District Newsletter, 28 July 1976, p.5. Also see Solberg, *Conquest of the Skies*, 104.

[62] Ibid.

[63] *Las Vegas Sun,* 11 June 1998, p.7E.

important transportation source for a future business and desert tourist industry. Undoubtedly, some travelers would only pass through Las Vegas and, like the planes they traveled in, get replenished and move on. But as R.W. Martin, S.R. Whitehead, S.J. Lawson, A.S. Henderson, and other members of the Board of Directors of the Las Vegas Chamber of Commerce correctly predicted, many others would come and want to stay.[64] Those passengers who stayed would eventually transform the economic livelihood of the city. Thus, Chamber of Commerce officials and commercial airline promoters began to build a plan for Las Vegas as a resort destination vitally linked to commercial passenger aviation. While these events might seem like a series of publicity stunts advertising a new mode of transportation unaffordable to most people, the Las Vegas Chamber of Commerce saw them as business opportunities for the future development of Las Vegas as a tourist city.

Tom Grimshaw, a Los Angeles newspaper reporter, foresaw aviation's bright future in Las Vegas and the West after his first ride in an M-2 with Western Air Express pioneer mail pilot Al DiGarmo in September of that year. He wrote,

> "The Pony Express and the hero riders who carried the mail for the West are far in the dim past. The stagecoach and its swash-buckling drivers are only a memory in the minds of the oldest, but today their successors, as daring a crew as ever gathered, are hurtling through the air with their cargoes of mail [and passengers] sailing high over mountains, deserts, and buffeting storms…. They are pioneers in their field, blazing the way for what will tomorrow be a great air transportation system of the West."[65]

Western Air Express was ready to transport more travelers to Las Vegas, but was Anderson Field adequate?

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[64] Las Vegas Chamber of Commerce Minutes, 4 January 1927.

[65] *Las Vegas Review-Journal,* 28 June 1964, p.55.

A New Airport is Born in Las Vegas

Before Las Vegas was chosen for the CAM-4 route, the townspeople were happy to have Anderson Field with its general aviation activity, but Mayor Fred Hess and Airport Manager Robert Hausler became concerned about its insufficient runway length and lack of proper facilities for larger airmail and passenger planes. A letter from the Southern California Aero Club to the *Clark County Review* predicted that "there would be a very rapid advance in aerial transportation. Communities may need large air terminals or be passed up entirely because they are not prepared. This is just as important to Las Vegas as [it is] to Los Angeles or San Francisco, for [commercial] aviation will bring Nevada and Arizona towns as close to other commercial centers as the railroad now connects New York and Washington or Philadelphia."[66] Even Colonel Swen Laetsew of the Southwest Region of the Post Office had warned Robert Hausler of the need for a more appropriate airfield if Las Vegas were to be chosen for the Civil Air Mail Route-4. He claimed it would be up to Las Vegas to "prepare the airplane mail route by having a landing field and by building a hangar. It is impossible to consider any city as a landing place that does not offer adequate facilities."[67] Both funds and a new field were needed.

Like other small Nevada towns such as Ely, Elko, and Reno, Las Vegas could not rely on the federal and state governments to provide much funding for airport expansion because larger, established commercial airports like San Francisco, Los Angeles, and Seattle received the bulk of any funding. Since many of these cities' airports were hubs (the primary base) for the airlines, and the busiest in terms of air traffic and passenger volume, they received most of any federal monies. The federal government believed that cities should provide most of the funding for airport construction and expansion. Historians Ellis

[66] *Clark County Review,* 5 February 1921, p.1.

[67] *Clark County Review,* 30 December 1921, p.1.

Armstrong, Michael Robinson, and Suellen Hoy have written, "The 1926 Air Commerce Act had authorized the Secretary of Commerce to establish, operate, and maintain civil airways, but left the airports to be provided for on a local basis. Until the mid 1930s, airport development remained, for the most part, the responsibility of private investors and local government units."[68] Las Vegas had another challenge: finding adequate land upon which to build newer and better airports. This became a thorny issue, especially with the Federal Bureau of Land Management, which was known for its parsimony in land distribution and development in southern Nevada.

In early April 1926, the city approached Leon and Earl Rockwell, two local businessmen and land owners. The brothers initially were reluctant to lease their property to the city because they believed building an airport on it would decrease its value. This not only would have left the city in a tenuous situation, but also would have deprived Harris Hanshue, President of Western Air Express an airport. It also directly threatened the Civil Air Mail Route-4 deal with the Post Office. Newspaper headlines dramatized the volatile situation. One article claimed, "Not having an airport was among the most pressing problems the City Council faced."[69] Without airmail, Las Vegans would have had to depend on the old Post Office mail delivery system by train, which took much longer than delivery by plane. More important, it would mean losing out on becoming an important participant in this new and exciting mode of transportation. Postmaster Griffith, Hausler, and the Las Vegas Chamber of Commerce convinced the Rockwell brothers that their property would not decline in value, but in fact, increase because the city would pay them above market value

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[68] Ellis Armstrong, and Michael C. Robinson, and Suellen Hoy eds., *History of Public Works in the United States* (Chicago: American Public Works Association, 1976), 188.

[69] Ibid.,3.

for their land and charge takeoff and landing fees to Western Air Express to cover airport expenses.[70] Western Air Express was guaranteed an airport.

The Chamber of Commerce immediately set up a committee to raise funds to clear and properly equip the field, and offered Hanshue use of the field rent free for one year. In a letter, Post Master Griffith reminisced how "Leon and Earl Rockwell were very generous to let us use some of their land. The property had been the site of a former 'road house' which had failed and burned to the ground, but the operator had built a power line and dug a well. These proved to be most valuable assets – the beacon light was a Westinghouse and had a windmill tower. The County provided a tractor and the Union Pacific Railroad Company 'lent' a length of steel rail which was pulled over the surface to knock down the sagebrush and fill small holes. A radio shack, ten by twelve, wood siding, and a pump and small tank were furnished by Western Air Express and we were in business."[71] Chamber of Commerce President R.W. Martin, and Board of Directors members K.O. Knudson, L.J. Oakes, O.A. Kimball, and W.J. Hooper sent a letter to the County and City Commissions urging them to purchase the land from the Rockwell brothers.[72] They did. In 1927, Las Vegas now had an airline and airport, but was the city ready to be a destination?

<u>From Railroad Town to Tourist City</u>

Las Vegas, meaning "the meadows," historically was green with grasses, willows, and cottonwoods growing from its many aquifers. Located in a southwest Nevada desert valley surrounded by mountains and hills, in the nineteenth century, it served as an oasis for

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[70] Jesse L. Embry, "Aviation in Nevada," unpublished article, 14.

[71] Robert Griffith, Former Post Master General to Arthur F. Kelly, Vice-President of Sales at Delta Airlines, 9 September 1962, Delta Airlines Collection, Atlanta, GA.

[72] Las Vegas Chamber of Commerce Minutes, 20 September 1927. Also see Las Vegas Chamber of Commerce Minutes on 7 June 1927 and 4 July 1927.

the Paiute Indians, early Spanish explorers, fur trappers, mountain men, and frontiersmen. Wagon trains followed the well-used cutoff from the Old Spanish Trail through the southwest desert to replenish themselves with Las Vegas Creek water before continuing to California.

Because of its abundance of water, in 1901, U.S. Senator William A. Clark, wealthy copper king from Montana and western railroad baron, saw to it that the last link of the Union Pacific Transcontinental Railroad Line from Salt Lake City to Los Angeles passed through Las Vegas.[73] Hundreds of men from all parts of the country came to build Clark's railroad and his desert town, a passenger and freight train center, and a railhead for nearby mines. The town's population consisted of rugged, hardworking railroad workers and miners who made sure they had saloons well-stocked with free flowing liquor, gambling, and brothels. There were attempts by some newcomers to build a fancy hotel or two, and the railroad built California bungalow-style cottages for its workers and a large depot, which functioned as the center of the town's economic and social life. In June 1911, with a population of 1500, Las Vegas was incorporated into a city with full electrical and telephone service.[74]

When the U.S. entered World War I, the town became a busy depot for the transport of much needed metals for defense use. But after the war, when the need for ores declined, many businesses went bankrupt. Traveling motorists venturing west, needing supplies and water, stopped in Las Vegas for a short time before continuing to California or other destinations. Some travelers stayed overnight in the town's few small hotels and patronized its local downtown businesses, which included a handful of dry goods stores, cafes, dance

[73] Roske, *Las Vegas*, 53.

[74] Ibid., 70.

halls, saloons, and sawdust-floored casinos.[75] Historian Hal Rothman described Las Vegas at the time as “a simple western [railroad] town. The railroad provided a capital regime; it was the only consistent source of funding for the town, and its goals determined those of the city.”[76] But, the town’s goals were not always consistent with the railroad’s goals.

In 1922, Las Vegas suffered a severe economic crisis when the railroad workers joined the national railroad strike against reduced wages. Vengeful Union Pacific executives moved the company’s repair yard, by then the economic life of the city, thirty miles north to Caliente, taking three hundred jobs with them.[77] When the strike ended, the Union Pacific closed the Las Vegas repair shops. The economy suffered another blow when the output of gold, silver, copper, ryholite, and magnesium ores diminished, slowing mining. Hundreds of the town’s residents left to find work elsewhere. With just 2,300 residents and no solid economic base, the town’s future looked bleak. And yet very unexpectedly, all this was about to change.

With California agriculture pushing for water use of the Colorado River, seven western states including Nevada, signed the Colorado River Compact in the fall of 1922 to divide the water equally.[78] But the federal government had bigger plans. It wanted to dam the Colorado River for better irrigation, to provide better water supplies for southwestern cities like San Diego, Las Vegas, and Phoenix, and to produce hydroelectricity for the

[75] Eugene P. Moehring, *Resort City in the Sunbelt: Las Vegas, 1930-2000* (Reno and Las Vegas, University of Nevada Press, 1989, 1995, and reprint in 2000), 3 – 7.

[76] Hal Rothman, *Neon Metropolis: How Las Vegas Started the Twenty-First Century* (New York and London: Routledge Press, 2003), 5.

[77] Barbara and Myrick Land, *A Short History of Las Vegas* (Reno: University of Nevada Press, 1999), 45.

[78] Eugene P. Moehring, and Michael S. Green, *Las Vegas: A Centennial History* (Reno and Las Vegas, University of Nevada Press, 2005), 59.

region.[79] Las Vegas's Black Canyon was chosen as the place to dam the river because of its easy accessibility for the movement of supplies by rail.[80] Six years later, the Boulder Canyon Project Act, the first of a series of bills calling for the building of a high dam and canal, passed in the United States House and Senate.[81] Once again, a federal government initiative promised a better future for Las Vegas. Town residents were ecstatic when they learned that the government was going to build the biggest dam in the world in their backyard, and they celebrated in wild Las Vegas style with the whole town turning out to parade in full force. Despite the passage of the Volstead Act in 1919, initially Prohibition, bootleg liquor flowed like water.

With the federal government appropriating $165 million for the entire project, Las Vegas stood to benefit financially from dam construction as more than $23 million was pumped into the city's economy. Construction required the labor of 5,000 workers who brought their families with them to southern Nevada, many moving to Las Vegas only 30 miles away from the dam site.[82] The city presumed that its town would be the permanent headquarters for the project, but its lawless reputation had gotten back to Washington D.C.

When Herbert Hoover, elected President in 1928, sent his Secretary of the Interior Wilbur Lyman to scout out nearby services for workers at the dam site the sober city fathers ordered all saloons, gambling clubs, and brothels closed for the visit. Las Vegans put on their best behavior to impress the Secretary with a peaceful tour of their town in respectful

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[79] Gary E. Elliott, *The Western Frontier: An Illustrated History of Greater Las Vegas* (Carlsbad, CA: Heritage Media Corp., 1999), 38.

[80] Ibid.

[81] Russell Elliott, *History of Nevada* (Lincoln: University of Nebraska Press, 1973), 275.

[82] Roske, *Las Vegas*, 77.

observance of the 18th Amendment.[83] It might have worked if local newspaper reporters hadn't invited a friendly member of the Secretary's entourage into the wild Arizona Club for a few drinks. The visitor's words of praise to his superiors for such a hospitable town were overshadowed by the strong odor of alcohol on his breath. Las Vegas, it was decided, was too far from the dam site for a commute which could waste precious building time.[84]

A tent city, later called Boulder City, would be constructed near the dam site for the workers and their families who would be allowed to visit and spend their money in Las Vegas on condition they didn't imbibe its liquor.[85] Las Vegas's economy got a boost from workers buying food and other necessities as well as patronizing the saloons and brothels, and an even greater boost from tourists arriving from different parts of the country eager to see the Hoover Dam.

When construction of the Dam began in 1931, it drew nearly 100,000 tourists from all over the West, the majority of whom arrived by automobile and contributed to the Las Vegas economy with the purchase of goods, gambling, and hospitality in the downtown motels.[86] Three years later, the number of tourists – arriving from the world over – increased to more than 300,000.[87] Las Vegas's economy was booming, but short lived. In 1935, Dam construction ended and most of the workers and their families left the area to find new jobs. Tourism declined and the Las Vegas economy became so weak it was time for the city to reinvent itself. Local casinos and hotels had profited so handsomely from the influx of

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[83] Roske, *Las Vegas,* 86. Roske notes because of Las Vegas's isolation and small population, only a few Prohibition raids took place, but never turned up much.

[84] Barbara and Myrick Land, *A Short History of Las Vegas*, 57-58.

[85] Ibid.

[86] Moehring, *Resort City in the Sunbelt*, 18.

[87] Ibid.

Hoover Dam tourists that city officials and business leaders took the logical leap. They pulled together to find ways to promote tourism and recapture much needed revenues.

The City promoted golf tournaments, boat races on Lake Mead, rodeos, and parades, marketing the city as a vacation spot in the Old West, but these events interested only a few visitors. The single attraction that brought in the most tourists and the biggest revenue was gambling. Most of the workers and tourists during the Hoover Dam construction years came to Las Vegas bars and hotel/casinos to gamble. Because Nevada was one of the poorest states in the country, hard hit by both the Great Depression and a steady depletion of its ores, it needed a unique industry that would steadily attract tourists for revenue enhancement.

Legalized gambling finally provided the answer. Gambling had been part of Las Vegas since 1911, but by the early 1930s it enjoyed the support of powerful regional interests. In the 1920s and 30s, Los Angeles, with its successful movie industry and ever growing influx of worldwide residents, emerged as the western center of entertainment and underground and offshore gambling. The city boasted some of the finest night clubs and hotels in the country with international cuisines and first class services. Gambling was lucrative and widespread, though never legalized. Property owners and operators Tony Cornero, Guy McAfee, and John Grayson attracted enormous crowds of visitors to Los Angeles by building extravagant off-shore casinos with luxurious carpeting, chandeliers, fine dining restaurants, and top entertainment. When the states cracked down on gambling in Los Angeles, Cornero, McAfee, and Grayson set their sights to Las Vegas where they could build their lavish casinos, and offer legal gambling.[88] They sent representatives Johnny Roselli, Murray Humphreys, and Frank Detra to spread mob money throughout the state to

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[88] Roske, *Las Vegas*, 85. Also see Gus Russo's, *The Outfit: The Role of Chicago's Underworld in the Shaping of Modern America* (New York: Bloomsbury Press, 2003), 286.

persuade legislators to legalize the lucrative vice. Irv Owen, an attorney from Oklahoma and life-long friend of Murray Humphreys remembered, “In the 1930s, Humphreys and his protégé Johnny Roselli bribed the Nevada legislature into legalizing gambling.”[89] Journalist Gus Russo wrote, “During the 1930 debate over gambling legalization [sic], young John (son of Frank Detra) began accompanying his father as he made deliveries of cash-stuffed briefcases and envelopes to influential Nevadans across the state. Frank Detra admitted to his son that the money was being spent to ensure the passage of the Wide-Open Gambling Bill.”[90]

But legislators and the governor wanted tighter government regulation of gambling. Then Assemblyman Phil Tobin stated, “I was just plumb sick and tired of seeing gambling going on all over the state and payoffs being made everywhere. Some of these tinhorn cops were collecting 50 bucks [sic] a month for allowing it. Also, the damn state was broke and we needed the money.”[91] An editorialist for the *Reese River Reveille* wrote, “If we are going to have gambling… let’s have it in the open and be honest with ourselves. Regulate the thing and use the revenue for some good purpose.”[92] On March 19, 1931, the Nevada Legislature passed the Gaming Act, which contained a provision mandating all counties to regulate gaming, collect fees, and give the state its share.[93] But, regulated gaming did not stop the mob from expanding its presence and wealth through the construction of Bel-Air like luxurious resorts and casinos in southern Nevada.

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[89] Irv Owen in Russo’s *The Outfit*, 286. Also see Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America* (New York: Vintage Press, 2002), 174.

[90] Ibid., 287.

[91] Nevada State Assemblyman Phil Tobin in Barbara and Myrick Land’s *A Short History of Las Vegas*, 84.

[92] Russo, *The Outfi*t, 286.

[93] Roske, *Las Vegas*, 108.

After seeing the small, dated sawdust-floored casinos in Las Vegas, Cornero, McAfee, Grayson, and others built newer, swankier casinos -- the $300,000 Meadows Club, the Pair-O-Dice, and the Pioneer Club.[94] These properties boasted swamp coolers (an early form of air conditioning, which made the desert heat more bearable), carpeting, new gaming tables, slot machines, restaurants, and live music which drew large crowds of gamblers from California, northern Nevada, and Arizona.[95]

This new generation of casinos constituted a major improvement over the old ones, but driving to them was time consuming, taking hours, even days. Additionally, driving on unpaved highways was uncomfortable. Even after road workers graded, widened, and oiled Highway 91 connecting Los Angeles with Las Vegas, the ruts and bumps still drew complaints from motorists, especially because automobiles lacked shock absorbers.[96] Also, automobiles had no air conditioning and their engines easily overheated, which made driving through triple digit desert temperatures dangerous and physically unbearable. There were no roadside services and few repair stations along the route. Nevada Historian Elizabeth Harrington notes "to go by automobile was almost prohibitive, since to travel from Las Vegas to Los Angeles by this means one had to drive by way of Searchlight and Needles with a complete absence of paving of any kind after leaving Las Vegas until reaching the El Cajon Pass. The trip over this rough road took at least two days and one night of travel. The automobile had much to be desired as far as riding comfort goes."[97] The combination of frustrated motorists and an isolated desert city desperately needing visitors

[94] Ibid.

[95] Ibid.

[96] Moerhing, *Resort City in the Sunbelt*, 11.

[97] Harrington, "History of Aviation in the Las Vegas Valley," p.4.

for revenue all underscored an urgent need for a better source of mass public transportation, and all answers pointed to the passenger plane.

New Airliners and Tourist Growth

While Las Vegas is associated in popular culture with legalized gambling, show-girls, and booze, none of those attractions made the western city boom. In the end, it was convenient, affordable air transportation, privately owned and federally funded that catapulted Las Vegas to nationwide fame. Commercial airplanes traveled more than double the speed of the train, and three times the speed of the automobile. They in essence collapsed geographical distance between the one isolated Las Vegas and its western counterparts Los Angeles, Phoenix, Salt Lake City, and Denver. In 1926, Western Air Express transported 209 passengers nationwide. In 1928, the tally rose to 6,000.[98] By 1936 more than 20,000 passengers had flown on Western Air Express.[99]

Commercial air travel was becoming increasingly popular but it was expensive and quite uncomfortable. Because Ford Tri-Motors, Douglas M-2s, and Fokker 10s were non-pressurized, noisy, and lacked cabin heat, they often made passengers airsick especially in turbulent conditions. The latter often was the case on hot, windy days, with some flights briefly delayed because ground crews had to hose out the cabins and stock new barf bags. Still, the airplane ranked as the fastest mode of transportation, significantly reducing travel time, and offering a new, exciting experience.

Air travel proved so popular that by the late 1920s airline reservation systems were backlogged three to four weeks. On a United Airlines flight from Chicago to San Francisco,

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98 W.W. Hawes, Summarization of Western Air Express, 2.

99 Roger Launius and Jessie Embry, “Fledgling Wings: Aviation Comes to the Southwest, 1910-1930,” *New Mexico Historical Review* 70 (January 1995), 1-27, 17.

with several intermediary stops including Iowa City, Jane Eads, a writer for the *Chicago Herald and Examiner* wrote, "Before landing in Iowa City, I was too frightened to write. The plane tipped, tilted, and dropped. I just threw down my pencil and hung on.… It was the most exhilarating feeling I've ever experienced in all my life."[100] Marcia Davenport, a writer for the *New Yorker* described her flying experience from Los Angeles to New York with an unscheduled stop at an airfield near Cheyenne, Wyoming. She wrote, "An automobile trip held to the conveniences of the moment by red-and-white filling stations and hard white roads edged by tourist camps, [aviation] would not have brought [me] this adventure. It is possible. You can have adventure."[101] As the airline industry grew, and more than 173,000 passengers took to the skies in 1929, the airlines experienced continued steady growth, but not without growing pains.[102]

As the Great Depression gripped the United States, many planes flew with empty seats, and tried to survive by carrying mail. Some air carriers could prevail though a majority of the others could not. North American Aviation and United Aviation went out of business.[103] In 1930, forty-four airlines provided air service in the country. In 1933, only five (including mergers) remained in business, one of which was Western Air Express, a pioneer of the modern airline industry, and Las Vegas's first airline.[104] The problem arose partially from the impact of the McNary-Watres Act of 1930, legislation which authorized the Republican Postmaster General Walter Folger Brown to reduce the number of air carriers in

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[100] *Chicago Herald and Examiner*, 2 July 1927 in Daniel Rust's, "Flying Across America: The Airline Passenger Experience and the West," *Montana: The Magazine of Western History* (Fall 2007), 3-21, 8.

[101] Marcia Davenport, "Covered Wagon – 1932," *Good Housekeeping* (October 1932), in Daniel Rust's, "Flying Across America," 13.

[102] Bilstein, *Flight in America*, 57.

[103] Heppenheimer, *Turbulent Skies*, 36.

[104] Frederick, *Commercial Air Transportation*, 72.

the transcontinental air service to four: United, American, Western Air Express, and Eastern. The legislation's main purpose was to ensure that cargo bays were filled with airmail, enable the Post Master General to contract with qualified operators, change the basis of compensation from poundage to mileage and cubic space, and make negotiation instead of competitive bidding the medium of awarding contracts. Yet it also gave the Post Master General considerable power to select which airlines would receive contracts.[105] While Brown denied any wrongdoing, many air carriers like National Parks Airlines and Colonial Airlines protested the unfairness of his policies.

The less favored airlines complained that the government's selection process for awarding air mail contracts was unfair. Others charged that Brown had operated in collusion with United, American, and Western Air Express.[106] The allegations and suspicion of collusion prompted a congressional investigation spearheaded by Alabama Democrat Senator Hugo Black. Black appointed C.E. McCoy to lead the investigation under Senate Resolution 349.[107]

Accusations about obstruction of the investigation also arose with the mysterious disappearance of subpoenaed documents. In a letter to the accused, Brown's Democratic successor Post Master General James A. Farley expressed his surprise to find two files labeled "Air Mail" and "Merchant Marine" in a box containing his personal belongings. After dismissing the theory they were placed in his box by a careless staff member, he claimed, "There remains only one theory that these official files were surreptitiously placed among my personal papers at the instigation of someone who was engaged in a conspiracy of

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[105] *Western Flying*, April 1930, p.45.

[106] Wright, *Desert Airways*, 10.

[107] Senator Hugo Black to Post Master General Walter Folger Brown, 27 January 1934, Walter Folger Brown Papers, Historical Society of Ohio, Columbus.

character assassination."[108] The files in the box were to be destroyed. Farley ended his letter by stating, "I am delighted to be able to return the official files relating to air mail and ocean mail unscathed by their fantastic experience in the fiery furnace."[109] The Senator's findings from the investigation concluded that the Postmaster General had engaged in collusion.[110]

Partisan fury notwithstanding, the Postmaster General maintained his innocence and articulated the case of government-business collaboration. Brown, a former attorney, was in fact a staunch opponent of unrestricted competition because he was bitterly disappointed with the corruption and disorganization of what he considered to be an inadequately regulated railroad system replete with unnecessary spending and waste.[111] He feared that a similar reckless configuration would plague the airline industry. In a letter to renowned newspaper publicist William Randolph Hearst, Brown wrote, "During the period of my service in the Post Office Department, the Hearst Papers quite consistently approved my policies and methods in building up an economically independent air transport industry, as an aid to business as well as an auxiliary to National [sic] defense."[112] Brown ultimately resigned from his position. Before he stepped down however, he praised the progress the commercial aviation industry made. In a letter to Republican Senator Simeon D. Fess of Ohio, he wrote,

> "The air transport industry, which has been fostered by generous government aid throughout the administrations of

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[108] Post Master General James A. Farley to Post Master General Walter Folger Brown, 19 January 1934, Walter Folger Brown Papers, Historical Society of Ohio, Columbus.

[109] Ibid.

[110] Courtwright, *Sky as Frontier,* 94, 95.

[111] Ibid.

[112] Post Master General Walter Folger Brown to William Randolph Hearst, 9 February 1934, Walter Folger Brown Papers, Historical Society of Ohio, Columbus. Also note that Brown sought Hearst's assistance to clear his name.

> Wilson, Harding, Coolidge, and Hoover, is still dependent for its very existence upon the airmail service. Much progress toward the goal of economic independence has been made, particularly during the last few years. The revenues of airmail carriers derived from passenger and express services have increased from practically zero in 1929 to the rate of $10 million per year at the end of 1933. To you I need not point out its incalculable value in time of national emergency or the essential service which the airmail performs for the business of the country."[113]

Despite Brown's progress in bringing order to the airline industry, his career in politics was over. After reading Senator Black's findings, an outraged President Franklin Roosevelt ordered the cancellation of all air mail contracts and commanded the Army Air Corps to once again transport the mail.[114] This slashed a significant portion of the airline industry's business and sent airlines, including those in Las Vegas, scrambling for funding.

In 1930, Las Vegas-based Transcontinental Air Transport, more than $2.7 million in the red due to poor management and provisions of the McNary-Watres Act, had to merge with Western Air Express just to stay in business. Each carrier remained separate, but they operated under one parent company, Trans Western Airlines.[115] Western Air Express had no choice but to agree to the merger or lose 65% of its routes and business, the result of a testy meeting between Pop Hanshue and Walter Folger Brown.[116] The two airlines continued operating out of Las Vegas and Boulder City. In 1932, 1,229 passengers traveled from Los Angeles to Washington D.C. via Las Vegas, Salt Lake City, Denver, Chicago, and

[113] Post Master General Walter Folger Brown to Senator Simeon D. Fess, 10 February 1934, Walter Folger Brown Papers, Historical Society of Ohio, Columbus.

[114] Wright, *Desert Airways*, 10.

[115] Solberg, *Conquest of the Skies*, 113.

[116] Serling, *The Only Way to Fly*, 112.

New York. One year later, that number increased to 1,596.[117] Second Assistant Postmaster General Hawes noted:

> "CAM-4 fills a very vital and economic need of the Southwest and the west slope of the Rocky Mountains. In the beginning of air mail service, the Post Office Department recognized the importance of a service connecting Los Angeles with the Rocky Mountain region and the industrial centers of Chicago and the East. The intermediate stop at Las Vegas, Nevada permits an outlet for the vast amount of government and private business correspondence and traffic originating from the huge construction work at Boulder Dam, at the same time furnishing rapid air passenger transportation between Los Angeles and Boulder Dam and east to Denver, Chicago, New York, and Washington D.C. There can be no doubt as to the vital need of this service, not only to Los Angeles, Las Vegas and all of the southwestern territory, but also to Salt Lake and eastern business and banking houses."[118]

Despite relatively robust business on the CAM-4 Route, the airline still was losing money. In 1934, Western Air Express had to reduce its fleet to six airplanes and a staff of four pilots.[119] Transcontinental Air Transport experienced the same problem. The airlines were on the ropes. This did not bode well for Las Vegas because it faced losing its airmail and passenger service. Western Air Express needed a shakeup, so it turned to Alvin Adams, former Vice-President of National Aviation, a stock brokerage firm, who through a restructuring of management, and better marketing, brought the airline to profitability.[120]

Western Air Express also received a financial boost from FDR's Air Mail Act of 1934. This legislation resulted from FDR's disastrous cancelation of private mail carrying contracts. The Army Air Corps under Roosevelt transported the mail for one month after experiencing 66 airplane crashes and 12 fatalities because of substandard planes, inexperienced pilots,

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[117] W.W. Hawes, Summarization of Western Air Express, 9, 10.

[118] Ibid.

[119] Wright, *Desert Airways*, 12.

[120] Serling, *The Only Way to Fly*, 154.

and bad weather.[121] As a result, the Post Office lost money, and its tarnished reputation of poor management of flight safety resurfaced. This tenuous state of the airline industry drew the attention of a young Senator named Patrick McCarran (D-Nevada) who saw the industry's potential to become a major source of military and public transportation and recognized the need to reform it.

A staunch supporter of aviation long before being elected to the United States Senate in 1933, Democrat McCarran opposed many elements of FDR's New Deal that he believed concentrated too much initiative within the federal government and had been overly generous to the unemployed and indigent. Yet, like the Spanish dictator Francisco Franco who he admired, McCarran advocated government-corporate partnerships to bring order and prosperity to an increasing technology-driven modern society. In a Message to the National Aviation Forum, McCarran explained this ideology claiming, "Policy calls for the encouragement and development of an air transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense, and the regulation of air transportation in such a manner as to recognize and preserve the inherent advantages of, assure the highest degree of safety in, and foster sounds economic conditions in, such transportation, and to improve relations between and coordinate transportation by air carriers."[122] He drafted Senate Bill 3187 which called for the removal of Post Office supervision of the airmail industry and instead, prescribed a federal aviation commission that would supervise it, serve as an

[121] Ellis Hawley, *The New Deal and the Problem of Monopoly*, (New York: Fordham University Press, 1995), 240-241.

[122] Senator Patrick McCarran Speech to the National Aviation Forum, January 7, 1940, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

arbiter between the airlines and employees, issue certificates of public convenience (instead of bidding), and essentially remove the industry from politics.[123]

McCarran, questioning President Roosevelt's power to cancel airmail contracts, and defending wrongfully accused Postmaster General Walter Folger Brown, asked the Senate to remove the airlines from the Department of Commerce and place them under the supervision of a private agency such as the Interstate Commerce Commission. He wrote, "The whole policy of the legislation, the whole spirit of the law initiated by myself in 1934, carried on until it became a law, was that the Civil Aeronautics Authority should be an independent agency."[124] After protracted debate, McCarran's bill was defeated by filibuster due to questions about intrastate and interstate commerce laws.[125]

Congress passed the Air Mail Act of 1934, which President Roosevelt signed into law giving the Postmaster General the power to award mail contracts through competitive bidding, set air routes, and flight schedules, revise and improve flight regulations, and pilot standards.[126] The Act also gave the Interstate Commerce Commission the power to review contracts, examine accounting books, and regulate the cost of service.[127] With no other government sponsored agency to transport the mail, Roosevelt called on private air carriers to do it.[128]

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[123] United States Senate Committee on Commerce hearing of S.3187, 12 April 1934, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno. Also see *Washington Daily News* 27 April 1934, 1. Also see *Washington Herald* 28 April 1934, p.5.

[124] Senator Patrick McCarran Memorandum, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

[125] Ibid.

[126] Hawley, *The New Deal and the Problem of Monopoly*, 242.

[127] Ibid.

[128] Solberg, *Conquest of the Skies,* 198-199.

But, the Act forbade bidding by any airlines that originally participated in air mail transportation prior to the Watres Act. Undeterred, Western Air Express, United, Eastern, and TWA simply changed their names and then bid for the same air mail routes along with new airlines also applying for the routes.[129] Western Air Express, renamed General Airlines, resumed transporting mail on the Civil Air Mail Route-4. Brown's and McCarran's vision of government-business partnership was redeemed.

Though the restoration of airmail contracts allowed the old and new airlines to keep their routes, the airlines still lost money because of the depressed economy. To make up for lost revenue, Western Air Express and Transcontinental Air Transport had to invent new marketing techniques, one of which was offering scenic air tours of Hoover Dam and the Grand Canyon.[130] The Las Vegas City Council even allowed the airlines to install slot machines in the Western Air Express Field air terminal.[131] Looking for other ways to increase profitability in its air route structure, in 1937, TWA received approval from the Interstate Commerce Commission to add Los Angeles to its San Francisco to Newark route, with Las Vegas as a stopping point.[132] That same year, the city bought out Western Air Express's lease on Western Air Express Field, saving the airline money. With new air tour

[129] Ibid., 145.

[130] Western Air Express Air Tour Bulletin, "Fly to Las Vegas-Boulder Dam," 1 June 1936. Delta Airlines, Atlanta, GA On June 1, 1936, Western Air Express began this new service, offering tourists limousine transportation to the dam, a scenic boat tour, and a meal, all at a price of $12.50. For $33.50, tourists received an air tour of the Hoover Dam, transportation to the Dam via limousine for a ground and boat tour, followed by a "deluxe dinner and tour of gaming resorts and returned to the airport in time for late evening departure." For $25.00 more, tourists received hotel accommodations, meals, and a 200-mile boat trip on Lake Mead. The airline also took advantage of promoting marriages with an on-call minister ready to wed couples at Western Air Express Field.

[131] Las Vegas County Commission Airport Summary, "McCarran 2000: Reflections of the Past," 18-38, 18. Vern Willis, a former ticket agent for Western Air Express recalled how popular the slot machines were, noting that "airline personnel had to empty them three or four times a day."

[132] Wright, *Desert Airways,* 14.

promotions, slot machine revenues, and added savings from the lease buyout, the airline decided to slowly upgrade its carrier fleet to ensure needed revenue for meeting operating expenses.

Despite the economic hard times, technological imperatives during the 1930s led most airlines nationwide including Western Air Express to replace their aging fleets of Douglas M-2s, Ford Tri-Motors, and Fokker 10s with larger, faster, and eventually pressurized airplanes. Gone were the days of noisy, cramped passenger cabins on airplanes made of wood and fabric. While this first generation of passenger planes got passengers to their destinations, the new generation of planes was much better. They were sleeker, more luxurious, and far outperformed their predecessors in passenger seating capacity, speed, and comfort.

In 1933, the Douglas DC-1, the first all-metal twin-engine plane had appeared on airline flight lines. This passenger plane had a cabin seating capacity for 12 passengers and claimed a cruise speed of 196 miles per hour by engines each capable of producing 710 horsepower with variable pitch propellers to allow pilots to set the propeller angles to maximize flight efficiency.[133] Compared to its predecessor, the Fokker 10, which flew at a claimed speed of 103 miles per hour and had to make several stops to refuel, the DC-1 revolutionized air transportation because it was made of durable material, flew longer distances without refueling, and hauled more passengers in a shorter time period. Essentially, it symbolized the beginning of a new generation of passenger planes, remarkable because the development and manufacturing of these newer planes happened within less than a decade, and in the traveling public's mind, restored their confidence in air travel safety. With new aircraft design and production moving so rapidly, the DC-1 was soon replaced by its successor the DC-2, which became the workhorse of the airline industry.

[133] Roger E. Bilstein, *The Enterprise of Flight: The American Aviation & Aerospace Industry* (Washington and London: Smithsonian Institute Press, 2001), 42. Also see Solberg, *Conquest of the Skies*, 160.

The new DC-2, which flew faster than its predecessor and carried up to 21 passengers, had a different design than the DC-1. According to William Douglas of Douglas Aircraft, "The original plan called for a bigger fuselage but essentially the same old DC-1 and DC-2 wing. We added five feet to each wing… and soon found out that just putting on more wing didn't give us the lift and stability we needed. It was a case of redesigning the wing."[134] When the plane made its debut, airlines including Western Air Express placed dozens of orders. This plane was significant to the airlines and passenger travel because it not only could function well in the short-haul market, but the long-haul one as well. Airlines used the DC-2 to fly passengers from Los Angeles to St. Louis, or Seattle to Phoenix. While this airplane admirably performed regular flight duties, the aircraft that especially won the passengers' hearts was the DC-3 "Sky Sleeper."

With a soundproof fuselage, two 1000 horsepower engines, and seating for 21 passengers, the DC-3 showcased commercial aviation's future.[135] Introduced to commercial flight by American Airlines in 1936, and entirely constructed of metal, the DC-3 epitomized the new modern passenger plane, impressive to observers and passengers. Historian Roger Bilstein states how, "The DC-3 unquestionably set new standards of passenger comfort. Its greater speed and higher ceilings (top altitude) permitted smoother flying for passengers."[136] Western Air Express, Las Vegas's premier airline, bought two DC-3s with "Sky Lounges," fourteen large, comfortable swivel chairs with plenty of legroom for use on its Los Angeles - Las Vegas - Salt Lake City routes.[137] In addition to its comfort, the DC-3 was much more fuel efficient than its predecessors and could travel longer distances without

[134] Solberg, *Conquest of the Skies*, 166.

[135] Ibid.

[136] Roger Bilstein, *Flight in America: From the Wrights to the Astronauts*, 91.

[137] Robert Serling, *The Only Way to Fly,* 177.

refueling. Including fuel stops, a passenger now could travel from coast to coast in fewer than 16 hours.

In its advertisements, Western Air Express touted its "Main Liner" service, a DC-3 from Las Vegas to New York. This new generation of passenger planes significantly impacted the Southwest, especially Las Vegas. Historian Roger Launius noted, "The aeronautical technology revolution of the 1930s – especially manifest in the Boeing 247 and Douglas DC-3, all-metal, multi-engine transports – allowed a much more rapid and sustained expansion of aviation in the [Southwest] region along essentially the same course that had been started by the early aviation promoters of the Southwest."[138] With DC-2s, DC-3s, and Boeing 247s bringing more passengers to Las Vegas, and construction of the Hoover Dam attracting as many as 300,000 tourists annually, the city's future seemed destined to boom.

To increase its clientele of tourists and gamblers, the Chamber of Commerce launched an aggressive marketing campaign to advertise the city as one of the world's premier resort cities. With a $75,000 annual budget ("publicity fund"), the Chamber hired outside public relations agencies to design advertising layouts. The advertising yielded impressive results. In August 1936, Chamber of Commerce Secretary Oliver Goerman reported 52,357 visitors came to Las Vegas by airplane and automobile, a nine percent increase over the previous year (47,946).[139] With more flights and larger passenger planes bringing more tourists and gamblers to Las Vegas, all of this underscored the need for a larger airport.

As the airline industry steadily grew, especially in Las Vegas, airport officials realized that Rockwell Field with its short runways and small passenger terminal was becoming

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[138] Launius and Embry, "Fledgling Wings: Aviation Comes to the Southwest, 1910-1930," 21.

[139] *Las Vegas Review-Journal,* 30 October 1936, p.1.

inadequate to handle larger planes and more passengers. This was a common problem nationwide, as a 1936 Works Progress Administration report pointed out, "The airport program looks to the needs of the future. With air travel growing by leaps and bounds in the United States, the fields of today will be inadequate tomorrow."[140] In Las Vegas, Mayor L.L. Arnett and the local Chamber of Commerce began searching for another location.

Arnett and Chamber of Commerce members R.W. Martin and K.O. Knudson met with Peter Albert Simon, a Texaco fuel distributor and local entrepreneur who coincidentally at the time had been constructing an airport eight miles northeast of Las Vegas to serve as the base for Nevada Air Lines, a regional company that failed to garner investment of finance.[141] In November 1929, Simon struck a deal with Hanshue, agreeing to lease the airfield for twenty years, and rename it Western Air Express Field.[142] The Mayor, Chamber of Commerce members, and Hanshue breathed a major sigh of relief because had Simon not agreed to lease his airfield to Western Air Express, Las Vegas would have lost its major airline, which would have been a significant blow to the town's economy. Western Air Express Field emerged during the next decade as the city's airport.[143] But, with Western Air Express Field annually handling more than 30,000 passengers, and the nation's airports more than two million total, air traffic and airport congestion raised concerns as far as Capitol Hill about the adequacy of the air travel and traffic system, and ensuring passenger safety.

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[140] United States Government, *Report on the Works Program* 16 March 1936, 2, 5, 31.

[141] Wright, *Desert Airways*, 8.

[142] Ibid.

[143] Ibid.,10.

Reforming the Air Travel System

With an increasing growth of the airline industry in the late 1930s, the extra workload and pressure of overseeing it proved to be too much for the Department of Commerce. Concerns of airline system inefficiency and safety surfaced, fostering government consensus that the growing aviation industry needed its own regulatory supervision under a single newly designated government agency specially equipped to handle the task instead of agencies such as the Department of Commerce, the Interstate Commerce Commission, and the Post Office. In 1937, President Roosevelt appointed a committee headed by Senator Patrick McCarran and Democratic Representative Clarence Lea to investigate placing the airline industry under the complete control of the Civil Aeronautics Authority entirely housed in the Interstate Commerce Commission.[144] In 1938, Congress passed the McCarran-Lea Bill, also known as the Civil Aeronautics Act, and President Franklin D. Roosevelt signed it into law. The bill created a five-member panel headed by an administrator whose task was to regulate air mail rates, airline fares, and routes.[145] The Civil Aeronautics Board also was required to establish civil airways, provide better and more efficient navigation facilities, and establish air traffic control in locales where air traffic was heaviest. Finally, the bill mandated inspection and improvement of the nation's airports to meet the needs of both commercial and general aviation traffic.[146]

The Civil Aeronautics Act proved to be a remarkable success. Senator McCarran noted in a memorandum, "There was not a single accident this winter, in spite of an increase in service. In December 1939, the scheduled airlines flew more miles than ever before in

[144] Hawley, *The New Deal and the Problem With Monopoly,* 243.

[145] Paul Biederman, *The United States Airline Industry: End of an Era* (Westport, CT: Praeger Publishers, 1982), xi.

[146] Ibid.

their history – a ten percent increase, and December is usually their worst month. The industry's service to the country was better than ever before, thanks to the C.A.A. and the Congress who made it possible."[147] Unlike the Air Mail Act of 1934 which allowed competitive bidding, the Civil Aeronautics Act awarded certificates to airlines through non-competitive negotiation.[148] With the help of the federal government, McCarran hoped the airlines would make a profit and become self-sustaining. He noted, "Present indications show that they [the airlines] will probably make a profit of about three to three-and-a-half millions in the calendar year of 1939. It is the hope of the C.A.A. that they will soon become self-supporting, that the Government can reduce airmail subsidies and make a profit of the airmail service."[149] In the same message to the National Aviation Forum, McCarran directly criticized the Watres Act of 1930 and the Air Mail Act of 1934, stating, "In properly regulating the airlines as to rates, issuance of certificates, and its other economy regulatory functions, by supervising all activities of the airlines, thus prevented the use of unfair business practices and unfair methods of competition. Thus it became apparent to the industry that it had protection, that it could expect justice from the government, and that therefore it could make long-range plans."[150]

The Air Commerce Act gave the government the basic tools it needed to regulate the commercial aviation industry, but the Civil Aeronautics Act was more comprehensive, far-reaching, and rigorous in maintaining air safety standards. In a speech to the National

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[147] Nevada Senator Patrick McCarran Memorandum, 9 January 1940, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

[148] Hawley, *The New Deal and the Problem with Monopoly,* 243.

[149] Nevada Senator Patrick McCarran Memorandum, 11 January 1940, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

[150] Senator Patrick McCarran Message to the National Aviation Forum, February 7, 1940, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

Aeronautics Association at a National Convention in New Orleans, McCarran claimed, "If commerce by air in America was to keep pace with other countries, nothing short of an independent agency, untrammeled by bureaucratic ties of any kind, should come into existence with Federal sanction, so that the industry and science of aviation would grow and prosper under regulation by which that industry and that science would be fostered, promoted, and encouraged."[151] This regulation also applied to airlines serving Las Vegas.

Air Travel and the Airport Grow in Las Vegas

With Western Air Express offering four daily flights between Los Angeles and Salt Lake City, and other commercial airlines such as Transcontinental Air Transport entering the market flying larger passenger planes like the Douglas DC-3, airport expansion became more critical to Las Vegas's future. Senator McCarran especially recognized this, claiming, "Don't let anyone tell you we are not going to have an airport in Las Vegas of a high standard. Airports are just as much a part of aviation as the planes themselves. Air travel and commerce are here [in Las Vegas] to stay and only are in their infancy."[152]

In 1938, using New Deal funding Clark County officials offered to buy out the remainder of Western Air Express's lease on Western Air Express Field located eight miles out of town. Fearing it would lose its dominance as the major airline serving Las Vegas because the county would move the airport closer to town, Western Air Express blocked the deal.[153] This left airport officials in a dilemma with few options. They needed a new airfield and the county did not have enough funds to purchase new land to build an airfield with

[151] Nevada Senator Patrick McCarran Speech to the National Aeronautics Association, 12 January 1940, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

[152] *Las Vegas Review-Journal,* 14 November 1939, p.1.

[153] Eugene P. Moehring, "Public Works and the New Deal in Las Vegas, 1933-1940," *Nevada Historical Society Quarterly* 24 (Summer 1981): 107-129, 121-123.

runways, taxiways, and a terminal closer to town. Its only option was to purchase an already existing air field, which presented a challenge, because the county had only enough funds to purchase the remainder of the lease for Western Air Express Field. Desperate for funding, county officials looked to Washington for help. Western Air Express Field literally sat on the verge of closing, posing a potential disaster for the airlines and city. But once again, the federal government stepped into the breach, this time in order to advance the nation's participation for global war. Aerial combat had made its debut in World War I, but had not ranked at the time as a strategic priority. Once war broke out for a second time, the United States Army surveyed the country for suitable aviation training grounds.[154]

The Army Air Corps quickly honed its sights on the United States Southwest. The Southwest was sparsely populated, geographically expansive, and far enough inland to avoid a foreign attack. Also it had better weather than many other regions where the Air Corps could train its pilots to safely take off and land, and practice bombing runs in unpopulated desert areas. Las Vegas was on the list of potential candidates.[155]

An outspoken critic of the liberal welfare state, Senator Patrick McCarran embraced the military-industrial complex. Seeing an ideal opportunity to provide defense for city residents, boost the city's economy through population expansion and increased consumption of goods, and most important, upgrade the airport using military funds, McCarran used his political power to convince the Army to build a base in Las Vegas. On October 5, 1940, the Army decided that Las Vegas would be a suitable location to build an airport and train gunnery pilots. [156] Meeting with city officials, on January 25, 1941 the Corps

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[154] Michael S. Sherry, *In the Shadow of War: The United States since the 1930s* (New Haven: Yale University Press, 1997), 9.

[155] Moerhing, *Resort City in the Sunbelt*, 32. Also see Frank Wright, *Desert Airways*, 16.

[156] Wright, *Desert Airways,* 16.

signed a lease to make Western Air Express Field its base and share the airport with the commercial airlines.[157] Part of the agreement allocated $340,000 from the Civil Aeronautics Board for airport improvements that included one 4,000 foot-long, east-west runway, a 5,900 foot-long north-south runway, as well as a third landing strip, grading, drainage, and hangars.[158] Less than two weeks later, Senator McCarran procured $404,223 in WPA funding for "clearing, grading, surfacing, fences, installation of a water system, electrical facilities, and landscaping."[159] The addition of military airplanes meant more air traffic congestion, never a desirable situation, but airport officials were willing to temporarily put up with the increased air traffic because they badly needed funds just to maintain the airport.

By war's end, the infusion of more than $1 million helped airport officials reinforce and lengthen their runways to accommodate larger planes. They were also able to build better taxiways and a proper drainage system on the airport apron. With larger and faster passenger planes such as the Douglas DC-4, Lockheed Constellation, and Lockheed Electra transporting thousands of people to resort cities throughout the Southwest including Las Vegas, the Air Corps funds played a decisive role in determining "Sin City's" future.

Numerous obstacles still stood in the way of Las Vegas's development. Air traffic control towers in their infancy state had only visual control of airplanes in airport traffic patterns. They lacked radar equipment to control planes in other phases of flight. Essentially, Western Air Express Field still was under-funded, and under-equipped to safely handle a large volume of air traffic. And while the Civil Aeronautics Act provided greater regulatory supervision over the commercial air travel industry, and mandated proper facilities for safe aircraft navigation and airport operations, it faced challenges in handling the

[157] Ibid.

[158] Moehring, *Resort City in the Sunbelt,* 32.

[159] *Las Vegas Age,* 7 February 1941, p.1. Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

growing numbers of the air traveling public boarding more passenger planes than ever before, including flights to Las Vegas, whose newer, lavish resorts such as the El Rancho and Hotel Last Frontier, Western Air Express and TWA brought thousands of passengers from distances as far as Chicago and New York to Las Vegas.

Finally, private airlines struggled to offer available flights as airplane fleets and pilots went to assist with the war effort. In order to lure people from the East Coast, the airlines had to ensure that the public felt air travel was safe. The airlines accomplished this by flying new airplanes made of better materials and hiring pilots with more experience. Just as the airlines began financially recovering from the tumultuous 1930s, they faced a new challenge with the nation preparing for war. The Department of Defense needed pilots and airplanes to deliver military personnel to various posts in the United States before they went overseas. Military leaders turned to the airlines for assistance.

Despite these challenges nearly two decades of technological innovation in the aviation industry and government-business partnerships assured Las Vegas a bright future. Second Lieutenant Postmaster General W.W. Hawes's explanation about the government-business relationship aptly applies to the airline industry in later years, and even decades. He noted how, "Western Air Express has played an exceedingly vital part in American business and industry to the point it has increased its tempo in the rapid transportation furnished by air transport operators as a necessary part of life…. American business and the American people cannot do without the advantages of air transportation, both from a passenger standpoint and from a mail and express angle."[160] His observation not only accurately characterized how important air travel was to Las Vegas's economic survival at that time, but foreshadowed how vital it would become in the post-war years when more people traveled nationwide on larger and faster airplanes. The passenger plane would play

[160] Ibid., 13.

a major role in the transformation of Las Vegas into a world-class tourist resort city in the desert. The transformation visibly would reveal itself during the post-war years when larger resort casinos were built, and the jet airplane appeared, and the passenger volume at Western Field soon, to be rechristened McCarran Airport, surpassed 1 million. The tourist growth came so fast and furious that it caught airport and city officials unprepared. But first, the city, its airlines, and the federal government had to prepare for the coming global war.

CHAPTER 2

A SYMBIOTIC RELATIONSHIP FORMS

World War II Air Travel and Tourism

World War II brought dramatic changes to the government-aviation partnership. During the war, government intervention in the U.S. economy reached unprecedented heights. While production remained in the hands of private companies, the government's Office of War Mobilization set prices and ambitious production quotas. Consequently, as historian David Kennedy notes, in 1943, the Allied Powers' aircraft production outnumbered Axis Powers production by a ratio of nearly four to one (151,761 to 43,100).[1] "Such figures," Kennedy adds, "disguise the fact that the Anglo-American totals include a large number of heavy four-engine bombers, so that Allied superiority is even more marked when the number of engines or the structure weight of the aircraft is compared with Axis totals."[2]

The government's policies sustained a profound impact on commercial air travel. With President Roosevelt's call for the annual production of 50,000 military planes, the production of commercial airline passenger planes by Boeing, Douglas, and other aircraft manufacturers came to a halt. Assembly lines turned out B-17 and B-29 bombers in mass quantities, leaving DC-2 and DC-3 assemblies idle.[3] The War

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[1] David Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500-2000* (New York: Random House, 1988), 455.

[2] Ibid.

[3] Carl Solberg, *Conquest of the Skies: A History of Commercial Aviation in America* (Boston and Toronto: Little, Brown & Company, 1979), 251.

Department requisitioned 183 of the country's 359 airliners and two-thirds of the airline pilot work force to transport military personnel and equipment for the war.[4] With the remaining passenger planes, the airlines managed to fly on reduced schedules, transporting mostly war personnel. In 1942, the War Department formed the Air Transport Command to coordinate all air, cargo, and personnel travel throughout the country and abroad, enforcing strict priorities for all air travel.[5] First priority went to anyone traveling on White House business, military pilots ferrying planes to the war front were given second priority, military personnel and civilians traveling on war business third, and military cargo fourth. Civilians had to wait on standby with VIPs such as ambassadors, corporate businessmen, and war correspondents taking precedence. Even in a primarily tourist city such as Las Vegas, travelers had to be ready to be bumped at any time to give space to someone of higher priority.[6]

After Japan's attack on Pearl Harbor, Western Air Express Field in Las Vegas was immediately activated as a full-fledged military air base with a name change to Las Vegas Army Air Field.[7] As a joint military and civilian airfield housing fighter planes, small gunnery pilot training planes, and commercial airline passenger planes, as well as being a destination for civilian crews delivering Boeing B-17 bombers to the United States Army Air Corps, the airfield's civil and military

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[4] Carlos A. Schwantes, *Going Places: Transportation Redefines the Twentieth Century West* (Bloomington: Indiana University Press, 2003), 261.

[5] Solberg, *Conquest of the Skies*, 262.

[6] Ibid., 274.

[7] Ralph Roske, *Las Vegas: A Desert Paradise* (Tulsa: Continental Heritage Press, 1986), 89.

operations fell under strict war- time travel priorities.[8] According to Vern Willis, Las Vegas Station Manager for Western Air Express, “These B-17 bomber ferry crews had the second highest priority for transportation and regularly bumped our passengers off the Western flights to return to their bases…. Passengers were patriotic but sometimes felt this was overdoing it. We had to make arrangements to send our passengers on their way by either train or bus.”[9]

The country became well-aware of the sacrifices needed to support the war. Leisure travel by car, train, or plane was strongly discouraged, but heavy military passenger volume kept the airlines in business with filled flights. Airlines reported eighty to ninety percent of their seats filled, and nationwide, they transported more than 4,000,000 passengers.[10] Americans were on the move with the war effort, crossing the continent to work in the hundreds of defense plants, to train at the many new and old military bases, and to take to the skies for transport to new theaters of military combat around the world. Never to that time in the nation’s history had so many planes transported so many people. In 1945, the end of the War opened the skies for new airlines, more than 500 passenger planes, and 6.7 million Americans were eager to fly.[11]

Las Vegas became a wartime city though it was different in size from the giant military and industrial centers of Los Angeles and San Diego. It was home to

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[8] Las Vegas County Commission Airport Summary, “McCarran 2000: Reflections of the Past,” (Las Vegas: Clark County Department of Aviation, 2000), 18-38, 18.

[9] Ibid.

[10] R.E.G. Davies, *Airlines of the United States Since 1914* (London: Putnam Publishers, 1972), 289.

[11] Schwantes, *Going Places*, 267.

an active military base, and to the biggest magnesium factory in the nation. Basic Magnesium Incorporated (BMI), built near the Hoover Dam with an ample supply of water and electrical power for production, with a workforce of 6,500 people and a peak payroll of $1 million per week, by 1945, had shipped 166,322,685 pounds of magnesium ingots to west coast defense plants to manufacture airplane cockpits and bombs.[12] The 13,000 BMI construction workers, and the 6,500 factory workers along with their families, brought much needed new business to Las Vegas with the purchase of goods and homes and the payment of taxes.[13] The more than 8,000 military personnel and their families stationed at the air base also increased local business.[14] As a result, the combination of factory workers, military personnel, and federal wartime spending brought the city an economic boom. Las Vegas historian Eugene Moehring observed, "The effects of wartime spending were magical. Within four years, the town's physical plant and housing supply had expanded enormously, laying a powerful base for the postwar years when a vibrant resort economy would team with Cold War spending to produce a substantial metropolis."[15] All of this growth along with a rapidly expanding wartime tourism industry underscored the

[12] Roske, *Las Vegas,* 91.

[13] Eugene P. Moehring, *Resort City in the Sunbelt: Las Vegas 1930-2000* (Reno and Las Vegas: University of Nevada Press, 1989 with reprint in 1995, and reprint and a new epilogue in 2000), 37.

[14] Eugene P. Moehring and Michael S. Green, *Las Vegas: A Centennial History* (Reno and Las Vegas: University of Nevada Press, 2005), 104.

[15] Moehring, *Resort City in the Sunbelt*, 40.

city's need for more houses, better water, sewage, telephone, and electrical systems.[16] The city also needed larger hotels and casinos.

The Next Generation of Casinos in Las Vegas

Even before the end of the war, Mayor L.L. Arnett, Chamber of Commerce President Bob Kaltenborn, Chamber of Commerce Secretary Robert Griffith, and automobile dealership owner James Cashman looked to wealthy southern California real estate developers and businesspeople seeking to buy cheap land and build resort hotels. As a major defense, tourism, and hotel industry center in the West, southern California served as home to many businessmen looking to expand their wealth by taking advantage of the rapidly growing wartime tourism industry in southern Nevada.[17] One such businessman was Thomas Hull, an affluent, successful, and widely respected southern California motel chain owner who was invited to survey Las Vegas land and consider building a new property there. To avoid paying higher taxes, he chose 33 acres of property for $150 per acre outside of the city limits near busy Los Angeles Highway 91. He hired a prestigious Los Angeles architectural firm to design a spacious, sprawling hotel with a Spanish mission style popular in Los Angeles to attract southern California tourists.[18] The El Rancho Vegas opened in April 1941 as the first high-class hotel of the new

[16] Gary E. Elliott, *The New Western Frontier: An Illustrated History of Greater Las Vegas* (Carlsbad, CA: Heritage Media Corporation, 1999), 40.

[17] Ibid, 43.

[18] Robert D. McCracken, *Las Vegas: The Great American Playground* (Reno: University of Nevada Press, 1997), 53-54. Also see Phoebe Kropp, *California Vieja: Culture and Memory in a Modern American Place* (Berkeley and Los Angeles, University of California Press, 2006), 169.

generation of resorts on the Strip. The desert resort advertised fine dining, air conditioning, and a cool swimming pool on its giant road sign to catch the attention of overheated travelers. Selling service and convenience, it offered lodging, parking, restaurants, horseback riding, several shops, an opera house showroom for top-notch entertainment to attract large crowds and wealthy gamblers. The casino was small by today's Las Vegas standards, but completely furnished for gambling, a model for future casinos.[19]

That same year, southern California contractors Marion Hicks and John Grayson built the Mexican-themed El Cortez casino resort on downtown Fremont Street. This new hotel contained a large gambling casino, fifty-nine rooms, a restaurant, a showroom, and nicely maintained grounds.[20] While the El Cortez was a smaller property than the El Rancho Vegas, it was the first major resort on downtown Fremont Street.[21]

In October 1942, theatre chain owner R.E. Griffith and his architect nephew William J. Moore opened the Last Frontier, located south of the El Rancho. Styled in western frontier design, the property contained a large main building with a casino, showroom, restaurant, and a few bars. Several low-rise buildings consisting of 107 rooms were attached to the main building surrounded by beautifully landscaped grounds. Front sundecks and a large pool attracted passing visitors. The inside was extravagant – walls covered with stuffed animals, lighting fixtures in the shape of

[19] Ibid.

[20] Michael S. Green, *Online Nevada Encyclopedia*, 1 January 2009, 1.

[21] Moehring, *Resort City in the Sunbelt*, 45.

large wagon wheels, and a banquet room for six hundred guests. Visitors were offered horseback and stagecoach rides. With a showroom seating six hundred, a parking lot for four hundred automobiles, a whole frontier village filled with authentic historic Nevada ghost town buildings, and original western artifacts for viewing, everything was bigger and better than the El Rancho Vegas.[22]

These new properties certainly were larger and more luxurious than their predecessors, and indicators of a growing casino-hospitality industry for the city. But, there was an ever-present worry – the war was ending and just as business and tourism declined with the completion of the Hoover Dam, and workers left, would business and tourism drop again with the closing of military bases and defense plants? The city fathers wondered how they would bring the tourists back. “Las Vegas could have dried up and blown away,” claims Mark Hall Patton, Howard Cannon Aviation Museum Curator. “There was nothing here. The Hoover Dam was built, and the Army Air Corps Gunnery School was being phased out. They had to do something. Tourism and flights to get people here were the answers.”[23]

Air Travel and Tourism in the Post War Years

After the war ended, and planes and flight crews were fully restored to commercial airline passenger service, the airlines faced a problem: a growing number of Americans wanted to fly and the airlines were woefully unprepared. Historian Carlos Schwantes explains, “After more than fifteen years of deprivation

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[22] Ibid.

[23] “Airport Gave Wings to Growth of Las Vegas,” *Las Vegas Sun,* 16 December 2003, p.1-4.

during both the Great Depression and World War II, more Americans than ever before had money to spend and a pent up desire to spend it on travel."[24] During the Depression, only leisure and business travelers could afford to fly on airliners. Historian Roger Bilstein noted, "A large number of Americans in the 1930s continued to view air travel as a risky business. At the same time, they enjoyed the prestige of air travel and boasted to business friends about flying in order to keep up business appointments."[25] Working class Americans with less money still preferred to travel by train or automobile.

When the country went to war and the government spent billions of dollars setting up military bases and war defense plants, the situation changed. Jobs and money became readily available for working families. People left their homes, traveling across much of the country to answer the government's call for workers. But, the War Department demanded sacrifice from everyone. Food, gasoline, tires, and other goods were strictly rationed. People were urged to save their money and buy war bonds. When the war ended, and the government lifted its wartime travel restrictions, a consumer society emerged where people not only purchased new automobiles and appliances with the money they had saved during the war from rationed spending, but now also had more vacation time which they used traveling longer distances across the country, including by plane. Aviation Historian Carl Solberg observed "A month after V-J Day, the War Department abolished its priority travel rules and a horde of civilian passengers descended on the airlines. It seemed

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[24] Schwantes, *Going Places,* 273.

[25] Roger E. Bilstein, *Flight in America: From the Wrights to the Astronauts* (Baltimore: Johns Hopkins University, 2001), 97.

as if all of those who had been denied the chance to travel by air suddenly flocked to fly - - and the airlines were not ready for them."[26] As a result, hordes of air travelers packed air terminals nationwide, and airlines increased their flight schedules as much as the nation's airports would permit. In 1946, more than 12.5 million passengers took to the skies. By 1950, that number increased to 17 million the result of advertising, larger hotels, better customer service for hotel and airline reservations, cheaper airfares, and improved passenger planes.[27]

Feeding this frenzy in air travel was the proliferation of advertisements in magazines such as *Travel, Holiday, Travel News,* the *New Yorker*, and newspaper advertisements in the *New York Times*. Airlines such as Pan Am bought magazine and newspaper space showing bikini clad women and muscular men in bathing suits on some of the world's nicest beaches, pictures of the luxurious passenger planes, a description of recommended recreational activities, and of course, attractive airfares.[28] Other airlines including Western sent letters to Chambers of Commerce.

Advertising its 2nd Annual Operation Sun Country, Western "joined with the Chambers of Commerce of San Diego, Palm Springs, Phoenix, Las Vegas, and Los Angeles to invite winter-bound residents of 36 northern cities served by Western Air Lines including Seattle, Yakima, Spokane, Coeur D'Alene, Lewiston, Idaho Falls, Helena, Salt Lake City, Billings, Casper, and Rapid City, to fly south for a second

[26] Solberg, *Conquest of the Skies,* 333.

[27] David T. Courtwright, *Sky as Frontier: Adventure, Aviation, and Empire* (College Station: Texas A&M University Press, 2005), 127.

[28] Pan American Airways Advertisement of Rio De Janeiro in Bilstein's, *Flight in America,* 177.

summer in these cities."[29] The airline formed a promotions committee consisting of a Hollywood actress and five civic leaders from the Chambers of Commerce who "visited 36 cities, making 69 personal appearances, 38 radio broadcasts, and 14 television shows, reaching an audience of more than six million people. Each of the 'ambassadors,' had the opportunity to tell this huge audience about the attractions and accommodations offered to the winter tourist in this particular area."[30] While direct advertising helped, so did travel agents who assisted customers with their travel needs. Organizations such as the American Society of Travel Agents helped customers find deals on airline tickets while charging a nominal fee. Aviation Journalist Thomas Petzinger Jr. observed, "Entrepreneurs, retired couples, wives of the wealthy - - almost anyone could start a travel agency by stocking the *Official Airline Guide* and leasing some store-front space or a cubbyhole in a suburban shopping strip."[31] He added, "Having identified the most appropriate flight for a customer, the agent would then telephone the airline, or multiple airlines, perhaps, in the case of connecting flights – and make the appropriate reservation."[32]

The air travel boom in turn, fostered the proliferation of large, urban-based hotels, often owned by well-known chains such as Hilton, Holiday Inn, and Howard Johnson appeared everywhere in cities. Some hotel companies including Hilton

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[29] Arthur Kelly, Vice-President of Sales for Western Air Express to the Chambers of Commerce in San Diego, Palm Springs, Phoenix, Las Vegas, and Los Angeles 3 March 1952, Delta Airlines Collection, Atlanta, GA.

[30] Ibid.

[31] Thomas Petzinger Jr., *Hard Landing: The Epic Contest for Power and Profits That Plunged the Airlines into Chaos* (New York: Three Rivers Press, 1996), 76.

[32] Ibid.

partnered with airlines, offering air travelers reduced room rates through package deals. Acting on an idea first proposed by President Roosevelt, Coordinator of Inter-American Affairs, Nelson Rockefeller gained Pan Am's agreement to create the Intercontinental Hotel Corporation, a conglomeration of national and international hotels serving passengers and flight crews on six continents.[33] To pay for airfare and hotel stays, customers had the option of using credit cards issued by companies like American Express, which advertised "travel now, pay later."[34] According to historian Peter Grossman, "In the 1950s, Americans fell in love with credit cards. There were two kinds: charge cards for specific stores and companies, and the universal travel and entertainment charge card."[35] The combination of travel advertisements, the hotel industry boom, and the increased demand for air travel presented the airlines with a challenge to quickly develop faster, more comfortable, more affordable modes of air travel.

Their first step was to phase out older planes like the DC-2 and DC-3, and replace them with newer, faster, and larger planes like the seventy passenger seat Boeing 377 Stratocruiser and Douglas DC-6, luxurious pressurized airliners capable of flying at a speed of 300 miles per hour and altitude of 30,000 feet.[36] Using money from the sale of their DC-2s and DC-3s to smaller companies, United, TWA, and

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[33] Solberg, *Conquest of the Skies,* 349. As Solberg notes, by 1961 there were more than twenty-six hotels on six continents.

[34] Ibid., 377.

[35] Peter Z. Grossman, *American Express: The Unofficial History of the People who Built the Great Financial Empire* (New York: Crown Publishers, 1987), 261.

[36] Roger E. Bilstein, *Flight in America,* 172, 176.

Western, the three major airlines serving Las Vegas leased Boeing 377s and Douglas DC-6s with the option of buying them. Passengers flying on these planes enjoyed comfortable seats, ample leg room, and hot meals and beverages served by flight attendants. Airline executives used these new planes especially for long-haul, transcontinental flights from New York and Chicago to Las Vegas not only to showcase their luxury, but also demonstrate their speed and fuel efficiency to a growing air traveling public.

With stronger and more durable engines, aerodynamically efficient wings to reduce drag, and the ability to travel longer distances with fewer fuel stops, passengers now could travel on a Boeing 377 or DC-6 from Coast to Coast in fewer than twelve hours.[37] United Airlines advertised flying “fastest and finest” on its DC-6 Mainliner 300 from Las Vegas to Chicago in seven hours and Las Vegas to New York in ten hours.[38] While airlines replaced their older fleets with these newer planes, Western and TWA kept some DC-3s on their flight lines for short-haul flights from San Francisco and Los Angeles to Las Vegas to save money burning less fuel.

To meet the overwhelming passenger demand, airlines also added more flights and new routes to their schedules. On January 12, 1950, Western Air Lines inaugurated “excursion flights” between Los Angeles and Las Vegas where passengers traveled on the spacious and luxurious seventy-three passenger seat Douglas DC-6 “Coachmaster.”[39] That same year, United Airlines advertised two daily

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[37] Ibid., 176

[38] *Las Vegas Review-Journal,* 3 January 1950, 3

[39] Ibid.

eastbound flights from Los Angeles to New York via Las Vegas, and westbound flights originating in Denver and continuing to Las Vegas via Grand Junction using the DC-6, which cruised at a speed of 327 miles per hour.[40] The introduction of this new service in 1950 increased the passenger volume by 33%.[41] In 1956, Western Air Lines advertised "Showroom Holiday Mid-Week Flights" specials, offering low round-trip fares from Los Angeles to Las Vegas for $26.80, San Diego to Las Vegas for $27.30, San Francisco to Las Vegas for $74, and Minneapolis for $140.40.[42] With Western, TWA, and United offering more flights at cheaper fares, new routes, and flying larger and faster planes, passenger service to Las Vegas from both coasts and Honolulu, increased 167%.[43]

"Expansion, Expansion, Expansion"

A third requirement for dealing with the travel boom was airport expansion. While the Army Air Corps was in the process of upgrading Western Air Express Field in Las Vegas, in 1942, George Crockett, an aviation enthusiast and flight instructor from Unionsville, Missouri, arrived in town seeking land for a dirt airstrip, a flight school, and air tour business he intended to open. Prior to his arrival in Las Vegas, Crockett worked as a sales representative for the Stinson Aircraft Company. His job

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[40] Roger Tyndall, "United Airlines in Las Vegas," unpublished research paper, 1976, 1-15, 3.

[41] Ibid.

[42] Western Air Express Advertisement, October 1956, Lied Library Special Collections, University of Nevada, Las Vegas.

[43] *Las Vegas Review-Journal,* 2 August 1949, p.5.

entailed extensive travel, including trips to Las Vegas. While in Las Vegas, Crockett observed the lack of general aviation airports for private airplanes to stop and refuel. At the same time, he also discovered that the federal government was offering lucrative contracts to flight schools to train pilots for the war. He signed a contract with the Department of the Interior to lease 640 acres of land at a rate of ten dollars per year for twenty years.[44]

If his business was to be successful, he needed more airplanes than the Waco and Luscombe he owned. Crockett leased $35,000 worth of machinery including eight more airplanes, aircraft tools, and other equipment from Sioux Skyways, a commercial air carrier that had filed for bankruptcy.[45] In order to receive a Civilian Pilot Training (CPT) contract from the government he needed a hangar for which he sold three of his airplanes and borrowed $4,500. Crockett literally built his airfield from scratch, spending days grading the airport's gravel runways. He struck a deal to purchase an old construction shack for $1,800, in addition to three adobe walls and second-hand lumber for building a terminal and a hangar. He also had a water tower filled with water but nothing to use as a pump until he acquired an old diesel engine for $1,200 to pump running water to the terminal. A gas company gave him an old Texaco truck to be used for fueling airplanes.[46]

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[44] Moehring, *Resort City in the Sunbelt*, 32.

[45] Ibid.

[46] Edward Churchill, "How to Build an Airport," *Western Flying* (April 1976), 36-38, Also see Frank Burnham's "In the Crockett Tradition," *Flying* (October 1955), 20-28 with continuation on 78, 28, 78 Crockett extended the land agreement under the Federal Airport Act of 1928.

On January 1, 1943, Crockett officially inaugurated Alamo Field, an airport with three runways, a terminal building, flight school, rental car business (U-Drive it cars), a motel (the Beacon Inn), and a complimentary shuttle service for pilots to get to town.[47] Initially, business was slow, but Crockett's acquisition of a Cessna Distributorship and his agreement to allow Douglas Aircraft Corporation to sell and deliver aircraft from his airport helped defray the costs and make a profit which he used to improve his facilities. In 1946, he lengthened his runways, built new hangars, and opened a restaurant. His airfield was billed as one of the finest of its kind in the country, named in remembrance of his ancestor Davy Crockett who fought at the Alamo.

The word "Alamo" has historically been associated with United States security and expansionism. So it was with Alamo Field. In 1946, the Army closed its training base and ended its partnership with Clark County. But, in 1947, as the Cold War ensued, the newly-created United States Air Force, with the financial and political support of Senator Patrick McCarran, announced its intention of establishing a permanent base at the old site. McCarran had always been a strong supporter of aviation, especially for national security. But McCarran had more in mind than a military base. Essential to the nation's defense, McCarran argued, was the opening of international routes to Europe and other continents for American airlines and air travelers. To promote this, McCarran proposed Senate Bill 326, which called for an "All-American Flag Line," a single airline, Pan Am, to offer daily flights to London

[47] Ibid.

while being financially supported by the US government.[48] This would enable Pan Am to directly compete with British airlines over international routes. The British took umbrage at McCarran's proposal and authorized Pan Am to offer flights to London only two days a week.[49] The British however, were not the only ones who opposed McCarran's proposal.

United States Secretary of War Henry Stimson penned a letter to Senator Josiah Bailey, Chairman of the Commerce Committee, claiming, "The cause of national defense will be best served by affording a maximum encouragement of private, competitive enterprise in the international airline operations of this country, rather than by creation of a single chosen instrument to engage in foreign air transportation."[50] McCarran's "chosen instrument" bill never passed, illustrating that not all private-public partnerships were acceptable. But a second McCarran scheme did gain official sanction. One of the largest achievements of his career involved acquiring $7 million in federal aid for southern Nevada airport improvement projects under the Federal Airport Act of 1946, a bill he co-authored.[51] The bill, also an incentive for the city and county to become more proactive in airport expansion

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[48] James V. Piersol, "International Air Bill Review Set Tomorrow," *Washington Post,* 6 February 1945, p. 3, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno. Also see "Single U.S. World Airline is Proposed," *San Francisco Chronicle,* 1 December 1945, p.2, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

[49] Ibid.

[50] Ibid.

[51] McCarran Airport Dedication Program 19 December 1948, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno. Also see Senator McCarran's Speech to the National Aeronautics Association in New Orleans, LA, 12 January 1940, 22, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

projects, bounced back and forth through the House and Senate for much of the year before it finally passed.[52]

McCarran had shown impressive political muscle when, prior to the war, airlines were still operating out of Western Air Express Field, and airport officials became concerned about air traffic congestion and crowded airspace as the Army Air Corps began to move in with the commercial airlines. Following a series of discussions with Pentagon officials and Senator McCarran, Las Vegas Mayor Ernie Cragin and County Commissioners Harley Harmon and George Albright discerned that Air Force payrolls and supply orders dictated Clark County build its own public airport. The airlines supported this move because it enabled them to function out of their own airport and not have to worry about colliding with military aircraft in the airport traffic pattern. Moving the airlines also minimized ground delays including lengthy lines of airplanes waiting to take off. Throughout the War, Western Air Lines (Western Air Express became Western Air Lines in March 1941), TWA, and United had complained about how military traffic gave them little space in which to operate.[53] With McCarran's assistance, the Clark County Board of Commissioners entered into agreement with Crockett to purchase his airport for $125,000.[54] In addition to the sale, the county also included in the contract, a thirty year lease for him to remain on the field as a fixed base operator. After completion of the deal in

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[52] Frank Wright, *Desert Airways,* 18, 24.

[53] *Las Vegas Review-Journal,* 25 August 1960, p.6.

[54] Frank Burnham, "In the Crockett Tradition," *Flying* (October 1955): 20-28 with continuation on 78, 28, 78. Crockett initially offered the airlines use of his field for three years rent-free until better facilities could be built. The County balked at his offer.

1948, Western, TWA, and United relocated to Alamo Field while the Air Force continued operating out of its base.[55]

Preparing Alamo Field for commercial operations was going to be expensive. But, Frank Guswelle, Chairman of the Board of County Commissioners was ready for the challenge. The County had $850,000 in federal airport funds of the $1.5 million needed to complete the project. The Board of County Commissioners proposed a $750,000 bond issue for the remaining needed funds. Despite opposition from a handful of disgruntled local residents who felt that the existing airport was adequate and did not want the additional noise of more airplanes flying over their homes, the bond issue passed on May 1, 1947, with most of the city's residents, casino executives, and the Chamber of Commerce agreeing that airport expansion was needed.[56] As the McCarran Airport Dedication Program noted, "Had it not been for Mr. Guswelle, it is entirely probable that the airport project would have fallen by the wayside. He whipped up enthusiasm in many quarters. He begged and he barked. He cajoled and he drove and, when the pace slackened, he flew into the thick of whatever fight was raging at the time. He held meetings with his other commissioners, with the airlines, with the Chamber of Commerce."[57] Development and expansion plans included two 6,500 feet of paved runways, one graded runway, 16,100 lineal feet of taxiway, 31,100 square yards of loading apron, a 27,750 square

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[55] Ibid.

[56] McCarran Airport Dedication Program, 19 December 1948. Also see *Las Vegas Review-Journal,* 19 December 1948, p.1b. Also see Moehring, *Resort City in the Sunbelt,* 62.

[57] Ibid.

foot building for administration offices, and new airport lighting.[58] On December 19, 1948, the County renamed Alamo Field McCarran Field in honor of Senator Patrick McCarran.[59] In a tribute to the Senator, the McCarran Airport Dedication Program stated, "The senior senator has always been a friend of the air force and the navy aviation programs and has done everything within his power to see that these arms of the national defense are maintained at a high level."[60]

An editorial in the *Boulder City Journal* praised the new airport as "a far cry from the original facilities in Las Vegas which served the daring pioneer pilots of the 1920s. For instance, the first community 'air field' [sic] was a strip of desert a few hundred feet long, which was cleared of mesquite and sagebrush in the old fairgrounds area. Today the site is occupied by the city swimming pool."[61] It also recognized how essential a new airport was to the growth and development of the city, declaring, "In the modern air age, up-to-date facilities for all types of aircraft are absolutely essential to the growth and prosperity of any community, and more so in the case of a city like Las Vegas, dependent to a large degree on tourist dollars."[62] With the steady increase in air traffic and passenger volume, it became clear to airport officials that within the decade more airport expansion would be needed.

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[58] Ibid. Also see *Las Vegas Sun,* 11 June 1998, p.7E.

[59] Burnham, "In the Crockett Tradition," 78.

[60] McCarran Airport Dedication Program December 19, 1948, Senator Patrick McCarran Collection, Historical Society of Nevada, Reno.

[61] *Boulder City Journal,* 23 December 1948, p.1B.

[62] Ibid.

A Hometown Airline

With a rapidly growing tourism industry served by three major airlines United, TWA, and Western, Las Vegas began attracting other airlines, one of which was Bonanza, advertised as Las Vegas's hometown airline. Its President Edmund Converse, a former WWII military pilot, launched the airline in 1946 with two small Cessnas offering sightseeing flights to the Grand Canyon. With business booming, in 1950 he acquired five Douglas DC-3s and offered flights to Reno, Tonopah, Phoenix, and San Diego.[63] Wanting to be a greater presence in the Las Vegas market as a competitor to Western, TWA, and United Airlines, Bonanza strategically attempted to increase business during the winter months by allowing passengers to book flights throughout a fifteen day period to fly roundtrip from Las Vegas to Carson City, and from Las Vegas to Reno.[64] Unlike its competitors, Bonanza also offered its passengers a new amenity of calling friends, relatives, or business partners on radio phones during flight for a nominal fee.[65]

On January 1, 1958, the airline took delivery of the first Fairchild F-27, a turbo propeller-driven aircraft. Capable of flying at speeds of 311 miles per hour, radar equipped for better navigation and radio frequency coverage, and seats for forty passengers, the F-27 revolutionized the propeller-driven aircraft industry. Advertising itself as the first airline to offer turbo-jet service, Bonanza added the F-27

[63] *Las Vegas Review-Journal,* 17 January 1952, p.3. Also see *Las Vegas Review-Journal*, 22 January 1952, p.4.

[64] *Las Vegas Life* (June 1947), 14-15. Note that in 1946, it cost $68.59 in gas and took minimally three days to drive from Las Vegas to Reno back to Las Vegas. To travel by air, a passenger paid less than $50 to fly roundtrip from Las Vegas to Reno in less than twenty-four hours.

[65] *Las Vegas Review-Journal,* 19 February 1953, p.6.

to its fleet which brought enormous prestige and a marked increase in business.[66] Better business also brought several new needs to the company.

Bonanza needed new land leases, a $350,000 hangar for all of its planes, and a $125,000 administration building with offices.[67] To bypass the expense of a new hangar and administration building, the airline paid $170,000 to move its $150,000 hangar from Reno to Las Vegas, leased land for fifty years at $800 per month, and insured the hangar for $80,000.[68] In spite of financial difficulties in handling its operation Bonanza in 1960 became the country's first airline to operate an all turbo-propeller airline fleet, which meant that it had the fastest, safest, and most efficient planes in the propeller-driven passenger plane industry. Although the airline did relatively well with a passenger load volume of 67% (most airlines had a 75-80% passenger load volume), it needed to invent a marketing gimmick to increase the passenger load volume.[69]

Using the "Bonanzaland" experiment, the airline offered package deals where people could fly Bonanza routes during a fourteen day period for $90, and a thirty day period for $160.[70] The experiment worked and Bonanza flights were full. In

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[66] *Las Vegas Review-Journal,* 18 November 1960, p.3.

[67] *Las Vegas Review-Journal*, 14 March 1957, p.4. Note that the advertisement was wrong. In fact, many contemporary publications are wrong. There is an enormous technological difference between a turbo-propelled engine and a jet engine. For an accurate description of that difference, I would recommend consulting William Kershner's *The Advanced Pilot's Flight Manual, 7th Ed.* (Hoboken, NJ: Blackwell Publishers, 2003). Also I would recommend T.A. Heppenheimer's description in *Turbulent Skies: The History of Commercial Aviation* (New York: John Wiley & Sons, 1995), 77-82, 146, 147, 153, 224.

[68] Clark County Commission Meeting Minutes, 15 August 1957.

[69] Lou Davis, *Flying Magazine* (May 1961), 29.

[70] Ibid.

1961, the airline transported 316,000 passengers, a 24% increase over the previous year's volume.[71] While Bonanza, TWA, United, and Western Airlines experienced significant passenger volume growth by offering affordable fares, and assured casino resort owners that flights would be full, there was another airline experience that would be important to the sustenance and growth of tourism and gambling in Las Vegas: junkets.

Junkets

Beginning in 1941, junkets, or non-scheduled charter flights, became a growing business in the air travel industry. Nationwide, people boarded charter planes to travel to Orlando, Miami, New York, Chicago, San Francisco, Los Angeles, San Diego, and other popular tourist destinations. In Las Vegas, casino owners saw an opportunity to tap into the junket industry to increase business and profits. So, the El Rancho and Last Frontier casino resorts contracted with private junket operators primarily from southern California to transport eager gamblers to their casinos. In 1943, more than 1,100 travelers, about 7% of the regular passenger volume, flew to Las Vegas on junkets from Los Angeles, Burbank, and other southern California cities. In 1959, the Las Vegas Chamber of Commerce reported 151,173 passengers arrived on junket flights, about 10% of passenger flights from Honolulu, Dallas, St. Louis, Chicago, New York, and other national cities.[72]

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[71] *Aviation Week and Space Technology* (9 April 1962), 24.

[72] *Las Vegas Review-Journal,* 24 May 1960, p.1. Note that the *Las Vegas Review-Journal* published a morning and evening edition. The articles cited in this chapter are entirely from the evening edition. Also, many of the

Traditionally, junkets were only available to the wealthy. As Mark Skidmore points out in his study of the junket industry, "Each junketeer was a male over the age of twenty-one, working in a profession where he earned an annual salary exceeding $30,000."[73] Skidmore also noted an additional prerequisite: each junketeer had to establish a minimum $2,500 line of credit with the casino, and in return, received a complimentary hotel room, meals, beverages, and a show ticket.[74] In *Big Julie of Las Vegas*, a 1970s expose on junketeer Julie Weintraub and the Las Vegas scene, author Edward Linn provides a similar description of a junket excursion in 1960 where a group of doctors, lawyers, and other professionals flew from New York to Las Vegas on a chartered United Airlines Douglas DC-8 passenger jet. At the casino, "Each of them spent hundreds of dollars and in return, received coupons for complimentary beverages, a buffet, and show tickets."[75] New casino resorts such as the El Rancho Vegas and the Last Frontier with their luxurious casinos, lavishly appointed rooms, and premier entertainment, attracted wealthy junketeers who wanted to be pampered, entertained, enjoy outdoor recreation in the sun, drink, eat, gamble, and return home satisfied.

In 1942, the Hotel Last Frontier bused many of its customers to town from Los Angeles, Phoenix, Tucson, and other southwestern cities. Because highway travel

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newspaper articles I have cited in this chapter are compiled in Richard Taylor's *History of the Hacienda Hotel as Reported by the Las Vegas Review-Journal and the Las Vegas Sun* (Las Vegas: Beehive Press, 1986). The book was reprinted in 1989 and a supplemental paperback edition was published in 1990.

[73] Mark Skidmore, "Gaming Junkets in Nevada," unpublished master's thesis, University of Nevada, Las Vegas 1990, 27. Larry Alan Walters also argued that junkets exclusively catered to the wealthy in his unpublished master's thesis, "A Study of Gambling Junkets within the US Gaming Industry," Cornell University, 1979.

[74] Ibid.

[75] Edward Linn, *Big Julie of Las Vegas* (New York: Walker Press, 1974), 3.

was too slow, the casino switched to airplanes the following year. By contracting with various air charter services in Los Angeles, the hotel was able to transport more people daily. William Moore, general manager and co-owner of the Last Frontier, negotiated an arrangement with these carriers that allowed him to offer his guests a package deal that included a room, meals, and transportation to and from the airport.[76] Customers arrived in Los Angeles from Detroit or Dallas on commercial airlines, and then boarded a charter plane operated by a local air charter service to Las Vegas.[77] In an interview, Moore claimed that the Last Frontier pioneered charter airplane promotions advertising air service to Las Vegas from other West Coast cities like Los Angeles, Long Beach, and Burbank. This junket air service developed a new niche in the Las Vegas air travel market that Moore claimed, "attracted a lot of people" to town.[78]

One of the air services in southern California with which the Last Frontier contracted was Los Angeles Air Service (LAAS), owned and operated by a young entrepreneur named Kirk Kerkorian. Forced to drop out of school to help with the family farm after his father experienced financial hardship during the Great Depression, Kerkorian always had a passion for aviation. Having saved his money, he was able to acquire a car wash business and in his spare time took flying lessons. After earning his commercial pilot's license, Kerkorian sold his business,

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[76] William J. Moore, Interview by Elizabeth Harrington in 1981, in Reno, NV.

[77] Ibid.

[78] Ibid.

and flew airplanes from Canada to England.[79] Later, with experience as an Air Force instructor in the war, Kerkorian thought about starting his own air service. Taking part of the revenue he earned from his car wash business, Kerkorian started his new air service with a $5,000 single-engine Cessna to be used for flight instruction and charter flights.[80] He later purchased a Douglas DC-3, a twin engine Cessna, and a single engine Beechcraft.[81] In 1950, Kerkorian moved his operation to the Lockheed Air Terminal in Long Beach to compete with forty other junket airlines for business. He struggled for a while until he pleased his customers by upgrading his service with a four-engine Douglas C-54, and spent $28,000 to retrofit it and refurbish the interior.[82] In 1959, he changed the company's name to Trans International Airlines, transporting regular customers and military personnel on a Douglas DC-8 turbojet, and in 1968, sold his business to Transamerica Corporation for $104 million.[83] Kerkorian became an important junket operator in Las Vegas, but he wasn't the only one.

Warren "Doc" Bayley and Hacienda Airlines

Warren "Doc" Bayley, a farmer from Platteville, Wisconsin, had no experience running an airline. Before he became co-owner and Chief Executive Officer of the

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[79] Wayne W. Parrish, "New Aviation Power Center: Las Vegas," *American Aviation* 3 February 1969, 14-16, 15.

[80] Dial Torgerson, *Kerkorian: An American Success Story* (New York: Dial Press, 1974), 76.

[81] Ibid.

[82] Ibid.

[83] Parrish, "New Aviation Power Center: Las Vegas," 15. Also see Dave Palermo's, "Kirk Kerkorian: The Reticent Billionaire," in Jack Sheehan, ed., *The Players: The Men Who Made Las Vegas* (Reno and Las Vegas: University of Nevada Press, 1997), 163.

Hacienda Hotel in Las Vegas during the hotel boom in the late 1940s and early 50s, he traveled throughout the United States as a syndicated travel columnist writing articles about his experiences in various hotels. He made special notes from his observations of "the good points" to be incorporated into his future hotel, points such as friendly staff, fresh bath towels, clean bed linens, and working air conditioners.[84] Bayley had always dreamed of owning a hotel and his opportunity finally came while he served as Chairman of the Board for Standard Motels Incorporated, a West Coast hotel chain.

In 1955, with profits from a fruitcake manufacturing business in southern California, Bayley opened a chain of hotels under the name Hacienda Resorts in Fresno, Bakersfield, and Indio, California.[85] That same year, seeking to invest in Las Vegas, he formed a partnership with the National Corporation, a Texas firm that had already begun construction on a property in the city named the Lady Luck Hotel.[86] Just before the hotel was completed in 1956, Bayley as majority owner, changed the name Lady Luck to Hacienda, and sent out initial public stock offerings to stockholders of Hacienda Motels Incorporated. He received a promising response. But when Nevada Gaming Control Board Chairman Robbins Cahill claimed the Strip was overbuilt and nobody would pay any attention to the Hacienda, stock interests dropped dramatically and the National Corporation pulled out of the partnership.[87]

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[84] George Stamos Jr., *Las Vegas Review Magazine* 12 August 1979, 1.

[85] Ibid.

[86] Ibid.

[87] Eugene P. Moehring, *Resort City in the Sunbelt*, 81.

Bayley had to sell his fruitcake manufacturing business in California to buy the Hacienda. In April 1956, the Hacienda resort, nicknamed “Hayseed Haven” because it was not a fancy hotel and catered to working class people, opened. It showcased an Olympic-sized “Z” shaped swimming pool, room accommodations for 266 guests, and a $17,000 mini racetrack for go-carts with annual national competitions.[88]

Bayley shuttled air travelers from the airport to the hotel on air conditioned buses. Upon their arrival at the Hacienda, guests received $5 in gaming chips, a buffet dinner, a bottle of champagne, membership to a golf course lit at night (where each guest had a chance to win $5,000 for a hole-in-one), and a ticket for a show at the New Frontier (a casino resort in which Bayley had purchased a ninety percent share and offered to sell the rooms to investors for $10,000 each but it never panned out).[89] Guests also received a tote bag with the Hacienda logo as a souvenir of their experience. While at the hotel, guests also enjoyed complimentary glasses of champagne. Even with all of these fine amenities Bayley had too many empty rooms because he was too far south on the Strip and tourists preferred hotel resorts at the other end.

During the mid 1950s, as Las Vegas became a more upscale city attracting affluent tourists and gamblers, rooms reached 100% capacity especially on weekends. The New Frontier, Riviera, Flamingo, Tropicana, and El Rancho Vegas offered “Show-time Holiday” room rates for $30, which included 3 days and 2 nights at any of the hotels, breakfast, cocktails, dinners, shows, a bottle of champagne, and

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[88] Ibid., 7.

[89] Richard Taylor, *Casino News*, 27 July 1990, 1.

ground transportation between the airport and hotels.[90] This public relations program was so successful filling the Strip hotel rooms to capacity, that there was no need for junket travelers who were turned away. Henry Price, owner of a junket air carrier in Burbank presented Bayley with the idea of flying in working class southern California gamblers and tourists to McCarran Airport instead of high rollers, and then busing them to the Hacienda Hotel. Bayley accepted Price's offer and scheduled flights on weekdays as well as weekends. Hacienda Hotel Manager Richard Taylor recalled Bayley saying "if thirty-two people in Los Angeles are willing to fly to Las Vegas on a weekend, then there certainly must be thirty-two more willing to come on a weekday."[91]

Bayley's flight reservations filled up so quickly, he contracted with Price to become the Flight Services Manager of the Hacienda's newly leased Douglas DC-3s. Weekday and weekend junket passenger flights became so popular, Bayley added a large DC-4 to his fleet with profits from the Hacienda. He spent $95,000 of his own money refurbishing the DC-4 with comfortable seats and a piano bar, with which he provided entertainment en route.[92] Bayley hired Dick Winslow, a former Hollywood actor as his in-flight entertainer, who played tunes and sang popular songs during the flights mainly to calm nervous passengers who had never flown

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[90] 1956 Hotel Advertisement, Lied Library Special Collections, University of Nevada, Las Vegas.

[91] Richard Taylor, General Manager of the Hacienda Hotel, Interview by Daniel Bubb, 26 April 2000, Las Vegas, NV.

[92] George Stamos Jr., *Las Vegas Review Magazine* 12 August 1979, 7.

before, a common problem in the late 1950s and early 60s.[93] Other “shows” on these flights included young, attractive women modeling fashions for the mainly male passengers. Contrary to rumor and claims in the book *Green Felt Jungle*, the ladies never performed a striptease though they wore lingerie that was considered risqué at the time.[94]

Because of the growing popularity of his flights, Bayley increased the size of his fleet to include two Douglas DC-3s, each capable of seating 32 passengers; one DC-4 for 77 passengers; and five Lockheed Super-Constellations that seated 80 passengers each. His additions were timely. In 1959, Hacienda Airlines delivered more than 70,000 passengers to McCarran Airport. In 1960, it delivered 120,000 passengers, and one year later, 170,000 passengers.[95] For 1962, the Airline projected transporting 220,000 passengers. These numbers were competitive with the total number of passengers transported by United, Western, Bonanza, and TWA. According to Hotel Manager Taylor, Bayley’s flights turned out to be so popular that customers had to book their reservations three or four weeks in advance.[96] The reasons for Hacienda Airlines’ success were its catering to working class tourists, offering low fares, excellent customer service, and frequent advertisement in Los Angeles newspapers and on highway billboards.

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[93] *Las Vegas Sun,* 14 February 1991, p.A32.

[94] Ed Reid and Omar Demaris, *The Green Felt Jungle* (New York: Trident Press, 1963), 50. For Bayley’s ownership of the Hacienda and New Frontier Hotels, see pp. 224 and pp. 228.

[95] *Las Vegas Review-Journal,* 5 May 1961, p.5.

[96] Ibid.

To promote his air service, hotel, and rates, Bayley's innovative management team not only advertised in newspapers and on billboards, but also came up with the idea of printing flight schedules on the inside of matchbook covers that were dispensed from cigarette vending machines all across the West. This gimmick was an ingenious promotion tactic. Another advertising opportunity presented itself when construction work on Highway 58 in Victorville, California created a bottleneck, and caused a traffic jam. Bayley paid two attractive females to stand alongside the freeway and hand out flyers to the immobile drivers advertising the Hacienda's junket flights and included coupons for one free buffet at the Hacienda Hotel.[97]

The resort's flight schedule and range of destinations was impressive. Hacienda Airlines offered flights from Los Angeles, Long Beach, Santa Ana, Burbank, San Francisco, and San Diego to Las Vegas using Douglas DC-3s for $35.50 round trip.[98] Longer-range flights from Dallas, St. Louis, Chicago, New York, Detroit, and Honolulu, at a price of $44.50 round trip, required use of Bayley's DC-4s and Super-Constellations.[99] In a 2000 interview, Boyd Michael, Hacienda Chief Pilot and Director of Pilot Training, outlined a typical weekly crew schedule to demonstrate the size of Bayley's operation and how it competed with the major airlines in many of the same cities. He recalled that on a Friday afternoon a Douglas DC-4 crew would leave Burbank Airport for Las Vegas, continue to St. Louis, and terminate in Chicago. The crew had a layover on Saturday, and then on Sunday

[97] Taylor, Interview, 26 April 2000.

[98] *Las Angeles Herald Examiner,* 21 July 1962, p.A16.

[99] Ibid.

would leave with a partial load of passengers from Chicago to St. Louis. They then flew to Las Vegas to drop off passengers and load others. In Las Vegas, they switched flight crews before terminating in Honolulu. According to Michael, a DC-3 crew flew five roundtrips per day between San Francisco and Las Vegas. By 1961, Hacienda Airlines ran seventy flights a week.[100]

Bayley soon found himself the owner of a sizeable junket airline. Early in 1961, Bayley ordered twenty-five additional Lockheed Constellations from TWA. The transaction also included thirty-eight engines, twenty-five extra propellers, and $3.5 million worth of spare parts and tools. At that time, it stood as the largest purchase by any air service operator in Nevada history and would have put the value of his fleet much higher than the later appraisal of between $1 million and $2 million.[101] But, Bayley began having airline operating certification problems with the Civil Aeronautics Board.

In 1960 he had applied for an operating certificate, but the application was lost under a stack of CAB paperwork and found two and a half years later, depriving him of taking delivery of the Constellations. Resentful of Hacienda success, TWA, Western, and United - the three major airlines serving Las Vegas - filed complaints with the CAB that accused Bayley of unfair competition and charged that Bayley's airline was operating without a certificate, which was illegal.[102] United, TWA, and the

[100] Boyd Michael, Chief Pilot and Director of Pilot Training at Hacienda Airlines, Phone Interview by Daniel Bubb, 1 May 2000, Las Vegas, NV.

[101] *Las Vegas Review Journal,* 23 October 1961, p.2. Also see the *Los Angeles Herald Examiner,* 17 October 1962, p.D1.

[102] Ibid.

Western also filed a complaint against the Dunes resort, which offered free flights in its Douglas DC-3, alleging that the Dunes' operation also lacked a certificate.[103] To be certified by the CAB as a legitimate business, anyone wanting to transport passengers by air charter had to fill out an application, draft a business plan, and have the documents reviewed and approved by the Board. To avoid expensive litigation, the Dunes canceled its air service. Hacienda Airlines became the next CAB target.

A year and a half after Bayley had begun his airline, on August 12, 1961 the CAB issued an order to close it down. Board examiner Richard Walsh's investigation concluded that Bayley's airline violated Federal Aviation Regulations by operating "package tours" without an operating certificate.[104] Despite Hacienda attorneys' efforts to file numerous appeals, the courts sided with the CAB and the commercial airlines. Hacienda General Manager Richard Taylor argued that the Hacienda had applied for a certificate and had generated a tremendous amount of business for Las Vegas, a point that the resort's attorneys and promoters emphasized. But the argument fell on deaf ears. Civil Aeronautics Board attorney Robert Toomey argued if the Hacienda operated without a certificate, other resorts would follow suit if allowed to do so. He asserted that an increase in competition would be detrimental to the big commercial airlines, indicating that the CAB caved to the political pressure of the major airlines. On July 10, 1962, Bayley was forced to shut down his airline.

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[103] Ibid.

[104] Ibid.

None of the other casinos supported Bayley and instead sided with the commercial airlines. Casino executives criticized Bayley for targeting middle and lower-income customers rather than high rollers. They claimed wealthy people traditionally spent more money gambling and were more representative of the type of image the resorts were promoting. One anonymous casino executive pointedly asked "What incentive will the airlines have to boost Las Vegas when we fly a minimum of three thousand passengers a month for free?" He further cautioned that "We are also going to be in trouble if we couple booze with gambling and gimmick-style promotions and toss in $5 for lure…. That puts us in a class of 'Sin City USA,' an identification we have successfully avoided for five years," ironic because the city built its reputation around booze, gambling, sex, and promotional come-ons.[105]

Investigative journalists Sally Denton and Roger Morris wrote that it was difficult for Las Vegas to shed its image as "a garish, vulgar place – either too greedy or too cheap, but in any case too much."[106] Nick Tosches, a Las Vegas visitor called the city, "A disease, a nightmare, a paradise for the misbegotten."[107] But, for the thousands of visitors and permanent residents, Las Vegas had become one of the most attractive and classiest towns in the world, claimed Denton and Morris who wrote, "In only seven years, Las Vegas had become one of the most distinct and

[105] Paul Price, *Las Vegas Sun,* 16 June 1960, p.4.

[106] Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and its Hold on America, 1947-2000* (New York: Alfred Knopf, 2001), 128.

[107] Ibid.

showy cities of its kind anywhere on the planet."[108] They also noted how, "The city's official handouts extolled its broad streets, ranch-style homes, first-rate schools, eighty-one church groups, four hospitals, and no state income tax."[109] The fact is that the growth and development of Las Vegas was not made possible by sex, booze, gambling, nice homes, and favorable tax structures themselves. The airlines played an absolutely vital role in making the city a popular, modern destination for tourists and future residents who enjoyed the warm weather, affordability of houses, and a growing job market.

The controversy over the Hacienda underscored a developing tension between casino executives like Griffith and Hull who wanted to advertise Las Vegas as a wealthy person's gambling paradise versus entrepreneurs like Bayley who wanted Las Vegas to cater to middle and lower-income guests, while also making a profit from gambling and entertainment. Symbolic of upscale Las Vegas, the appearance of the Flamingo, Desert Inn, and Sahara, and other luxurious hotel resorts along the Strip added to the class conflict. Another source of contention between Las Vegans who sought to preserve the old Fremont Street hotels and casinos as remnants of the Old West versus those who envisioned a glitzy, modern Strip teeming with high-class tourists and entertainers from New York and Los Angeles.

[108] Ibid.

[109] Ibid., 145.

Last Frontier Town vs. Modern Las Vegas

The Las Vegas Chamber of Commerce and prominent downtown Fremont Street casino owners William Moore, Guy McAfee, and Thomas Hull were reluctant to change Las Vegas's image as a throw-back to pioneer days. But, they could not compete with Mo Sedway and Benjamin "Bugsy" Siegel, southern California organized crime businessmen who wanted to replicate luxurious and lavish southern California Bel Air hotels on the Strip.

In 1946, Siegel, backed by mobster Lucky Luciano and Havana-based Meyer Lansky, opened his dream resort, the Fabulous Flamingo, a property bigger and more luxurious than the elegant Beverly Hills Hotel in southern California. His original budget of $1.5 million ballooned to more than $6 million, which got him in mortal trouble with the bosses who suspected Siegel was skimming.[110] The Flamingo ranked the most glamorous hotel in Las Vegas with 105 lavishly furnished rooms, a health club, gymnasium, steam rooms, tennis courts, and areas for squash, handball, and shuttlecock. Behind the main building were stables for horses, a trapshooting range, a large swimming pool, a nine-hole golf course, and several shops. The grounds were landscaped with date palm trees, rare foliage, and exotic species. True to Siegel's desire for class, the whole staff dressed in tuxedos.[111]

Siegel's Fabulous Flamingo represented a significant departure from the El Rancho Vegas, the Last Frontier, and El Cortez with their traditional western décor.

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[110] Gus Russo, *The Outfit: The Role of Chicago's Underworld in the Shaping of Modern America* (New York: Bloomsbury, 2001), 233.

[111] Hal K. Rothman, *Devil's Bargains: Tourism in the Twentieth-Century American West* (Lawrence: University of Kansas Press, 1998), 296.

The Fremont Street Las Vegans still viewed their city as one of the last frontier towns. A local brochure titled "Las Vegas Nevada, Still a Frontier Town" contained pictures of cowboys, horses, rodeos, saloons, and bordellos.[112] Some visitors stayed at dude ranches scattered outside the town, and enjoyed horseback riding, playing the old frontier game of horseshoe, and other outdoor recreational activities. The El Rancho Vegas, Last Frontier, and El Cortez offered clean, simple, familiar surroundings and amenities to locals and common folk visitors who were not interested in luxury, showiness, and big gambling. On the other hand, Siegel and his colleagues were determined to change Las Vegas's image to an elaborate, classy, upscale resort town with luxurious properties that included spacious Monte Carlo style casinos, well-appointed rooms, air conditioning, swimming pools, gourmet restaurants, premier entertainment, grass golf courses, and large tennis courts. Everything was designed to attract the wealthy drive-in and fly-in tourists. But the change would not come easily.

Griffith, Moore, and other Fremont Street casino owners were not yet ready to give up the southwestern theme and charm of their town. To prove their seriousness, they paid a local business to construct "Vegas Vic," a giant size cowboy statue famous for waving and saying "Howdy podner" to all tourists walking on Fremont Street. Vegas Vic was the perfect advertising gimmick for the Old West, appearing in newspaper advertisements, flyers, and on television where he was viewed by millions of Americans.[113] But, even with this advertising, Fremont Street

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[112] Perry Kaufman, "City Boosters, Las Vegas Style," *Journal of the West* (July 1974): 46-59, 48.

[113] Ibid., 54.

proved to be no match to the gorgeous hotel resorts on the Strip that attracted wealthy southern California businesspeople, Hollywood celebrities, world-class entertainers, and enormous crowds from southern California. Historian John Findlay observed this, noting, “In 1955, the owners of the Last Frontier Hotel turned their backs on the bygone era of the Old West nostalgia and opened their doors to the age of the future…. Gone was the Old West theme, replaced by space-age luxury that can be traced in a straight line from Los Angeles to the Strip.”[114] To punctuate this shift, historian Hal Rothman summed it up: “The ‘glamour girl’ image replaced “Vegas Vic” and the western theme used by early properties to portray Las Vegas as a wild, no-holds-barred frontier town. By the early 1950s, Las Vegas’s image had more in common with Hollywood than with Dodge City.”[115] Like the airlines modernizing their fleets and adding first-class amenities to attract more passengers, the emerging casino-resorts pioneered the way for bigger and even more luxurious resorts to expand their clientele.

The Golden Age of Las Vegas

In the 1950s, larger and more luxurious resorts proliferated along the Strip, each one having the intention of outdoing the others in grandeur and size. In April 1950, the Desert Inn opened and was given the label “the jewel of the resorts” by casino owners and city marketers because of its spaciousness and unique design. With seventeen richly landscaped areas, state-of-the-art entertainment, air

[114] John Findlay in Gary E. Elliott’s, *The New Western Frontier*, 63.

[115] Hal K. Rothman and Mike Davis, *The Grit Beneath the Glitter: Tales from the Real Las Vegas* (Berkeley, CA: University of California Press, 2002), 245.

conditioning, gourmet restaurants, a sky room for nightly dancing, and a meticulously manicured and landscaped eighteen-hole golf course, this hotel registered the Strip's premier resort.[116]

It was nearly outdone in December 1952, when the Sahara opened as the Strip's sixth hotel. The two-story building boasted 276 rooms, an Africa motif throughout the facility, a luxurious lounge, and gourmet restaurant. In later years, the Sahara built a "space center," a four thousand square foot convention center used for business meetings and special events. That same year, the Sands opened. It became a legendary resort with the popular Copa Room in which big-name entertainers including before Liberace, the Rat Pack -- Joey Bishop, Dean Martin, Sammy Davis Jr. and Frank Sinatra-- and Elvis Pressley gave sold-out performances. These world-class entertainers attracted thousands of people from all parts of the country. The giant Sahara casino resort landscape featured exotic shrubs, palm trees, and luxurious gardens that surrounded an all-glass walled restaurant that overlooked its beautifully arbored grounds.[117]

In April 1955, the eleven-storied Riviera opened as the tallest building in Las Vegas and the first high-rise hotel in town. Its European design, lavish gardens, and multi-purpose facilities and other amenities earned the property the title: first "self-contained" vacation community. On May 23, 1955, the Dunes opened as the tenth resort on the Strip. Called the "miracle in the desert," it had 194 rooms, a ninety foot-long swimming pool, a fifteen-foot lagoon, a magic carpet revue showroom, and an

[116] Kaufman, "City Boosters Las Vegas Style," 74.

[117] Ibid., 76.

eighteen-hole golf course. It pampered its guests by offering them complimentary drinks, dinner, and shows. In May 1956, the fifteen-story Fremont hotel opened, replacing the Riviera as the town's tallest building and quickly gained fame for its gourmet restaurants with world-class chefs. In June 1956, the Silver Palace opened with Las Vegas's first two-story nightclub.[118]

In April 1957, the Tropicana opened with sprawling bungalow-styled buildings consisting in total of one thousand rooms, and one year later, in July 1958, the Stardust opened with a 105 foot-long pool, 16,500 square foot casino (the largest in Nevada), a horseman's park, an area for rodeos, a raceway for Grand Prix racing, a golf course, and country club.[119]

In total, hoteliers spent more than $7 million on these luxurious resorts to offer the best accommodations, recreation, and entertainment to all kinds of travelers. Boosters and marketers from the Las Vegas Chamber of Commerce now promoted the city as an elegant, classy, glamorous, resort city. Hired advertising agents pedaled the town as a desert paradise for tourists and gamblers. [120] Additionally, they billed it as an "atomic city," after United States President Harry S. Truman approved the creation of the Nevada Proving Grounds, the only peacetime, above-ground nuclear testing facility in the continental United States.[121] On January 27,

[118] Ibid.

[119] Ibid., 83, 84.

[120] Ibid.

[121] Denton and Morris, *The Money and the* Power, 137-143.

1951 the first atomic test took place. Exploiting the publicity that accompanied the test, Las Vegas began marketing the detonation as one of their city's attractions.

Despite all of the money spent on building new casinos, Las Vegas still sat isolated in the middle of the southwest southern Nevada desert with accessibility to major western cities and more distant metros across the nation always a challenge. New, modern airlines reaching out across the continent and overseas were beginning to answer the challenge. With a growing increase in the number of tourists and gamblers coming to stay at the new Strip resorts, and large airline passenger planes such as the DC-4 and Boeing 377 Stratocruiser annually transporting more than 35,000 passengers to Las Vegas, city officials realized McCarran Field needed immediate expansion.[122]

<u>"The White Elephant Basking in the Sun"</u>

Even after a $150,000 runway expansion program to pave the three runways, provide night lighting, and build an air traffic control tower and weather station, McCarran Airport remained too small for the 35,106 passengers, 99 daily flights, and the 77 passenger DC-6s and Lockheed Constellations that annually arrived by the late 1940s and early 50s.[123] As the Sands, Sahara, and other plush resorts appeared on the Strip in the 1950s, the passenger volume continued to soar at McCarran. By 1955, more than 500,000 passengers walked through the airport's gates, forcing Airport Manager Robert Metten and his staff to draw up plans for

[122] Moehring, *Resort City in the Sunbelt*, 132.

[123] *Las Vegas Review-Journal Sunday Edition,* 5 December 1954, p.38.

further expanded runways, taxiways, and terminal facilities. Metten's deputy director and eventual successor Gordon Miles also acknowledged expansion was imminent. He claimed "Remodeling the present airport would be good for ten years, but the city will need a new airport in twenty years."[124] By 1957, with more than 700,000 people arriving by plane, the crunch proved so great that Metten and Clark County Commissioners George Albright, Harley Harmon, George Christianson, and other members decided their only recourse was to expand the current airport and build new facilities. Commissioner George Albright stated in a county resolution, "The existing terminal building at McCarran Field is inadequate for the present volume of traffic. After careful study and research, the Board of County Commissioners has determined it more practical to construct a new building rather than enlarge the existing one."[125]

In 1957, Metten hired contractor Leigh Fisher to conduct a comprehensive airport study. When completed, the study estimated the cost of a newly renovated airport to be $3.865 million. Expansion of the existing facilities alone would run $2.5 million (in today's figures, around $5 million).[126] The expansion plan included $600,000 for runway extension and lighting (the East-West runway would be extended from 6,500 feet to 10,000 feet and be widened to 150 feet with high-intensity runway lighting for night flight), taxiway lighting and widening to 75 feet, two buildings connected by a ramp with the first building housing ticket counters,

[124] *Las Vegas Review-Journal,* 23 October 1957, p.2.

[125] Clark County Commission Minutes, 6 August 1958.

[126] *Las Vegas Review-Journal,* 13 December 1957, p.4.

baggage handling, airline offices and rental counters. The second building sized-out at 90,000 square feet, and contained 12 gates with flexibility to increase to 20 gates, waiting lounges, restaurants, bars, a nursery, concession stands, and restrooms.[127]

Once again, the federal government stood ready to lend a helping hand. Approximately 62.5% of the expansion cost would be provided through federal grants. The county, however, would still have to float a $5 million bond measure and use all of its resources to pay for the rest.[128] Airline representatives Ralston Hawkins of Bonanza Airlines, Charles Wyre of TWA, R.E. Costello of Pacific Airlines, D. Dodgson of Transocean Airlines, James Keefe of Western Air Lines, and Ed Lupien of United Airlines agreed to the economic soundness of the expansion plan and costs as long as takeoff and landing fees remained at $.08/1,000 lbs of aircraft weight (including passengers, luggage, fuel, and cargo).[129] Getting public approval of the bond measure was another matter.

Initially, the bond issue had few supporters because taxpayers had just voted to approve a $6 million bond issue for local schools, and many felt McCarran Field was adequate for the airlines. Not even all of the city's travel entrepreneurs expressed enthusiasm. Some local residents vociferously objected to the entire project, calling it a "white elephant basking in the sun."[130] Joe Julian, a local radio

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[127] Clark County Commission Minutes, 8 May 1958. Also see Clark County Commission Minutes from 28 May 1958, and 6 May 1959. Also see *Las Vegas Review-Journal,* 25 February 1960, p.3.

[128] Clark County Commission Minutes, 27 May 1958.

[129] Clark County Commission Minutes, 30 June, 1959.

[130] Clark County Commission Airport Summary, "McCarran 2000: Reflections from the Past," 22.

host questioned the logic behind moving the airport.[131] Airport Director Gordon Miles even recalled the anger of some casino resort executives when the County moved the airlines to Alamo Field in 1948. He remembered, "When the airport was on the west side [of town], all hotels felt that the traffic would be diverted away from their hotels."[132] Still, with 959,063 passengers arriving at McCarran in 1959 and the airport's handling 99 flights a day with basic air traffic control equipment, most residents, casino owners, and local businessmen including Herb Waite of Southern Nevada Power Company, and Andy Ruckman of the Southern Nevada Industrial Foundation, came to understand that the city needed a larger airport. On November 6, 1957, Waite and Ruckman met with County Commissioners Harley Harmon, George Albright, and Arnold Christensen to discuss airport space and leases to expand their businesses. The two business leaders subsequently made a case to the public that the city's economy would benefit from an airport business park.[133] To mobilize additional support, Gordon Miles also mandated all airport electronic equipment repairs be done by Leonard Sheafer and Gerald Forston, owners of Airborne Electronics, a local Las Vegas business.[134]

Just a few days before the vote on the bond issue, the Las Vegas Chamber of Commerce overwhelmingly endorsed the measure by a vote of 12 to 1 (the member who voted against the measure owned a hotel). One member justified his vote for a

[131] Moehring, *Resort City in the Sunbelt*, 132.

[132] Clark County Commission Airport Summary, "McCarran 2000: Reflections from the Past," 18-38, 22.

[133] Clark County Commission Minutes, 6 November 1957.

[134] Clark County Commission Minutes, 22 December 1958.

new airport by claiming that, “The increase of Las Vegas air travel is dependent on the construction of a new terminal building and other improvements at [the new] McCarran Airport.”[135] Another predicted a coming revolution in air transport technology and argued that a new airport was vital “to keep up with the jet age of transportation.”[136] The city’s leading newspaper also endorsed the airport. *Las Vegas Review-Journal* editor Al Cahlan penned an article in support of a new airport, explaining how, “The present facilities are completely unfit for the class of people we are getting to come to Las Vegas, and the increasing number of airlines serving this community has brought obsolescence so far as accommodations are concerned.”[137] With more middle and upper class visitors coming to stay at the luxurious Strip resorts, and Las Vegas wanting to continue bringing in more of them, the city needed a new airport. Cahlan continued, “Air travel into Las Vegas has mushroomed to a point where, this year, it is probable that traffic will reach the one million mark.”[138] On March 17, 1960, the bond issue passed by a voter margin of 2 to 1.[139] Las Vegas had its newly expanded airport.

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135 *Las Vegas Review-Journal,* 3 March 1960, p.2.

136 Ibid.

137 *Las Vegas Review-Journal*, 25 February 1960, p.6.

138 Ibid.

139 Ibid. Also see Moehring, *Resort City in the Sunbelt*, 132.

The Modern McCarran Airport

Voters' approval for construction of a new airport could not have come at a better time. As some Chamber of Commerce members had predicted in the bond issue campaign, the age of jet travel was soon upon Las Vegas. The new McCarran Airport would accommodate the modern aircraft. According to chief architect John Replogle of Welton, Becket & Associates, "The new McCarran facilities have been designed for the convenience of the jet-age traveler…. We have tried to provide [the traveler] as efficient service on the ground as he usually receives in the air."[140]

In 1958, airlines such as Pan Am, United, TWA, and American added Boeing 707s, Boeing 720Bs and Douglas DC-8s to their fleets, luxurious jets with seating for 185 passengers that delivered thousands more passengers to the nation's cities, making even greater profits, and sending airport managers searching for funds for airport expansion to accommodate these large jets. They traveled at a speed of nearly 600 miles per hour, shrank geographic distance, and made air travel more popular than ever. The air travel industry was growing so rapidly that airport officials nationwide had difficulty keeping up. They did not have sufficient funds in their budgets to meet the expansion costs, so they turned to federal, state, and local funding. This proved to be challenging because the Congress was more interested in expanding the nation's highways and roadways through the Federal Highway Act of 1956 than funding airport expansion projects. As a result, airport officials had to work with what monies they had. This too was the case in Las Vegas.

[140] *Las Vegas Review-Journal,* 17 March 1960, p.2.

Since the 1920s, airport expansion and inadequate funding for expansion were dominant themes in the history of airline travel and urban development. Passengers often complained to airline and airport officials about standing in line for hours at small airline ticket counters, walking through narrow and dimly lit airport concourses to get to the gates, inadequate restroom facilities, and not enough seats at the gates. As Aviation Historian Roger Bilstein notes, "Airports across the country developed reputations for littered waiting areas, odoriferous restrooms, and packed coffee shops. Jammed passenger terminals seemed the rule rather than the exception."[141] Airport planners and managers also recognized the need for better air traffic control centers and towers to handle the increased air traffic, and improved navigation equipment (such as the instrument landing system, or ILS) so pilots could safely fly instrument approaches to airports in inclement weather. The airlines also needed more ticket counter space, baggage carousels, and gates.

With more passengers walking through the terminals, airport officials needed to include in their expansion plans restaurants, shops, and concession stands as other sources of revenue to help pay for expansion costs, and day-to-day airport operations. But, airport officials simply could not keep up with the explosive demand in passenger travel, and the trickle of funding coming from state and national legislatures was of little help. In 1947, the commercial airlines had transported more than 10 million passengers nationwide. By 1958, that number exceeded 55 million.[142] An editorial in the *Las Vegas Sun* noted, "Air travel was expanding [at an

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[141] Bilstein, *Flight in America,* 233.

[142] Schwantes, *Going Places,* 304.

alarming rate] and the public [increasingly] came to depend on commercial aviation."[143]

After carefully examining the Leigh Fisher Study, County Commissioner Clesse Turner concluded that, "The combination of lack of space to accommodate jets [in the future] and a bad airport location made it prohibitive to enlarge the present [terminal] building."[144] This was why the newly expanded airport was vital. He emphasized that, "In the next ten years, practically every major airline will have changed over to jets…. The feeder lines will have to convert to some sort of turboprops…. When that time comes, air traffic will soar enormously."[145] His prediction was correct.

This explosive growth in the air travel industry, the appearance of newer and larger passenger planes including jets, and the growth and development of the casino resorts, marked the beginning of a new era for Las Vegas. It was a time when the symbiotic relationship between the airlines, the federal government, casino resorts, and city strengthened. The years 1941-1958 also marked a time when Las Vegas became a modern city. With a population exceeding 48,000 people, affordable housing, the availability of many jobs (especially mining magnesium, which was crafted into airplane wings, and sent overseas to assist with the war effort), and large public works programs including construction of roads, public parks, and schools, Las Vegas permanently shed its past as an obscure, small

[143] *Las Vegas Sun,* 11 June 1998, p.7E.

[144] *Las Vegas Review-Journal*, 3 March 1960, p.3.

[145] Ibid.

railroad desert town constantly struggling to survive. Its new status as a popular tourist destination annually attracting eight million visitors (in 1955) enabled it to directly compete with larger resort cities like Los Angeles, Orlando, and Miami. Las Vegas Historian Hal Rothman observed, "In the comfortable political and cultural climate of southern Nevada, Las Vegas became the center of gaming in the western hemisphere…. Most of the money the casinos won came from visitors, not from local residents…. Combined with the technological improvements such as the expansion of McCarran Airport in 1963, the 'dinky horrible little oasis town' that Lansky and Siegel first saw stood poised to take advantage of widespread wealth and changing cultural mores."[146]

Passenger planes played a vital economic and technological role helping Las Vegas make this transformation. They brought thousands of travelers from all parts of the country to Las Vegas, and casino resort owners and city officials responded by building a state-of-the-art airport to accommodate the planes and their passengers. But, as the passenger volume continued to expand rapidly, and larger passenger jets like the wide-bodied Boeing 747 and Douglas DC-10 delivered three hundred passengers per flight, and other jets like the Boeing 727, 737, and Douglas DC-9 continued to deliver 100-200 passengers per flight, the new airport quickly became insufficient. Also, in response to the growing demand of passengers, casino resort executives Kirk Kerkorian, Jay Sarno, Jackie Gaughan, and others built bigger magnificent, lavish, and luxurious resort properties, some of which had high rise buildings with more than 2,500 rooms for guests. The airline industry, casino resort

[146] Rothman, *Devil's Bargains*, 301-302.

industry, and city rapidly grew, continuing to do so for another four decades, keeping airline, airport, and casino-resort officials busy with expansion.

CHAPTER 3

JETS IN THE CONSUMER AGE

In the history of American aviation, there were two monumental milestones that legitimized and solidified the airplane's future as a viable mode of public transportation. The first was Charles Lindbergh's famous trans-Atlantic solo flight from New York to Paris in 1927, an accomplishment that opened the nation to the age of air travel. The second was Pan American Airlines' inaugural Boeing 707 jetliner flight from New York to Paris in October 1958, launching the airlines and the nation into the jet age.[1]

Jets revolutionized the air travel industry. With their capacity to hold three times as many passengers as the Lockheed Constellation and Douglas DC-6, and capability of flying nearly double the speed of their propeller-driven predecessors, the Boeing 707 and Douglas DC-8 changed air travel by bringing domestic and international cities closer together through time. Pan Am President Juan Trippe remarked, "In one fell swoop, we have shrunken the earth."[2] Because of their high speed and lengthy fuel range, jets substantially diminished air travel time between domestic and international cities. Boeing 707s and Douglas DC-8s delivered passengers to Los Angeles non-stop from New York in five hours, less than half the

[1]Carl Solberg, *Conquest of the Skies: A History of Commercial Aviation in America* (Boston and Toronto: Little, Brown, and Company, 1979), 345.

[2] Ibid.

time it took a propeller-driven DC-6 or DC-7.[3] A flight from New York to Paris took eight hours.[4] Yankees looking to take a weekend off in popular Havana hopped flights from New York and Chicago rather than board the ferry at Key West.[5] While the advent of jets symbolized a new age in air travel, they also required airports to undergo considerable renovation.

From coast to coast, American cities prepared for the passenger jet by building jetports to facilitate long takeoff and landing needs and to accommodate the millions of travelers taking to the air from all parts of the nation and the world. Aviation Historian Roger Bilstein observed this growth of airports and expanding international business markets noting, "Immediately after the war, trans-Atlantic flights drew large numbers of American executives seeking new business opportunities in Europe especially during the development phase of the Common Market when Europeans needed American machinery and products essential to reindustrialization after the war."[6] While market expansion and the rapid increase in passenger travel reaped handsome profits for the airlines, they also meant airport officials would have to promptly enact expansion plans for their airports that were woefully unequipped to handle jets and millions of people. If airports would meet the needs of airlines and air travelers, they would have to spend millions of dollars

[3] Carlos A. Schwantes, *Going Places: Transportation Redefines the Twentieth Century West* (Bloomington: Indiana University Press, 2003), 308.

[4] Solberg *Conquest of the Skies*, 398.

[5] Dennis Merrill, *Negotiating Paradise: U.S. Tourism and Empire in Twentieth-Century Latin America* (Chapel Hill: University of North Carolina Press), 122.

[6] Ibid.

enlarging terminals, reconfiguring airfields, and renovate parking facilities. This included Las Vegas.

Jets Come to Las Vegas

Las Vegas welcomed jet passengers by building several new high-rise casino resort hotels and a new airport. It is no exaggeration to say that jet travel put the city on the map as an international travel destination with Seattle, San Francisco, and Los Angeles. Las Vegas Historian Eugene P. Moehring noted, "Beginning in September 1960 when United Airlines introduced non-stop service to Los Angeles, Chicago, and New York, jets expanded Las Vegas's gaming hinterland, making the city accessible even to east coast residents."[7]

Las Vegas had anticipated the arrival of the powerful new planes. As early as February, 1950, speaking to Las Vegas Rotary Club members at a large convention held in the Hotel Last Frontier on the Las Vegas Strip, Jerry Pettis, Executive Assistant to the President of United Airlines, announced that the United States commercial airline corporations were taking a serious look at new jet aircraft being designed at both the Boeing and Douglas aircraft companies.[8] These jets would eventually replace the propeller-driven fleets in current use. Time and testing were needed to ensure safety before the new jet aircraft would be added to United's fleet. Pettis explained, "The four scheduled airlines serving southern Nevada -- United,

[7] Eugene P. Moehring, *Resort City in the Sunbelt: Las Vegas 1930-2000* (Reno and Las Vegas: University of Nevada Press, 1989 with reprint in 1995, and reprint and a new epilogue in 2000), 132.

[8] *Las Vegas Review-Journal,* 3 February 1950, p.3.

Western, TWA, and Bonanza -- are all striving to improve their service, since tourists using planes have more time to spend at their destinations. Hence, if these airlines bring more tourists into Las Vegas, you residents benefit directly because the visitors stay longer and spend more."[9] In 1955, Bob Metten, McCarran Airport Manager addressing local civic leaders, added to the anticipation with revolutionary words "the jets are coming."[10]

Talk of jets being added to airline fleets and coming to United States cities generated mixed feelings - - excitement for the new airliner that would travel at nearly 600 miles per hour, improve safety, offer more passenger space and non-stop global flights, but trepidation for the enormous cost of acquiring Boeing 707s and Douglas DC-8s. William Hildred, Director General of the International Air Transport Association wrote, "One does not buy a $5 million jet as if it were a new bicycle. Even one jet aircraft necessitates special maintenance facilities, maybe a new base or a new hangar, extensive training of ground and airborne personnel, complete replanning of ground handling facilities, and many other changes in airline organization, all of which begin costing money before the aircraft can be put into service."[11] C. E. Woolman, president of Delta Airlines also initially expressed skepticism as his airline prepared to buy its first jets. "We are buying airplanes that haven't been fully designed, with millions of dollars we don't have. We are going to

[9] Ibid.

[10] Las Vegas Sun, 15 March 1963, p.18.

[11] T.A. Heppenheimer, *Turbulent Skies: The History of Commercial Aviation* (New York: John Wiley & Sons, 1995), 185.

operate them off airports that are too small, in an air traffic control system that is too slow, and we must fill them with more passengers than we have ever carried before."[12] But, the promises of faster air travel, and the availability of low-interest loans to the airlines from government and private lending firms were irresistible. Furthermore, greater flight frequency, passenger travel demand, and the possibility of airline profitability would pressure the Civil Aeronautics Board (CAB) to sanction lower ticket prices (during this time, the airline industry was still regulated by the government which controlled ticket prices). Competition among the major airlines was another reason for forging ahead with leasing jetliners. By 1965, the value of total passenger jet deliveries to the airlines totaled $1.2 billion, and a decade later more than tripled to $3.8 billion.[13]

TWA was among the first to add jets to its fleet in 1959, in competition with Pan American for international trans-Atlantic routes, later introducing jets into its domestic flights. Western Airlines, with heavy passenger volume through the 1950s from increasing flight routes, grew from a minor to a major airline and soon added jets to its fleet.[14] Bonanza Airlines, covering short to medium length routes, added turbo propeller-driven Fairchild F-27s to its fleet.

The primary advantage of the jet was its engine, which had fewer moving parts than the piston engine, was more reliable, safer to operate, and easier to

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[12] Ibid.

[13] Roger E. Bilstein, *Flight in America: From the Wrights to the Astronauts, 3rd Edition* (Baltimore and London: The Johns Hopkins University Press, 1984 with reprint in 1991 and 2001), 257.

[14] Heppenheimer, *Turbulent Skies*, 170.

maintain. It burned kerosene, much cleaner than gasoline, and it produced tremendous thrust for the weight. Thus, jet aircraft could be made larger and fly faster than piston engine planes. Though jets had larger fuel tanks for longer hauls than propeller-driven planes, they guzzled hundreds of gallons of jet fuel per hour, making them fuel inefficient and adding to the operating expense. They were, nevertheless, the passenger planes of the future. The Boeing 707s, first to come off the Boeing assembly lines in 1958 and at the same time the Douglas DC-8s from Douglas assembly lines were sleek, stealthy, long-bodied jets capable of flying at altitudes of 30,000-40,000 feet, high above the storm levels, and reaching speeds of 575 miles per hour.[15] With seating for 165-200 passengers, they had spacious interiors with comfortable seats, ample leg room. Like propeller-driven airliners, they featured a professional staff of flight attendants to assist travelers with their needs.[16]

Recalling his first experience on an American Airlines Boeing 707 jetliner, flying from New York to Los Angeles, Daniel Solon, a transportation journalist remembered how “the flight attendants made it [the flight] a good party. I know that sounds a little frivolous, but we had a very good time, and five and a half hours later we were on the ground in L.A.”[17] Jet cabins were much quieter than the propeller-driven DC-6 and Lockheed Electra cabins so passengers could enjoy listening to music, watching movies, or reading an assortment of newspapers and magazines.

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[15] Solberg, *Conquest of the Skies*, 390, 396.

[16] Bilstein, *Flight in America*, 236. Also see Schwantes, *Going Places*, 308.

17 Also see Andy Newman, “When Everybody Dined First Class: Coast to Coast by Jet in 1959,” *The New York Times*, 26 January 2009, p.A18.

The whole atmosphere of the jet was one of sophistication, moving passengers to be cordial, dress in their best clothes, and feel privileged to fly. *Fortune* author Paul Lukas claimed, “The Boeing 707 was the single most transformative event in the annals of twentieth century flight. It affected everything from heavy industry to tourism, killed the railroads and ocean liners, while having a cosmopolitan sophistication.”[18] An editorial in the *Las Vegas Review Journal* praised the size and speed of passenger jets, claiming, “New jets carry upwards of 100 passengers where the present conventional planes average around 60. The speed of the jets will be so fantastic that a trip from New York to Las Vegas will take only as much time as a jaunt from Denver to Las Vegas does now.”[19] But, jets also had their downsides.

Among the biggest complaints about jets were ground noise and engine exhaust. The decibel level of jets taking off and flying over residential neighborhoods with high engine power thrust settings drew the ire of city residents who vociferously complained about the noise and in some cases, their homes shaking. Associate Fellow of the American Institute of Aeronautics and Astronautics T.A. Heppenheimer has noted, “When the jetliners entered service, complaints from homeowners were soon as loud as the engines themselves. People were soon bombarding the new FAA and their congressmen with angry letters. The FAA administrator, Elwood Quesada, had to get an unlisted phone number because people were waking him up with phone calls at three and four o’clock in the morning.”[20] In Las Vegas, to control

[18] Paul Lukas, “On the Wings of Commerce,” *Fortune* 22 March 2004, 1-5, 4.

[19] *Las Vegas Review Journal,* 25 February 1960, p.6.

[20] Heppenheimer, *Turbulent Skies*, 186.

noise, airport officials implemented curfews late at night prohibiting passenger jets from taking off, and they restricted planes from turning over residential neighborhoods at low altitudes. McCarran Airport even installed special takeoff pads tilted downhill to lessen the sound of jet engine noise on takeoff. With more than 128 takeoffs each day in 1963 and surrounded by residential areas, McCarran prided itself on being a good neighbor by reducing jet noise as much as possible.[21]

Another drawback of the jet engine was the exhaust constantly spewing out of the tail cone, consequently adding to city pollution. Even though jet fuel (kerosene and water) burned cleaner than regular aviation gas that fueled the radial engines of DC-4s and Lockheed Constellations, which too belched large white clouds of exhaust, residents living near airports complained to airport authorities about the smell of jet exhaust. With little that airport officials could do to remedy the situation, the airlines continued to lease more jets.

Edmund Converse, CEO of Las Vegas's hometown Bonanza Airlines, purchased three Douglas DC-9 twin-engine turbojets. The DC-9, which cost $3 million to manufacture, configured for 75-100 passengers, was quieter, faster, and could fly farther distances without refueling than the F-27 turboprop currently in use.[22] Clocking a top speed of nearly 500 miles per hour, the DC-9 quickly became a favorite with the traveling public that could now arrive in Los Angeles from Las

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[21] *Las Vegas Sun,* 15 March 1963, p.17.

[22] *Aviation Week and Space Technology* (14 March 1966), 262-264.

Vegas in 50 minutes instead of the hour and a half in the F-27.[23] By adding DC-9s to its fleet, Bonanza put pressure on the highly competitive Las Vegas to Los Angeles route. The airline added ten daily non-stop flights at a price of $13 round-trip to compete with Western's "Thrift Air" flights where passengers paid $26 to fly round-trip on Douglas DC-6B propeller-driven planes.[24] While Bonanza did not make as much of a profit from these discount fares because Las Vegas was a low-yield, high-volume market, the airline made up the difference by replacing its DC-3 fleet with F-27s. The F-27's modern, turbine engines operated far more fuel efficiently than the inefficient radial engines on the DC-3.[25]

The airlines also offered three daily round-trip flights from Las Vegas to Reno and five daily non-stop flights to Phoenix.[26] This drew the praise of Nevada Senators Alan Bible and Howard Cannon who jointly commended the CAB for, "Recognizing that the continued growth of both Las Vegas and Reno fully justified a commensurate expansion of airline service."[27] Any flight under 100 miles was not economical for the DC-9 because jets operated most efficiently at higher altitudes, faster speeds, and longer distances, so Converse kept F-27s and a few DC-6s for

[23] Ibid.

[24] Ibid.

[25] *Las Vegas Review-Journal,* 18 November 1960, p.24.

[26] *Las Vegas Review-Journal,* 14 March 1963, p.13.

[27] Memo to the Associated Press, 25 January 1962, Nevada Senator Alan Bible Collection, University of Nevada, Reno.

the short hops. Bonanza in 1967 transported 1,005,193 passengers and generated $20,840,000 - more than at any time in the airline's history.[28]

On July 1, 1961, United, Bonanza, TWA, and Western were joined by a new competitor, Delta Airlines, which inaugurated its service to Las Vegas with a 58 passenger seat propeller-driven Douglas DC-7 originating in Atlanta with stops in Birmingham, Alabama, and Dallas, Texas.[29] With the help of Nevada Senator Alan Bible, Delta filled a badly needed niche for visitors and Las Vegans. Testifying before the Civil Aeronautics Board, Bible claimed, "It is clear to me this outstanding potential for future development of tourist facilities, the Las Vegas area is peculiarly in need of good air transportation service to all parts of this nation. People of the South and Southeast portions of the country will now be able to come to Nevada and the far west directly. No part of the State of Nevada has ever had good, one-carrier air transportation service to any part of the Southeast."[30] Delta's arrival in Las Vegas was significant because prior to that time, no airline serving Las Vegas offered passenger service to southern and southeastern cities. A Delta Air Lines official observed, "On July 1, 1961, a Delta Air Lines' jet (DC-8) departed Las Vegas, crossed the continent, and opened a new economic highroad between this city and the Southeast. The Las Vegas authority helped mark the transformation of Delta,

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[28] *Aviation Week and Space Technology,* 10 September 1962, 26.

[29] "Delta Observes Fifteen Years of Service to Las Vegas," Delta Air Lines News 25 June 1976, Delta Airlines Collection, Atlanta, GA.

[30] Statement from Nevada Senator Alan Bible in the Southern Transcontinental Service Case, Docket 7984, September 26, 1961, Nevada Senator Alan Bible Collection, University of Nevada, Reno.

once a regional carrier, into a transcontinental airline."[31] The new airline boasted a nationwide fleet that included 18 jets – Douglas DC-8s, Convair 880s, and by 1965, an all jet fleet.

Hailing the airline's new service to Las Vegas, Al Adams, Las Vegas Airport Sales Manager, proclaimed, "With this service, Delta provides an excellent opportunity for people of the South and Southwest to visit Las Vegas and in turn, give residents of Nevada convenient service to do some visiting themselves."[32] The airline's first year in Las Vegas brought a seventy percent increase in air travelers in the Las Vegas market.[33] And on June 1 1962, Delta replaced its DC-7 with a 200 passenger seat DC-8 turbojet. T.M. Miller, Delta's Vice-President of Sales stated, "Our flights have done even better than we anticipated. And we are delighted to report that they are profitable for Delta as well as for the Las Vegas tourist industry."[34] The major carriers United, Delta, and TWA were not the only airlines benefiting from jets. New regional airlines also began leasing jets.

Regional Airlines

In the late 1960s because of intense competition for popular West Coast routes, Bonanza Airlines of Las Vegas, Pacific Airlines of San Francisco, and West

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[31] "Delta Observes Tenth Anniversary Here," Delta Air Lines News 1 July 1971, Delta Airlines Collection, Atlanta, GA.

[32] *Las Vegas Sun,* 15 March 1963, p.18.

[33] "Delta Observes Fifteen Years of Service to Las Vegas," Delta Air Lines News 25 June 1976, Delta Airlines Collection, Atlanta, GA.

[34] Ibid.

Coast Airlines of Los Angeles, merged to form Air West, a regional airline. With its Douglas DC-9 jets seating 75 passengers, the airline faced stiff competition from California-based Pacific Southwest Airlines (PSA), Western Airlines, TWA, and United, for the popular Las Vegas to Los Angeles, Las Vegas to San Francisco, and Las Vegas to Portland routes.[35] The new merger set records in passenger volume with 106,342 passengers at McCarran Airport in the first quarter of merged operations.[36]

In 1969, billionaire Howard Hughes purchased Air West, renaming it Hughes Air West. This was not the first airline he owned. In 1939, he acquired control of TWA with the purchase of 78% of the company's stock, helping the airline to grow and expand its network.[37] With strong financial backing, he consolidated maintenance operations and replaced TWA's older fleet of Douglas DC-2s and DC-3s with beautiful, new Lockheed Constellations that he co-designed. While Hughes lacked a college education and had no formal training in aeronautical engineering, he was an aviation genius and an astute businessman. At a young age, he formed his own airplane company, Hughes Aircraft, to build fast planes in which he broke records for round-the-world flights, which ended in ticker-tape parades in New York.[38]

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[35] *Los Angeles Herald Examiner,* 15 April 1969, p.D7.

[36] *Las Vegas Review-Journal,* 6 October 1968, p.9.

[37] "TWA's Financing Proposal Appears to be Discarded," *Wall Street Journal,* 25 October 1960, p.24. Also see Ed Koch, "Hughes' legacy looms large in LV," *Las Vegas Sun,* 23 December 2004, p. 3.

38 Ibid

Like his airline competitors, United, TWA, and Western, Hughes understood well the value of the airplane as the most popular method of transporting tourists and gamblers to Las Vegas. Having sold ownership of TWA for $560 million in 1966, Hughes bought the Air West merger for $94 million, assuming $40 million of the company's debt.[39] After managerial restructuring and replacement of DC-9-10 jets seating 75 passengers with the newer DC-9-30 jets seating 103 passengers, the airline in 1974 finally witnessed a profit of $7.9 million.[40] Hughes Air West performed exceedingly well as a competitor, especially in the Southwest market. The airline reported monthly passenger hauls of 254,700 passengers, a 65%-75% passenger load factor, making it the leading carrier in the short-haul market.[41] But in the mid 1970s, the quality of passenger service declined as the airline received numerous complaints from customers about tardiness, unfriendly customer service, and offering too few flights (such as no morning flight from Las Vegas to Reno). In fact, an editorial in the *Las Vegas Review Journal* called for more airline competition because it claimed Hughes Air West had a monopoly on the Las Vegas to Reno route and flew only four flights daily between the two cities instead of the promised five.[42] Residents in Reno and Las Vegas complained to their city commissioners, who then asked the Nevada Public Service Commission to step in, seeking a

[39] "Air West to Hughes," *Los Angeles Herald Examiner,* 15 April 1969, p.D7.

[40] *Las Vegas Sun,* 4 April 1975, p.8.

[41] *Las Vegas Review-Journal,* 7 May 1974, p.7. Also see the *Las Vegas Review-Journal,* 4 April 1975, p.8. Also see the *Las Vegas Sun,* 20 January 1969, p.16.

[42] *Las Vegas Review Journal,* 8 May 1974, p.38.

resolution from state legislators mandating the airline to improve the quality of its service.[43] The airline responded to the complaints claiming it was waiting for approval of an application by the Civil Aeronautics Board to authorize the airline to fly from Las Vegas to Seattle via Reno and Portland.[44]

The Civil Aeronautics Board approved the application on condition that Hughes Air West adjust its schedule to include a morning flight.[45] Western Airlines also added two morning flights to Reno to become competitive with Hughes Air West. But the complaints did not discourage Hughes, ever the aviation businessman, who dreamed of making Las Vegas an aviation center and model metropolis. His plan involved converting McCarran Airport into a supersonic transportation facility capable of accommodating the Concorde, a jet capable of carrying 200 passengers from New York to Paris at a speed of 1,350 miles per hour in a little more than three hours.[46] County Commissioner Bill Briare, McCarran Airport Manager Erle Taylor, and Las Vegas Chamber of Commerce President Gaylord Prather responded with “cautious optimism that Las Vegas might become the site of a supersonic transport air terminal serving the entire southwestern United States.”[47] Taylor expressed his excitement about Hughes’s endorsement that McCarran Airport would need further expansion including runway extensions and

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[43] Ibid.

[44] Ibid.

[45] *Las Vegas Review-Journal,* 15 October 1968, p.13.

[46] Mary Manning, “Howard Hughes: A Revolutionary Recluse,” *Las Vegas Sun* 15 May 2008, p.2.

[47] Ibid.

more buildings to accommodate "jumbo airliners and the supersonic transport."[48] County Commissioner Briare lauded Hughes for his forward thinking about commercial aviation's future in Las Vegas claiming, "This exciting suggestion by the Hughes people confirms our (County Commission's) thinking that the future of Las Vegas lies in the airways. We have the potential of being the world's largest air center."[49] Las Vegas Chamber of Commerce President Prather echoed the sentiments of Briare and Taylor, claiming, "We (Chamber of Commerce) are supporting expansion of the airport for jumbo jets, but believe the airport should stay close to the community and especially close to the tourist-oriented community of Las Vegas."[50]

Another part of Hughes's plan was to bring airplane manufacturing giant Boeing industries to Las Vegas. Hughes owned 40,000 acres of land around McCarran Airport, which included much of the Strip and offered Boeing 20,000 acres upon which to build an airplane manufacturing plant.[51] According to Las Vegas Historian Eugene Moehring, Boeing considered moving to southern Nevada because of a less pro-union environment, warm weather, and friendly tax structure for businesses. The deal supposedly fell through because of months of inaction and Boeing's fear of relocating its workers to a city where they might cash their checks at

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[48] Ibid.

[49] Ibid.

[50] Ibid.

[51] Moehring, *Resort City in the Sunbelt*, 230.

the casinos.[52] But Boeing must have been aware of organized crime figures' support for labor unions, which was a major deterrent. Additionally, the giant airplane manufacturer must have known about the troubled history between Hughes and the Las Vegas City Council over property acquisition.

With Hughes buying most of the casinos on the Strip and land around McCarran Airport, the Las Vegas City Council blocked him from acquiring any more property in Las Vegas for fear of his taking ownership and control of the city. The City Council accused him of breaking antitrust laws.[53] As a result, Hughes was unable to realize his hopes of turning McCarran Airport into a supersonic airport for the Concorde. When Hughes died in 1976, his airline merged with Republic Airlines, a Minneapolis-based regional air carrier that less than a decade later became the tenth largest U.S. airline serving more cities, including Las Vegas, than any other airline in the nation.[54] It was not long however, before Republic and other airlines began replacing their first generation jets with newer ones.

A New Generation of Jets Comes to Las Vegas

Like their predecessors, the propeller-driven Douglas DC-6 and the Lockheed Constellation, the popular Boeing 707 and Douglas DC-8 became outmoded as the airline industry continued to expand at a prolific rate and the airlines replaced their aging passenger jets with newer ones. In the mid- to- late 1960s, the Boeing 727,

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[52] Ibid.

[53] Ibid., 119.

[54] Thomas Petzinger Jr., *Hard Landing: The Epic Contest for Power and Profits that Plunged the Airlines into Chaos* (New York: Three Rivers Press, 1995), 408.

737, Douglas DC-9, and the wide-bodied Boeing 747, Douglas DC-10, and Lockheed Tri-Star L1011 became the foundation for modern passenger jet travel. Able to carry even more passengers, have more fuel efficient engines, and fly even greater distances without refueling, this second generation of passenger jets once again revolutionized the commercial air travel industry.

The Boeing 737, a twin-engine jet with a seating capacity for 126 passengers and a fuel range to fly non-stop from Seattle to Las Vegas, became an air traveler favorite because of its comfort, speed, and ability to land at smaller airports. The jet's versatility to fly short and medium distances without refueling enabled airlines to offer service to more cities, better air travel schedules (flight frequency), and lower fares because the jet was not as expensive to operate as its larger predecessor, the Boeing 707. This invigorated the Las Vegas market as airlines placed multiple orders for the 737, and its competitor, the Douglas DC-9, so they could offer flights to Las Vegas from smaller cities in Washington, Oregon, California, and Arizona.

Another jet that revolutionized air travel in Las Vegas was the Douglas DC-10, a wide-bodied jet with seating for 290 passengers and the fuel range to fly non-stop from Honolulu.[55] The advent of this jumbo jet in Las Vegas marked the beginning of yet another revolution in commercial air travel as it and other wide-bodied jets such as the Lockheed L-1011 and Boeing 747 enabled airlines to transport people from London, Paris, and Frankfurt to Las Vegas in little more than half a day. They also elevated Las Vegas to the level of world-class tourist cities such as San Francisco, Los Angeles, Paris, and Tokyo. Of course the size and

[55] Heppenheimer, *Turbulent Skies,* 231.

weight of these jets meant airports such as McCarran had to extend runways to as long as 12,000 feet, and renovate gates with jetways to enable passengers to safely and comfortably enplane and deplane.[56] This meant McCarran Airport officials would have to find additional funds for airport expansion.

Jets and Feds

Jetports, like money, do not grow on trees. In fact, they require dollars. During the 1960s and 1970s the skyrocketing demand for air travel and the introduction of jets to airline fleets augmented air traffic and terminal congestion to the point that airport officials had to accelerate expensive expansion plans. Runways had to be lengthened and reinforced with better and more durable concrete, taxiways required widening and extending, aprons built, and better runway lighting had to be installed for jets to safely operate at night and land in bad weather. Like McCarran, airports in Los Angeles, San Diego, and others across the nation needed better air traffic control centers and airport towers, with proper equipment to handle increased air traffic, improved navigation equipment for airplane instrument approaches, and more ticket counter space, baggage carousels, and gates. To cover the cost, airlines and local governments once again turned to Washington.

Federal aid for airport expansion was usually slow in coming for several reasons: political bickering among Democrats and Republicans in Washington D.C., priority placed on increased automobile travel and the need for highway construction, and always for budgetary concerns. Airport officials typically had to

[56] Ibid.

plan two to three years ahead for growth needs and search for state and local funding. Even after Congress passed the Federal Airport Act in 1946, which promised $500 million over seven years for new airport construction, expansion, and improvement of the nation's commercial airports amounted to a mere trickle. Each year's allocation constituted less than one-half of what President Harry S. Truman requested because Congress claimed the allocations would add to the national deficit.[57] In the end however, the government – airline industry partnership endured and federal funding continued.

After President Truman appointed an Air Policy Commission to conduct a comprehensive review of the nation's air travel system, Congress approved a recommended $40 million for continued government subsidization of the airlines, modernization of the nation's airways, installation of weather navigation systems, and research and development programs for better aviation technology. In 1953, under the Federal Aid Airport Act, Congress appropriated $13 million for airport expansion and other aviation facilities improvements.[58] Because of increased air travel demand, and rapid growth of the airline industry, the appropriation increased to $30 million in 1954 and in 1959, $58 million.[59]

The Dwight D. Eisenhower Administration (1953-1961) ordered a task force to undertake a comprehensive study on the state of the commercial airline industry and

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[57] *Public Papers of the Presidents of the United States: Harry S. Truman*, *1945,* 6 vols. (Washington D.C.: Government Printing Office, 1961), 1144.

[58] Ibid.

[59] *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1953,* 7 vols. (Washington D.C.: Government Printing Office, 1953), 483.

the nation's airports. The task force's findings clearly showed insufficient funding to airports needing to upgrade their facilities to meet the needs of the airlines and air travelers. Yet, the budget-conscious Republican administration felt no sense of urgency and believed that the previous allocations were sufficient. Eisenhower instead prioritized funding to improve the nation's highways and roads under the Federal Highway Act of 1956.[60] While this piece of legislation was an enormous boon for the oil, automobile, construction, and trucking industries, and before advanced highway safety, it overlooked the explosive growth of air travel, which by the late 1950s surpassed train travel and closely rivaled the automobile. After Eisenhower left office, funding for commercial air travel during the Kennedy and Johnson Administrations (1961-1969) substantially increased largely due to a steady growth in air traveler volume and the number of aircraft in service.

In a letter to the Senate and House of Representatives, President Kennedy wrote, "Air Commerce since the enactment of the Federal Airport Act of 1946 has grown so rapidly that many existing airport facilities are both overburdened and underequipped. The increase in speed, weight, and capacity of jet age aircraft has already antiquated existing airports and threatens to outmode many more."[61] From 1963-1967, the number of commercial aircraft increased from 87,267 to 116,796 and

[60] Ellis L. Armstrong and Michael C. Robinson and Suellen M. Hoy *A History of Public Works in the United States* (Washington D.C.: American Public Works Association, 1976), 197.

[61] President John F. Kennedy to the Senate and House of Representatives 24 April 1961. *Public Papers of the Presidents of the United States: John F. Kennedy*, 4 vols. (Washington D.C.: Government Printing Office, 1961-1963), 315-316.

the passenger volume which barely exceeded 126 million in 1963 nearly doubled.[62] In response, the Kennedy Administration in conjunction with the Congress increased the annual allocation to airports to $75 million a year. President Lyndon Johnson increased it again to $200 million a year.[63] In May 1970, Congress passed the Airport and Airway Development Act which provided even greater funds for airports in the amount of $250 million for facilities and equipment and $150 million for airport construction projects.[64] Airport officials essentially looked at airport improvement design based on passenger conveniences, airline efficiency, economy in construction, and operational safety. McCarran Airport in Las Vegas quickly emerged as a leading candidate for airport improvement funding.

The New McCarran Jetport

In 1960, after Las Vegas voters approved the $5 million bond, Airport Director Gordon Miles and his staff began the expansion of McCarran Airport immediately. The plan was to extend the airport eastward across neighboring desert flats to provide additional necessary space for both passenger jets and charter planes.[65] Contractors lengthened runways, widened taxiways, and enlarged the terminal, but

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[62] Schwantes, *Going Places,* 198. For the $75 million figure, see President John F. Kennedy's Letter to the Senate and House of Representatives 24 April 1961, *Public Papers of the Presidents of the United States*: *John F. Kennedy*, 1963, 316.

[63] Ibid.

[64] Ibid .

[65] *Las Vegas Review-Journal,* 17 March 1960, p.2.

with 99 flights per day and over one million passengers passing through the terminal, the airport still lacked sufficient space.

In 1961, with the help of a federal grant of $943,121 procured by Nevada Senators Alan Bible and Howard Cannon, construction of a new jetport named McCarran Airport, began at a different location, today Paradise Road and Russell Road.[66] The new jetport, completed in 1963, consisted of a 262,000 square-foot clam-shell shaped three-level terminal with airline ticket counters, baggage carousels, the Flight Deck Restaurant, the Omni Bar, shops that annually brought in more than $34 million, terminal gates, two runways (one 10,200 feet in length, and the other 8,900 feet in length), taxiways, and a 239,610 square-yard apron for commercial airline use only, and parking spaces for automobiles.[67]

The new McCarran jetport opened on March 15, 1963. In its first year, the facility handled over 1.5 million passengers and averaged 128 flights a day.[68] Seven airlines served McCarran including Pacific Airlines, Delta, and American, and the original four – Bonanza, United, TWA, and Western. A spokesman for Lembke Construction Company of Nevada publicly proclaimed, “There are few airports in the country that can compare in facilities and design to the McCarran Field Terminal.”[69] The *Las Vegas Review-Journal* praised the Airport as the embodiment of “determination and vision when the prospect of air transportation had become an

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[66] Press Release, 23 March 1961, Nevada Senator Howard Cannon Collection, University of Nevada, Las Vegas.

[67] Ibid. Also see *Las Vegas Review-Journal,* 24 October 1965, p.14.

[68] *Las Vegas Review-Journal,* 11 April 1976, p.4.

[69] *Las Vegas Review-Journal,* 14 March 1963, p.3.

integral part of the development of Las Vegas and the new McCarran Airport Terminal."[70] The building of this new airport was significant because it confirmed what had been happening since the beginning of commercial aviation in Las Vegas: the city was becoming increasingly dependent on commercial airlines to deliver tourists and business travelers, and the airlines themselves were becoming a critical and growing part of the city. In a letter to McCarran Airport Director Gordon Miles, Senator Bible congratulated him on the new airport, saying, "Please accept my congratulations for one of America's most modern airports. The completion of this facility really puts Nevada into the jet age, and I predict that the tremendous passenger volume will soar to even greater heights in the foreseeable future. This airport is a living testimonial to harmonious and productive cooperation between the federal and local governments."[71] Las Vegas finally had a large enough airport to handle more than one million passengers and more than double the flights of 1960.

In October 1967, the passenger volume rose to 683,773, setting a record for the largest monthly passenger volume in airport history.[72] The new jetport needed much more space, and was operating $1 million in the red because of larger overhead costs, which included maintenance and upkeep, and a larger airport staff.[73] Airport Manager Earl Taylor, who replaced Gordon Miles in 1966, claimed it

[70] *Las Vegas Review-Journal,* 4 October 1985, p.12. Also see *Las Vegas Sun,* 11 June 1998, p.8E.

[71] Letter from Nevada Senator Alan Bible to McCarran Airport Director Gordon Miles, 20 February 1963, Senator Alan Bible Collection, University of Nevada, Reno.

[72] *Las Vegas Review-Journal,* 3 January 1976, p.17.

[73] *Las Vegas Review-Journal,* 11 April 1976, p.4.

would take the airport two years to get out of debt due to the great influx in tourism and air travel that were increasing too fast for the airport to keep up with them.[74] He and his staff immediately moved forward with plans for further expansion. Their plan called for doubling the size of the terminals, lengthening runways, widening the taxiways, and adding 36 more gates.[75] The construction got underway in 1968.

Completion of the expansion project on September 6, 1974 carried with it a hefty price tag of $30 million.[76] This time, county commissioners found a new source of funding to avoid antagonizing local residents every time the airport needed additional facilities. Bonds were sold to businesses and wealthy city residents that cost the taxpayers nothing. The airport was finally able to pay for its own expenses because it made a tremendous profit from increasing landing fees, leasing the gates, ticket counters, and baggage carousels to commercial airlines, and terminal space to concessions (slot machines monthly brought in $100,000 in revenue, as did food courts and shops), in addition to the sale of the bonds.[77] McCarran Airport revenue was essential because the metropolitan area's population base of 125,787 residents in 1970 made it difficult for the county to rely on taxpayers as the primary source of funding for airport expansion.[78] The airport had to become self-sustaining and it did. But, the newly completed expansion project was inadequate, and in fact, symbolized

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[74] Ibid.

[75] Ibid.

[76] *Las Vegas Sun,* 11 June 1998, p.8E.

[77] Ibid.

[78] Moehring, *Resort City in the Sunbelt*, 109.

a problem for Las Vegas. A constant need for airport expansion, growing urban population, and skyrocketing passenger volume presented city and airport officials the challenge of keeping up. Sun and fun, gambling, entertainment, conventions, and jobs, kept the masses coming to Las Vegas, which in turn, required more flights, a larger airport, and bigger casino resort hotels.

By 1973, the passenger volume reached five million travelers, too many for the $30 million expansion project.[79] By 1976, the airport struggled to handle 317 daily arrivals, and an annual passenger volume of 5,944,433, with projections of ten million in 1980.[80] Plans that had been drawn up by airport contractors Landrum & Brown for the next two decades had to be changed. The contractors urged the airport to immediately purchase 3,000 more acres of land for further runway extension, more taxiways, a strengthened apron for heavy jets, a new runway in 1990, and 69 additional gates by 1995.[81] It also recommended that the old airport acquire additional property for construction of a new terminal, runways, and taxiways for general aviation and charter operators. The projected price was $276,575,700.[82]

In 1976, Airport Director Erle Taylor hired TRA, another airport consulting company, to get a second bid (it was common for airports to offer bids to multiple contractors to find the best offer). In its 1979 executive summary, TRA recommended construction of a third runway at the new airport, terminal expansion

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[79] Landrum & Brown Consultants, Masterplan, II-2.

[80] Ibid.

[81] Landrum and Brown Executive Summary, April 1976, V-2,V-3.

[82] Ibid., II-9, II-10.

to include three satellites, and a people mover system.[83] Planners for TRA and Landrum & Brown clearly recognizing the need for immediate expansion reported, "The terminal building is now burdened with more passengers and airplanes that it can comfortably accommodate…. Every part of the facility is overcrowded, from ticketing and baggage areas to coffee shops and restrooms."[84] Both firms also predicted that by 1995, "passenger loads would exceed 30 million and the number of commercial aircraft seeking to use the airfield would more than double."[85] TRA won the contract and began construction in 1980. But the overarching question was: once again how to fund the airport's expansion?

To help finance the cost of expansion through the Airport Development Aid Program the Federal Aviation Administration provided $106,253,900 in funding, leaving airport officials to come up with $170,321,800, which they did through bond sales, charging the airlines takeoff and landing fees and rent for ticket counter space and concourse gates, concession fees, and slot machine revenue.[86]

The Resort City in the Desert Grows

In the 1960s and 70s, as major airlines United, Western, Delta, TWA, and smaller regional and charter airlines delivered millions of worldwide passengers to

[83] TRA Consultants Executive Summary, 1 October 1979.

[84] Ibid.,5.

[85] Ibid., 4.

[86] Ibid., 22. Note that four revenue bonds were scheduled. A 1978 revenue bond was $27,337,000; a 1984 bond was $48,041,200; a 1998 bond was $12,863,700; and a 1992 bond was $60,425,400.

Las Vegas, McCarran Airport did not expand alone. The city's casino resort industry also erected larger and more elegant properties. With the airline industry booming, casino executives in cooperation with the Las Vegas Chamber of Commerce, the Las Vegas Convention and Visitor Authority, and McCarran Airport, sought ways to attract as many air travelers as possible. They did this by building high-rise, super luxurious resorts. The 700 room Caesars Palace was one of the first, a quintessential first-class resort completed in 1966 by Cabana motel chain owner Jay Sarno, an award-winning designer, builder, and hotelier.[87]

With approval from Teamsters Union President Jimmy Hoffa and mobster Murray Humphrey's front man Allen Dorfman, Sarno received $20 million from the Teamsters Union Pension Fund to develop the property, the most money ever spent on a resort.[88] In an attempt to quash the deal the FBI leaked a wiretap report to Sandy Smith, a reporter for the *Chicago Tribune,* fingering Sarno as a front man for the Chicago mafia.[89] While the negative publicity angered mafia bosses, the public still felt no qualms over gambling, shopping, and staying at the European-styled resort. With its ancient Roman theme, including fountains and statues, and an eight hundred seat Circus Maximus patterned after the Coliseum, Caesars was the place in town for performances by top entertainers including Frank Sinatra, Ella Fitzgerald,

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[87] Moehring, *Resort City in the Sunbelt*, 117.

[88] Hal Rothman, *Neon Metropolis: How Las Vegas Started the Twenty-First Century* (New York and London: Routledge Press, 2003), 17, 18. Also see Gus Russo, *The Outfit: The Role of Chicago's Underworld in the Shaping of Modern America* (New York, Bloomsbury Press, 2003), 461.

[89] Russo, *The Outfit*, 462.

Paul Anka, Tony Bennett, and others.[90] More than 20,000 people daily walked through the property's doors. They gambled, dined at five-star restaurants and buffets, shopped, and sunbathed by the resort's Olympic-sized and lavishly decorated swimming pools.[91]

Sarno would be outdone by Kirk Kerkorian, a former crop duster, cargo pilot, and charter airline owner from southern California who too wanted to establish himself in Las Vegas as a casino resort magnate. In 1969, Kerkorian built the largest casino resort in Las Vegas's history, the $60 million International Hotel, a towering property with 1,600 rooms and a 30,000 square foot casino, symbolizing a new era in the casino resort industry.[92] One of the largest hotels in the world, it attracted top entertainers to Las Vegas including Barbra Streisand, Sammy Davis Jr., Dean Martin, Dom DeLuise, Joey Bishop, Johnny Carson, and others. The stars typically commissioned $100,000 a week and filled auditoriums with hotel guests and local residents nightly.[93] Three years later, he would trump the International by building the $120 million, 2,089-room MGM Grand, a massive property based on the 1932 Hollywood film *Grand Hotel,* where five guests who never met, spend two days interacting in Berlin's plush and luxurious Grand Hotel. The MGM housed an enormous casino, two showrooms – one for the entertainers and the other for production shows, Olympic-sized swimming pools, health spas, and restaurants run

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[90] Ibid.

[91] *Las Vegas Review-Journal,* 30 March 1975, p.22. Also see Russo, *The Outfit*, 461.

[92] Ralph J. Roske, *Las Vegas: A Desert Paradise* (Tulsa: Continental Heritage Press, 1986), 114.

[93] Ibid.

by world-class chefs.[94] With the casino-resorts responding to the growing air travel and tourism industries by expanding their properties or building larger, newer ones, the symbiotic relationship between the airlines, airport, and casino-resorts strengthened. According to Paul Titus, Director of Marketing, Advertising, and Tourism at the Las Vegas Convention and Visitor Authority, future outlook plans for continued hotel room expansion called for 49,000 total rooms by 1980, and 64,000 by 1985.[95]

Construction of these new resorts also created jobs. The casinos needed gaming dealers, bartenders, cocktail waitresses, hotel registration staff, managers, and maintenance personnel, which kept unemployment low. Keith Schwer, Director of the University of Nevada, Las Vegas's Center for Business and Economic Research, has explained that the city's circle of growth "starts with the building of new resorts, which results in larger visitor volumes, which results in increased gaming revenue, which results in more employment, which results in more population, which results in more home construction, and more personal income."[96]

Low taxation on businesses and a favorable year-round climate also prompted business from other cities to relocate to Las Vegas. An article in *Holiday* magazine claimed, "The city extols its broad streets, ranch-style homes, first-rate schools, eighty-one church groups, four hospitals, and no state income tax. Most

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[94] Moehring, *Resort City in the Sunbelt,* 123. Also see Barbara and Myrick Land, *A Short History of Las Vegas* (Reno: University of Nevada Press, 1999), 167.

[95] Ibid.

[96] *Las Vegas Sun,* 25 January 2001, p. 2.

Las Vegans felt satisfied with their city and its economy. If outsiders like U.S. senators did not agree, let them stay away from this amusing, colorful, and interesting town."[97]

In 1978, Las Vegas was a maturing city with a population nearing 165,000 residents, churches, schools (including the city's first university, the University of Nevada, Las Vegas, which opened in 1957), and parks.[98] With the explosive increase in air travel to Las Vegas, a larger and more cosmopolitan airport and expanding casino resorts, the city stood to benefit from public works projects such as the construction of Bond Road (today Tropicana Avenue, an eight lane major route connecting the airport with downtown), which enabled tourists, business travelers, and conventioneers arriving at McCarran Airport to speed to the Las Vegas Strip in less than ten minutes. This prompted McCarran Airport Director Erle Taylor to include $900,000 in his budget for upgrading roadway systems.[99] All of this underscored the importance of commercial air travel and its affect on cities, including Las Vegas.

Western Historian Earl Pomeroy confirmed that, "Air service ultimately justified much of the confidence of its [Las Vegas's] advocates, transforming cities and their tributary territory at least as much as ship and railroad had done earlier. Within two decades, between the 1950s and the 1970s, Las Vegas became the

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[97] *Holiday* Magazine July 1961 in Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America* (New York: Vintage, 2002), 145.

[98] Moehring, *Resort City in the Sunbelt*, 108.

[99] *Las Vegas Review-Journal,* 11 September 1975, p.1.

fastest-growing metropolitan area in the mountain states region after patrons of its casinos began arriving by air."[100]

Tourism Grows in Las Vegas

By 1976, Convention and Visitor Authority statistics showed that Las Vegas had become the number one tourist destination in the country with 9.8 million visitors, a 6.8% increase from 1975, and 44% increase from 1970.[101] Four million of these visitors arrived by plane.[102] The city's tourist increase mirrored the larger national trend in air travel. Between 1955 and 1978, the number of airline travelers in the United States rose from 41 million to 275 million.[103] The post-war increase in population, in affluent Americans, and in a well-employed working class, all contributed to a staggering tourist growth that was bigger than that of any other industry in the nation. The airlines and travel agents took advantage of a growing consumerism that focused on travel by using massive promotions of economy fares and package vacations.[104]

Until this time, airline passengers usually consisted of leisure class travelers who could afford long, expensive trips, and businessmen who chose air travel for its speed and became its most frequent fliers. After World War II, modern mass tourism

[100] Earl Pomeroy, *The American Far West in the 20th Century* (New Haven: Yale University Press), 194, 195.

[101] *Las Vegas Review-Journal,* 9 March 1977, p.21.

[102] Ibid.

[103] Bilstein, *Flight in America*, 285-286.

[104] Solberg, *Conquest of the Skies*, 406.

– middle and working class fliers encouraged the airline industry to democratize air travel by introducing coach service with economy fares and package deals. Pan Am's President Juan Trippe called the introduction of coach class service the third major milestone in aviation history; Lindbergh's famous 1927 flight from New York to Paris being the first and the advent of the jetliner the second.[105] When the smaller non-scheduled airlines began specializing in fast, efficient, total coach service, the big four airlines - - United, TWA, Pan Am, and American - - jumped on the wagon and set up first class, business class, and coach class.[106]

As air travel grew, tourism grew. Travelers had to have a place to stay, which prompted the airlines to convince the hotel industry to get involved building hotels wherever there were airline passengers. By the 1960s, "there were Hiltons, Hyatts, and Sheratons to house deplaning Americans almost everywhere."[107] The advent of credit cards further accelerated air travel and hotel stays. Pan Am adopted the slogan, "Fly now and pay later," and attracted thousands of domestic and international travelers.[108] Travel agents picked up on the credit policy, and booked their customers a complete travel agenda with airline tickets, transportation service, and hotel service, all on the credit plan.[109]

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105 Ibid., 345.

106 Heppenheimer, *Turbulent Skies,* 127.

107 Solberg, *Conquest of the Skies*, 349.

108 Petzinger Jr., *Hard Landing*, 18.

109 Ibid., 348, 349.

The introduction of coach class travel, the ability to fly using a credit card, and the use of jets changed the nature of air travel. The focus of airline travel in pre-war days was on the excitement and prestige of flying. The selling point was the airplane. But as planes became larger, flew faster and higher, and were crowded with coach fare travelers, the focus of the trip became the destination. Las Vegas capitalized on this through larger casinos, more luxurious and comfortable hotel rooms, premier entertainment, top recreation facilities, nicely manicured golf courses, and excellent customer service. With the partnership of jetliners, the jetport, the Las Vegas Convention and Visitor Authority, the Las Vegas Chamber of Commerce, and government funding, Las Vegas became an ideal model for selling the destination, a winning technique for making the passenger volume mushroom. Airlines billed Las Vegas as a desert tourist attraction.

In 1960, Western Airlines transported 21,501 passengers to Las Vegas, TWA 18,103, and United 11,370.[110] A decade later, those numbers increased more than ten-fold when Western Airlines monthly transported more than 231,000 passengers, Hughes Air West 224,000, United 151,000, and TWA 141,000.[111] With such a significant increase in passenger volume, the Flamingo Hotel opened a "flight wing" to help guests with reservations and accommodations on Hughes Air West, TWA, United, and Western.[112] The MGM Grand and Riviera Hotels opened Delta Airlines

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[110] *Las Vegas Sun,* 5 March 1960, p.5.

[111] *Las Vegas Review-Journal,* 30 March 1975, p.1. Also see Clark County Department of Aviation McCarran Airport Passenger Statistics for enplaned and deplaned passengers 1969-1970.

[112] *Las Vegas Sun,* 16 November 1968, p.9.

ticket offices where guests could purchase one-way travel to Atlanta on the Tri-Star L1011 for $154 in first class, or $123 in coach.[113] Guests also could purchase one-way travel to Charlotte via Atlanta on the Tri-Star L1011 for $170 in first class or $136 in coach.[114]

In 1970, for a modern desert city with a metropolitan population of 273,000, and more than four million air travelers annually arriving at McCarran Airport, and a booming tourism industry, Las Vegas's future looked endlessly bright. The passenger volume and airport growth was phenomenal compared to Phoenix, another Southwest desert city with a population of 470,000 and a passenger volume of 2.9 million travelers, or San Diego with a population of 697,000 and a passenger volume of 3.3 million.[115] But, problems with government regulation of the airline industry and the airlines themselves led to a major shakeup that strongly affected the nation, including Las Vegas.

[113] *Las Vegas Review-Journal,* 7 March 1977, p.23.

[114] Ibid.

[115] 1990 United States Census. For passenger volumes, see Phoenix Sky Harbor and San Diego Airport Websites.

CHAPTER 4

AIRLINE DEREGULATION AND THE MEGA-RESORTS

In the 1970s, the continued public demand for more airplane seats, and tight government regulation of fares, routes, and flight frequency led to problems. The Civil Aeronautics Board, the government agency tasked with overseeing the airline industry, worked hand in glove with the airlines to assure a profit by awarding them the most financially lucrative air routes. United, TWA, Delta, American, and Eastern dominated the best national markets and busiest airports including Atlanta, Chicago, Minneapolis, and Dallas. With government protection through adjustable fares and subsidization of mail transport, these major carriers did not have to worry about filling all of their seats.

At the same time, regional carriers such as Southwest, PSA, and AirCal, offering lower fares and service to small cities, especially in California and Texas, experienced completely filled flights and sought access to larger markets. The Civil Aeronautics Board denied them entry because the major airlines protested these new discount carriers as unfair competition. Although regulation prevented the major airlines from charging customers unreasonably high prices and mandated federal approval for any airfare changes, ticket prices typically remained high.

This drew criticism from industry experts such as Peter Ueberroth, President and Chairman of the Board of First Travel Corporation, who argued that deregulating the airline industry would be an ideal solution to the problem.[1] With the major airlines

[1] *Las Vegas Review-Journal,* 22 May 1975, p.17.

monopolizing the nation's markets, and the quality of their customer service declining, Ueberroth argued deregulating the industry would ensure fair competition among all air carriers, passenger service to small cities through a hub and spoke system, lower fares, and better quality customer service.[2]

Also stoking the deregulation debate was the surging price of jet fuel. In 1973, the OPEC crisis caused the price of oil to skyrocket, severely impacting the cost of jet fuel. Prior to the crisis, jet fuel cost $.10/gallon. Afterward it rose to $1.00/gallon, deeply threatening airline profitability because of gas guzzling jet engines.[3] In response, the CAB increased fares to compensate the airlines for lost revenue, a move that angered the traveling public and prompted numerous complaints to Congress. Furthermore, airline profit losses exceeding $150 million portended an ominous future unless something substantive was done.[4] Congress began considering alternative solutions, including deregulation, which would mark an important shift in the pattern of government involvement in the airline industry but not by any means eliminate the partnership.

Massachusetts Senator Edward Kennedy and Nevada Senator Howard Cannon spearheaded the exploration of deregulating the airline industry.[5] Senator

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[2] Ibid.

[3] T.A. Heppenheimer, *Turbulent Skies: The History of Commercial Aviation* (New York: John Wiley & Sons, 1995), 258.

[4] Carlos Schwantes, *Going Places: Transportation Redefines the Twentieth Century West* (Bloomington: Indian University Press, 2003), 311.

[5] David T. Courtwright, *Sky as Frontier: Adventure*, *Aviation, and Empire* (College Station, Texas A&M University Press, 2004), 157.

Kennedy, long considered the leader of the liberal wing of the Democrat Party, had ambitions for the White House and needed a cause to win votes. But, as the national economy reeled from both stagnation and inflation in the OPEC era, the Republican Party moved toward embracing the candidacy of a conservative former governor of California named Ronald Reagan. Republican attacks on government programs became a mainstay of United States political culture. Thus taking on the political issue of deregulating something so big and powerful as the airline industry, had enormous potential. But, it also presented an opportunity for the Democrats. Kennedy's friend, future Supreme Court Justice Stephen Breyer suggested ousting the CAB, so Kennedy could "be seen as a champion of the growing movement to curb the size of big government."[6]

Kennedy's toughest challenge for writing the bill and getting it passed would be to convince his colleague, the powerful senior Democratic Senator from Nevada, Howard Cannon, to join him. Everything connected with airlines was Cannon's territory. In 1963, he was appointed to the prestigious Interstate and Foreign Commerce Committee, and its Aviation and Surface Transport Subcommittee.[7] Cannon, a former bomber pilot in the Army Air Corps during World War II, and later, a pilot in the Air Force Reserve, long had been interested in aviation and aviation policy. He was well aware of the need to improve the nation's aviation infrastructure

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[6] Thomas Petzinger Jr., *Hard Landing: The Epic Contest for Power and Profits that Plunged the Airlines into Chaos* (New York: Three Rivers Press, 1995), 90.

[7] Michael Vernetti, *Senator Howard Cannon of Nevada* (Reno and Las Vegas: University of Nevada Press, 2008), 83.

and strengthen national defense.[8] Following in Senator Patrick McCarran's footsteps, his post on the Interstate Foreign Commerce Committee and Aviation Surface Transport Subcommittee gave him jurisdiction over the Civil Aeronautics Board and the Federal Aviation Administration where he could use his power to influence aviation policy. He also chaired the Senate Rules Committee, which governed all congressional committees including Kennedy's.[9] Cannon was strongly interested in airline issues, and felt, "Airlines were as essential to the development of Las Vegas, as air conditioning and dice."[10] He had lent a helping hand to charter airlines coming to Las Vegas who sought a loosening of Civil Aeronautics Board restrictions. Cannon would be a powerful ally for Kennedy.

In their investigation, Cannon and Kennedy concluded that deregulating the airline industry would allow other airlines to enter the market and create greater competition and cheaper fares. Airlines could determine which destinations they would fly to, offer as many flights to those destinations as possible, expand existing markets, and create new ones.[11] Airlines would not have to wait months and even years for the CAB to approve their route applications, creating greater market efficiency.

Deregulation seemed a winning solution to many problems, but the opposition was formidable. Aviation Journalist Thomas Petzinger Jr. observed, "The major

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[8] Vernetti, *Senator Howard Cannon of Nevada*, 120.

[9] Petzinger Jr., *Hard Landing*, 91.

[10] Ibid.

[11] T.A. Heppenheimer, *Turbulent Skies,* 319-320.

airlines had some of the most powerful Washington lobbyists on retainer. They had operations in all fifty states and in hundreds of congressional districts. The airlines could count on the support of big labor in fighting anything that threatened high fares because high fares meant high wages."[12] Also, with more airline competition and jets serving the nation's airports, air traffic congestion would become problematic.[13] Kennedy and Cannon however, were joined by Democratic President Jimmy Carter who appointed Alfred Kahn, Professor of Economics at Cornell University and a strong advocate of deregulation to head the CAB. With that appointment the major airlines did not stand a chance of winning.[14] United, Delta, American, Eastern, and Continental no longer would have CAB protection. On April 19, 1978, the Senate voted overwhelmingly in favor of the bill 83 to 9.[15] After a short delay the bill finally passed the House by a vote of 363 to 8.[16] On October 31, 1978, President Carter signed the Airline Deregulation Act into law. He declared, "For the first time in decades, we have deregulated a major industry."[17]

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[12] Petzinger Jr., *Hard Landing,* 91.

[13] Update on the First Year of Airline Deregulation from Nevada Senator Howard Cannon to the Civil Aeronautics Board in 1979, Nevada Senator Howard Cannon Collection, Lied Library Special Collections, University of Nevada, Las Vegas.

[14] Heppenheimer, *Turbulent Skies,* 318.

[15] Petzinger Jr., *Hard Landings,* 103.

[16] Ibid., 104.

[17] Ibid., 105.

After forty years of federal oversight, the law finally gave airlines the freedom to “decide where they would fly and what fares they would charge.”[18] Smaller air carriers such as Sky West, Pacific Southwest Airlines, Air Cal, and Republic Airlines aggressively entered new markets, offering cheap fares, convenient flight schedules, and undercut their competitors. As a result, markets nationwide proliferated as airports became inundated with more flights and air travelers. Floyd Hall, Chief Executive Office of Eastern Airlines declared, “This was the time when the airlines finally came of age. Ever since they started carrying coach passengers, they had been growing faster than any other American industry. But now they became big time business.”[19] They especially became big time business in Las Vegas.

More Airlines Come to Las Vegas

Congressional passage of the Airline Deregulation Act of 1978 could not have come at a better time for Las Vegas. Still sensitive to its historic associations with sex, drugs, and organized crime, Las Vegas set out to seriously recreate its image into a new modern metropolis resembling other well-known cities in the nation and the world. Construction of exquisite high-rise casino-resorts run by Wall Street corporations instead of mafia bosses, an ambitious $30 million McCarran International Airport expansion plan, and seventeen airlines bringing seven million passengers to Las Vegas helped the city extricate itself from its hedonist past. If Las

[18] Ibid.

[19] Carl Solberg, *Conquest of the Skies: A History of Commercial Aviation in America* (Boston and Toronto: Little, Brown, and Company, 1979), 395.

Vegas was going to compete for tourists with other rapidly growing western cities such as Los Angeles, San Francisco, and San Diego, it had to offer something unique, something different aside from gambling that unmistakably would distinguish it from its competitors. A man-made erupting volcano, pirate ship battle, jousting tournament, and dancing water fountains along the city's most famous avenue would do just that. As historian Hal Rothman described it, "The Strip became a world-class center of entertainment encased in a fantasyland portrayal of time and space…. It offered a world fantastic and unreal, yet simultaneously tangible and available for purchase."[20] This Las Vegas "experience" became the new attraction that annually drew millions of tourists. But, these tourists somehow had to get there and the primary vehicle transporting them was the passenger plane.

In 1979, the jump in the number of airlines serving Las Vegas from seven to seventeen was remarkable for a high passenger volume, low profit yield leisure market, even in comparison to the high passenger volume, high profit yield business markets of Los Angeles, San Francisco, Chicago, and New York dominated by the major airlines.[21] Because the latter cities predominantly attracted business and international travelers who were willing to pay higher fares, Las Vegas was just the opposite - - a leisure market attracting middle and lower-income tourists through bargain-basement fares. With low-fare airlines like Southwest, America West, and National entering the Las Vegas market, and casino-resorts such as the Landmark,

[20] Hal Rothman, *Neon Metropolis: How Las Vegas Started the Twenty-first Century* (New York: Routledge Books, 2003), xi, xii.

[21] Clark County Commission Airport Study, "McCarran 2000: Reflections of the Past" 48, 52, 60.

MGM Grand, and Caesars Palace offering discounted room rates, it was a winning combination for Las Vegas and it had been made possible by airline deregulation.

Duane Busch, TWA Executive Station Manager in Las Vegas explained how deregulation “afforded middle and lower income people the opportunity to travel.”[22] Southwest offered one-way fares from Las Vegas to Los Angeles and other California destinations for $29, making it extremely difficult for United, Delta, and other major airlines to match.[23] America West and National followed Southwest’s lead by creating their own niches through cheap “red-eye” flights and low-fare transcontinental flights from Las Vegas to East Coast cities. For airlines like Southwest, America West, and National that embraced the business model of low fares, multiple flights, and excellent customer service, deregulation provided a major boon. Phoenix, Las Vegas, San Diego, Los Angeles, San Francisco, and other western cities enjoyed the benefits of having a larger clientele of business and leisure travelers.[24]

Airline Deregulation Challenges

While airline deregulation brought great benefits to these cities, it also initially created problems for the airlines. Small airlines still needed to elbow their access to larger city hubs dominated by the major carriers. Competition proved fierce for all air

[22] Duane Busch, TWA Executive Station Manager, Interview by Daniel Bubb, 7 January 2001, Las Vegas, NV.

[23] Susan Davis, Marketing Representative for Southwest Airlines, Interview by Daniel Bubb, 4 January 2001, Las Vegas, NV.

[24] Ibid.

carriers and ill-conceived marketing strategies made even the most time-honored airlines vulnerable. Essentially, deregulation as Thomas Petzinger Jr. put it, threatened to plunge the entire airline industry into chaos.

Appearing before the Subcommittee on Aviation of the United States House of Representatives Committee and Transportation Infrastructure, Joseph Leonard, CEO of Air Trans claimed smaller airlines such as his could not compete in certain markets such as Minneapolis, Chicago, Atlanta, and Dallas because of major airline dominance at hub airports.[25] At a hearing by the Senate Committee on Commerce, Science, and Transportation, he and other regional airline executives expressed their concern about trying to compete in an environment of "predatory behavior where one airline accounts for more than 50% of the traffic."[26] This became problematic for small cities where residents had to drive to larger airports to catch their flights because the hub and spoke system was inconvenient. Passengers could not fly directly from one small city to another. Instead, they had to connect through a hub airport, which was time consuming. The major airlines made substantial profits through this hub and spoke system because connecting flights ensured larger passenger loads. They opposed any policy changes that threatened this system, including deregulation. But, the government viewed it differently. Deregulation

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[25] Aviation Subcommittee of the United States House of Representatives Committee on Transportation and Infrastructure, 106th Congress, 1st hearing, 20-21 October 1999.

[26] U.S. Senate Committee on Commerce, Science, and Transportation, *Antitrust Issues in the Airline Industry*, 106th Congress., 27 July 2000. For problems with the hub and spoke system, see "Deregulation Fallout: Fewer Points Served, Big Cities Suffer too," *Airline Executive* (September 1979), 25, Nevada Senator Howard Cannon Collection, Lied Library Special Collections, University of Nevada, Las Vegas.

provided so many benefits to consumers nationwide that repeal of substantial amendment was unthinkable.

According to the United States General Accounting Office, had Congress passed legislation deregulating the airline industry a decade earlier, "The airlines could have operated at a far lower cost, annually saving air travelers $1.4-$1.8 billion."[27] When the Civil Aeronautics Board set fares, it was reluctant to lower them too much because the airlines and government needed to make profits. The high operating costs of passenger jets, increased wage demands by airline employees, and airport expansion costs required the CAB to keep fares at a considerably high level. This slowed passenger demand.

During regulation, the United States General Accounting Office reported the Civil Aeronautics Board kept fares 22%-52% higher than they would have been under deregulation.[28] Transcripts from the United States House of Representatives Committee on Transportation and Infrastructure indicated, "During the past twenty years, deregulation and competition lowered fares by more than 40%. This was especially true when a low-cost carrier entered the market. Fares dropped by 50%. Three times as many people fly now is they did before deregulation."[29] Federico Pena, Secretary of Transportation claimed in 1995, the airline industry saved $6.3

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[27] *Public Papers of the Presidents of the United States*: *Jimmy Carter, 1977*, 6 vols. (Washington D.C.: Government Printing Office, 1977), 245.

[28] Ibid.

[29] Aviation Subcommittee of the United States House of Representatives Committee on Transportation and Infrastructure, 20-21 October 1999. Also see Nevada Senator Howard Cannon's Update to the Civil Aeronautics Board: Airline Deregulation, the First Year, Nevada Senator Howard Cannon Collection, Lied Library Special Collections, University of Nevada, Las Vegas.

billion due to low cost competition.[30] A 1995 Brookings Institute study claimed that lower airfares saved the traveling public $12.4 billion per year.[31] To Congress, deregulating the airline industry clearly was the appropriate course.

According to the Senate Committee on Commerce, Science, and Transportation records, after deregulation, regional and commuter airlines passenger volume grew by 20%, departures at major hubs increased by 15.7%, medium airport growth was up by 22.5%, and small airport growth increased by 12.4%.[32] Large cities such as Denver, Dallas, and Phoenix experienced unprecedented passenger volume growth because more airlines and flights increased business at those hub cities. For resort cities such as Las Vegas, airline deregulation opened the floodgates for business. Southwest, America West, and National Airlines took advantage of it.

Despite the aggregate, national statistics, deregulation's costs and benefits varied significantly and affected carriers to Las Vegas in numerous different ways. Las Vegas Marketing Representative for Southwest Airlines Susan Davis emphasized the airline's financial success and growth based on its philosophy of "the three fs: fun, fares, and frequency."[33] The airline prided itself on friendly customer service, offering low fares, on-time flights to more than 100 destinations

[30] Ibid.

[31] Aviation Subcommittee of the United States House of Representatives Committee on Transportation and Infrastructure, *Domestic Air Service in the Wake of Airline Deregulation: Challenges Faced by Small Carriers,* 104th Congress., 25 April 1996.

[32] U.S. Senate Committee on Commerce, Science, and Transportation, *Oversight of Airline Deregulation,* 98th Congress, 27-28 June 1983.

[33] Davis, Interview, 4 January 2001.

nationwide, and became a formidable contender in the Las Vegas market, in 1996, transporting 22.7% of the 30,459,965 passengers who came to McCarran International Airport.[34] Because of its reputation, reliability, and affordability, from 1997 to 2001, the airline led all others in passenger transportation volume, bringing more than 30% of the travelers to Las Vegas.[35]

Founded in 1971 by an astute, aggressive, eccentric businessman who had a penchant for smoking several packs of Camel Cigarettes, drank Wild Turkey whiskey, and transported himself to and from work on a Harley Davidson motorcycle, Chief Executive Officer Herb Kelleher sought to dominate the national airline markets, which he did.[36] Beginning with three Boeing 737s, offering low fares, and instructing flight attendants to provide excellent in-flight service, the airline enjoyed remarkable success as one of the most popular interstate regional airlines.[37] Originally, the airline offered service within the state of Texas and crafted its business model there, but within two years it sought to expand service to other cities in the Southwest that had underserved airports. Kelleher's airline soared because of simple marketing strategies that were specially tailored to cities like Las Vegas ready to accommodate a different clientele than in years past. Southwest's planes offered only one class of service that catered to all customers.

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[34] McCarran International Airport Newsletter, 24 January 1997.

[35] Clark County Department of Aviation News Release, 19 January 1997, 19 January 1998, 19 January 1999, 19 January 2000, 19 January 2001.

[36] Petzinger Jr., *Hard Landing*, 330.

[37] Ibid., 29.

Offering some of the best low fares in the market, two for the price of one fares under their “friends fly free” program, and bonus rewards for the number of trips flown, Southwest quickly developed a large working-class clientele.[38] With 200 daily arrivals and departures at McCarran International Airport, Southwest with a primary hub in Phoenix, opened a second hub in Las Vegas, making the Nevada resort city the airline’s top market.[39] The airline rapidly became the air traveler’s favorite. Susan Davis emphasized that the airline, “Tried to target ‘young-minded’ travelers, but catered to all passengers…. So there really was no specific focus on any type of passenger.”[40] The airline also strategically focused on a “short haul” market where the average flight did not exceed a five hundred mile radius or a flight time of more than two hours.[41]

To improve its service the airline created many methods for quick turnarounds including deplaning and enplaning passengers in as little as fifteen minutes by not assigning seats, a strategy that effectively avoided costly delays at the gate.[42] By the late 1990s, Southwest became so popular among tourists and gamblers it was the sole tenant of McCarran’s “C” Concourse.[43] According to Ginger Hardage, Vice-President of Public Relations, the airline offered non-stop flights to 27 destinations

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[38] Davis, Interview, 4 January 2001.

[39] Ibid.

[40] Ibid.

[41] Ibid.

[42] Petzinger Jr., *Hard Landing*, 322.

[43] Davis, Interview, 4 January 2001.

including New Orleans, Nashville, San Antonio, Tulsa, and Omaha. [44] This offered passengers more choices and competitive fares to those of Delta, one of Southwest's greatest competitors serving the southern United States. The Southwest business model of low fares and the casino-resort industry model of affordable room rates and many tourist attractions worked well luring middle and lower-income customers, enabling both to become leaders in their respective industries, and to grow together.

In contrast to Southwest Airlines, America West Airlines, a strong competitor in the Las Vegas market, focused on the business traveler. Headquartered in Tempe, Arizona, and flying Boeing 737s, 757s, and Airbus A-319s and A-320s in the southwest and other regions of the country, America West took a different approach to air travel than its competitors.[45] One of the airline's marketing managers, Jennifer Myers, explained, "Because the airline catered to the business traveler, it provided more flights in certain markets that proved to be more profitable."[46] To accomplish this, America West scheduled a majority of its flights to depart from Los Angeles, Phoenix, Las Vegas, and San Francisco so business travelers could easily make connecting flights to eastern destinations. Myers explained that "the airline had a complex system, more so than passengers just flying to Las Vegas to stay there….

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[44] *Las Vegas Review Journal,* 14 November 1998, p.1D.

[45] Jennifer Myers, America West Marketing Manager, Phone Interview by Daniel Bubb, 4 January 2001, Las Vegas, NV.

[46] Ibid.

Las Vegas was primarily a connecting airport for a majority of America West's older passengers."[47]

The airline also created a niche by scheduling many of its flights in the evening and late at night ("red eye" flights) because those times for travel proved to be the most in demand and profitable for business and leisure travelers wanting to arrive on the East Coast early in the morning the next day. Since no other airline at McCarran International Airport offered an entire bank of late night flights, America West executives seized the opportunity to increase business and profits by offering low fares to late night fliers.[48] It was a simple concept: people traveling during the day paid higher fares, whereas those hunting for cheaper fares flew late at night.

According to Myers, America West's other innovative business practice was to observe a geographic region to see which airline was the most dominant and what their strategy was.[49] America West would then move in and offer competitive fares and provide amenities that the other carriers did not provide in order to capture the lion's share of the market. These amenities came in the form of a first-class or business-class section with wider and more comfortable seats. Passengers also enjoyed meals and drank beverages out of real glassware instead of plastic cups. And the airline offered in-flight movies and multiple music stations with headphones to entertain passengers. This marketing strategy, in addition to low fares, enabled America West to compete in the Las Vegas market because that was what

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[47] Ibid.

[48] Ibid.

[49] Ibid.

passengers wanted: cheap and available flights, discounted hotel rooms, affordable entertainment, and amenities all in one location.[50]

Michael Conway, Chief Executive Officer of National Airlines, Las Vegas's "hometown airline," adopted a similar philosophy to that of America West: catering to the business traveler, leisure tourist, and Las Vegas resident. By offering inexpensive transcontinental flights from Las Vegas to eastern destinations such as Philadelphia, Chicago, and New York, Conway believed he would attract more business travelers and tourists than his competitors.[51] For instance, in 1999 passengers could fly round trip from Las Vegas to Miami for $238.[52] Since Las Vegas was such a popular destination for air travelers and a city that attracted many businesses, Conway felt it was the ideal base for his airline. He contended that, "For a true hub-and-spoke market to be successful, the hub of the operation must be a strong destination in and of itself."[53] Also, by using one type of aircraft, the Boeing 757, he kept the airline's maintenance and pilot training costs to a minimum.[54]

In its first year of business, National Airlines' was successful, but during its second year, the airline went into the red for three reasons. First, the rising cost of fuel consumed much of the airline's capital, accounting for over forty percent of its

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[50] Ibid.

[51] *The Los Angeles Herald,* 26 January 2001, p.1.

[52] Ibid.

[53] *Airways* (October 1999), 29-35, 30.

[54] Ibid.

operating expenses.[55] Like other airlines, National felt the pain of high fuel prices dating to the OPEC Crisis in 1973, when a domestic oil shortage and an increased demand for Middle Eastern oil caused oil prices to skyrocket. Subsequent spikes in oil prices in 1979, 1990, and 1999 also spurred airlines to raise their fares.[56] From 1988-1992, the airlines collectively had lost more than $12 billion with sharp increases in oil prices prompting President William Jefferson Clinton to hold an emergency meeting with his Cabinet and oil company executives to search for desperately needed solutions, none of which were found.[57] Clinton blamed it on the government's "failure to create an economic climate necessary for this leading-edge industry [commercial aviation] to thrive at home and in an increasingly global economy."[58] But as long as fuel prices remained high and the airlines kept losing money, they became more dependent on the federal government for subsidization in the form of loans to help keep them afloat which was nothing new since the airline industry's inception.

A second reason for National's economic strife was its route system, which included flights from Las Vegas to San Francisco and Los Angeles, short-haul routes

[55] Randall Walker, Clark County Director of Aviation, Interview by Daniel Bubb, 22 December 2000, Las Vegas, NV.

[56] David T. Courtwright, *Sky as Frontier*, 208. Also see Petzinger, Jr., *Hard Landing*, 426-427.

[57] *Public Papers of the Presidents of the United States: William Jefferson Clinton, 1992-2000,* 8 vols. (Washington D.C.: Government Printing Office, 1996), 1694.

[58] Remarks on Signing Enabling Legislation for the National Commission to Ensure a Strong, Competitive Airline Industry, 7 April 1993, *Public Papers of the Presidents of the United States: William Jefferson Clinton*, 1993, 412-414. Note according to Clinton, part of the problem included outdated air traffic control technology, which became a central focus in his Statement on Signing the Federal Aviation Administration Authorization Act of 1994 which appropriated $1.7 billion for airport development.

that were not economically sensible for gas guzzling Boeing 757s, passenger planes designed for long-haul transcontinental flights. The airline had placed orders for 737s for the short-haul flights, but with massive debt and insufficient capital from financial backers including Harrah's and the Rio casino-resorts, National officials had to cancel the orders, and file for bankruptcy in 2000, shortly thereafter, going out of business.[59]

A third and final problem for National was the overwhelming competition with other airlines serving Las Vegas. No airline received preferential treatment from the casino-resorts because they depended on the airlines to bring business. Though the idea of Las Vegas having a hometown airline was catchy to Harrah's Resort and Casino and the Rio Resort and Casino, companies that provided Conway $30 million of the $50 million Conway to start his airline, all airlines were equally important to Harrah's and the Rio for business.[60] Las Vegas Historian Hal Rothman observed this, noting how, "The casinos could not afford to antagonize the major airlines. They depended on all of the airlines to bring them passengers, and if one of the big four carriers perceived the casinos as competition, the airlines could confidently move their seats to more lucrative routes."[61] National just could not financially compete with Delta, United, American, Continental, and other major air carriers.

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[59] *Airways* (October 1999), 29-35, 30.

[60] Hal Rothman, *Neon Metropolis: How Las Vegas Started the Twenty-First Century* (New York and London: Routledge Press, 2003), 253.

[61] Ibid.

As Rothman observed, some of the major and regional airlines were cutting back on their number of flights and seats to Las Vegas because other markets were more profitable. He noted, "The combination of price-sensitive vacation travelers and the discount packages that defined the local market meant that on a per seat basis when demand almost exceeded supply, business travelers between Chicago and Los Angeles offered far higher profit per traveler. The major airlines cut their flights to Las Vegas to maximize profit from market conditions."[62] Hence, when National Airlines CEO Conway tried to provide a new niche by offering cheap transcontinental flights, his airline could not remain profitable, so he began cutting flights and returned his Boeing 757s to leasers until the airline eventually went out of business in 2001. With the new competition from deregulation, some airlines like National went out of business while others were forced to reduce their number of flights to Las Vegas, or in TWA's case, completely pull out of the Las Vegas market.

TWA, one of Las Vegas's most successful airlines since 1930, also reduced its number of daily flights from twenty-two to four in the 1980s, and discontinued its service in the Las Vegas market in the 1990s because its international routes of Los Angeles to Paris and domestic transcontinental routes of San Francisco to New York were more profitable.[63] This was a better business strategy for TWA, an airline whose fleet mostly consisted of wide-bodied Lockheed L-1011s and Boeing 747s, which could carry 300-400 passengers. According to Duane Busch, "It was never profitable for TWA to fly to Las Vegas, hence that is why we focused on and

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[62] Ibid.

[63] Busch, Interview, 7 January 2001.

dominated the international market. A flight from New York to Paris brought in far more revenue than a flight from New York to Las Vegas. And many other airlines such as United and American followed suit."[64] But some major airlines were able to weather the competition because they served enough markets where they could afford it.

Unlike TWA, United and American did not entirely eliminate their flights to Las Vegas. They were able to do this because of their sheer volume of business from the most profitable transcontinental routes of Los Angeles to New York or international routes of San Francisco to Paris enabled them to absorb the smaller profits in high-volume, low-yield leisure markets such as Las Vegas.[65] Delta Airlines, a major Las Vegas air carrier, followed the same business strategy as United and American, offered 22 daily non-stop flights from Las Vegas to Atlanta, Cincinnati, Dallas, Los Angeles, Phoenix, and Salt Lake City.[66] Servicing Las Vegas brought revenue for the airline, McCarran International Airport, and southern Nevada's economy.

Delta annually contributed more than $38.5 million to southern Nevada's economy, $3 million of which comprised employee salaries, take off and landing fees, and ticket counter and gate rentals at McCarran Airport.[67] According to Al

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[64] Ibid.

[65] Roger Tyndall, *United Airlines in Las Vegas*, unpublished research paper in 1976, 1-15, 14.

[66] *Delta Airlines Facts* published by Delta Airlines, 1987, 2.

[67] Delta Airlines Newsletter "Delta's Presence Here Adds $3 Million Annually," 1 July 1981, Delta Airlines, Atlanta, GA.

Adams, Delta's District Marketing Manager, "Wherever Delta flies, its presence in the community helps spur a city's economic growth. Airport jobs create buying power, and airlines and airline-related businesses are important customers for goods and services by other firms. In addition, airlines bring business people, vacationers, and conventioneers into a city," all of which in the case of Las Vegas, mandated significant airport expansion.[68]

Expansion, Expansion, Expansion

Although deregulation took the federal government out of the fare-fixing business, the huge expansion in air traffic that ensued would still require government assistance. The initiative for expansion often came from the air carriers, hoteliers, and airport officials. But true to form, the United States government stood by ready to assist in airport funding as it always had.

Prior to airline deregulation, McCarran Airport officials in 1974 had completed a huge $30 million expansion project to accommodate five million travelers passing through its gates.[69] The onslaught of seven million air travelers in 1978 and more jets forced them to activate their even longer-term expansion plans right away, which included lengthening runways, reinforcing and lengthening taxiways, providing more jet ways, and expanding terminals. McCarran, so conveniently located near the Strip, became a facilitator for the entire process. Robert Cohn, a partner with the airline legal firm Shaw, Pittman, Potts & Trowbridge, pointed out that, "Airports

[68] Ibid.

[69] Landrum & Brown Consultants, Master Plan, 20 March 1974, II-2.

should work hand-in-glove from the beginning with the airlines. Cities have to recognize the importance of air service to the economics of the community, and appreciate the economic power of the airport. It is the central nervous system of the economy. It enables the city to attract more commerce."[70] This was true of McCarran Airport, which by 1998, along with the airlines, pumped more than $17 billion into southern Nevada's economy.[71]

Airport officials were forward thinking enough to have finished a well-thought out master plan for future expansion. After the Airline Deregulation Act opened the floodgates for more planes, more flights, and more airport slots, and certainly more travelers, everything changed. Airport Director John Solomon and his staff had to immediately revise and activate the master plan.

Solomon, formerly Assistant Director of Tulsa Airport, and as Chairman of the Governmental Affairs Committee of the Airport Operators Council International, acknowledged that the newly renovated airport was inadequate to meet the needs of an explosively growing airline industry and passenger volume. He stated, "By the time the industry stabilized, McCarran had approximately three times the number of air carriers previously serviced. We needed a terminal plan to not only provide adequate service for seventeen existing airline tenants, but to additionally prepare us for anticipated future demands."[72] Looking at the logistics of the new master plan,

[70] Jennifer Michaels, "Open Skies Agreements Bringing Global Dollars Home," *Airport Magazine,* 12 February 2001, 1-3.

[71] *Las Vegas Sun,* 11 June 1998, p.6E.

[72] Clark County Commission Airport Summary, "McCarran 2000: Reflections of the Past," 34.

Solomon added, “We started working on roadways, a new satellite and a baggage claim building. Seven consulting firms and more than 1,000 persons were employed on the project.”[73] Beginning the expansion was timely because the studies by Landrum & Brown and TRA accurately predicted ten million travelers passed through McCarran’s gates in 1980, but dramatically fell short when the number grew to twenty million in 1990 and to more than thirty million by 1996.[74] The expansion would meet several problems along the way that would find solutions.

Since this was the most ambitious expansion plan in the history of the airport and city, the first problem was the cost. Phase I of “McCarran 2000,” called for a third runway 5,000 feet in length, expansion of the existing terminal by 1,171,000 square-feet for a total of 1,677,650 square-feet to house 12 baggage claim carousels and 18 more gates, bringing the total to 54 gates.[75] It also included plans for construction of a six-story parking structure with 3,526 parking spaces, new cargo facilities, a crash/fire/rescue facility, an air traffic control tower cab complete with radar for arriving and departing aircraft, and an automated transit system to shuttle passengers from the terminals to the gates.[76] The cost of Phase I of this project totaled $315 million, exceeding initial projections of $276.6 million.[77] Through the Airport Development Aid Program, the federal government would pay for $126

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[73] Ibid.

[74] Landrum & Brown Consultants, Master Plan, II-2.

[75] Bechtel Civil, Inc. McCarran International Airport Historical Report, 1981-1987, 5-8. Landrum & Brown Airport Consultants 1976 Master Plan Summary, VI-7.

[76] Ibid

[77] Landrum & Brown Consultants, Master Plan, II-10.

million of the cost, leaving the Airport to bear the remaining $189 million, which it would pay through $1.3 million in slot machine revenue and $187.7 million through bonds and take off and landing fees assessed to the airlines.[78]

Another problem facing Airport Director Bob Broadbent, Solomon's successor, was a substantial underestimation in passenger volume predicted by Airport Planners Landrum & Brown. Whereas planners had anticipated twenty million passengers coming to Las Vegas by 2000, that milestone was reached ten years earlier in 1990. Broadbent and his staff were caught unprepared.[79] Phases II and III of the "McCarran 2000" Master Plan, had to begin immediately.

The plans called for more airline ticket and rental car counter space, an expanded baggage claim area, and an enlarged parking structure to nine stories with the capacity to accommodate 6,500 automobiles and commercial vehicles in addition to a remote parking site for overflow.[80] The plans also included construction of two more satellite concourses, with 16 gates in the "C" concourse for Southwest Airlines, and 26 gates in the "D" for United, American, Delta, and other airlines. Phase III, which was unveiled in 1994, included plans for an airport connector and roadway system to give drivers easy access to the airport from Interstate 215.[81]

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[78] Ibid., VI-7.

[79] Ibid., II-2.

[80] Clark County Department of Aviation "Vision 2020: A Balanced Approach to Airport Development" Master Plan, 4.

[81] Ibid.

With the increase in the number of airlines serving McCarran International Airport and the explosive passenger volume as well as the construction of a second terminal for additional international flights, airport officials encountered significant problems with ground traffic congestion. Landrum & Brown's Airport Master Plan contained a provision informing airport officials that there would be heavy ground traffic and offered solutions to resolve them. Widening Paradise Road and Tropicana Avenue, as well as building additional access roads, and bypass roads to the terminals, would alleviate much of the congestion, especially during peak hour traffic.[82] An important element in this expansion was the growing number of new airlines, including international airlines coming to Las Vegas, a fulfillment of a prediction by the president of a prominent travel corporation.

<u>More International Air Travel Comes to Las Vegas</u>

Deregulation played no small part in encouraging Las Vegas government and business leaders to seek lucrative international customers for travel to their city. Thus, during the 1990s, a high octane coalition of private entrepreneurs, local boosters, and federal government officials combined the city's aviation agenda. The strategy even provided a role for the nation's chief diplomat, the President, to help clear the path by negotiating liberalized international aviation agreements. The impact on Las Vegas would be immense.

As early as 1975, marketing officials advised city officials to prepare for a boom in international tourism and travel, a market where airlines, the airport, casino

[82] Landrum & Brown 1976 Airport Master Plan Summary, V-8.

resorts, and the city could make more profits. Peter Ueberroth, keynote speaker at a Sahara Hotel luncheon observing Nevada World Trade and Tourism Association Week, told local business leaders they could, “Fill hotels seven days a week if they can capture an exploding international tourist business.”[83] He predicted that, “The amount of international travelers is going to overwhelm us.”[84] Ueberroth urged local hotels to work with airlines and travel agencies to attract international travelers by lowering room rates, offering international flights to Las Vegas from other countries, and encouraging international travelers to fly during the week in addition to weekends. He cited statistics showing tourism nationally generated $5 billion in 1970 and $11 billion in 1974.[85] Ueberroth’s admonition proved prescient. In the 1980s, a group of airports called US Airports for Better International Service, united to bring more foreign air carriers to the United States. The centerpiece of their plan called for an international “Open Skies Agreement.”[86] United States presidents including Bill Clinton sought to promote and expand open-skies agreements. In 1995, he was able to broker an agreement with Canada, “deregulating the world’s largest aviation market, [offering] more flights, and lower fares.”[87] In 1998, he signed a bilateral agreement with Japan, creating a $10 billion market from annually transporting 12

[83] *Las Vegas Review-Journal,* 22 May 1975, p.17.

[84] Ibid.

[85] Ibid.

[86] Jennifer Michels, “Open Skies Agreements Bringing Global Dollars Home,” *Airport Magazine* 12 February 2001, 1-3, 1.

[87] President William Jefferson Clinton’s Remarks to the White House Conference on Travel and Tourism 30 October 1995, *Public Papers of the Presidents of the United States: William Jefferson Clinton*, 1694.

million passengers, and over a billion pounds of cargo.[88] For Las Vegas, the open-skies agreements were vital to sustaining and growing its two primary industries upon which it depended for revenue: tourism and gambling. The city needed to tap more national and international markets, and the passenger plane helped it do this.

According to McCarran Airport Director Broadbent, the Open Skies Agreement benefited the airport in many ways. First, in 1985, the number of international visitors comprised seven percent or 600,000 of the more than twenty million air travelers. A decade later that number jumped to ten percent or nearly one million air travelers.[89] Second, it opened the door for negotiations with international airlines that had never served Las Vegas. Part of what prompted that search claimed John Hanks, head of McCarran Airport International Marketing, was a conversation that had taken place between Kirk Kerkorian, owner of the MGM Grand, and Bob Broadbent. In 1986, Kerkorian approached Broadbent asking if his air travelers could fill MGM hotel rooms, to which Broadbent replied, "No, we need more flights."[90]

This statement was important because it underscored what the airport needed to do to increase business and make Las Vegas more globally known: reach out to international air carriers. By establishing partnerships with international airlines for direct, non-stop flights, John Hanks and his staff were able over the next decade to add Toronto to Las Vegas flights on Air Canada, Tokyo to Las Vegas

[88] Bilateral Agreement with Japan on 30 January 1998. *Public Papers of the Presidents of the United States: William Jefferson Clinton*, 146.

[89] Bob Broadbent, Clark County Director of Aviation, Interview by Daniel Bubb, July 14, 1998, Las Vegas, NV.

[90] John Hanks, Manager of International Relations, McCarran International Airport, Phone Interview by Daniel Bubb, January 19, 2008, Spokane, WA.

flights on Japan Airlines, London to Las Vegas flights on Virgin Airlines, and Hermosillo to Las Vegas flights on AeroMexico.[91] These new flights opened Las Vegas to international markets that would provide over 14% of McCarran's total air traveler volume.[92] Manuel Cortez, President and CEO of the Las Vegas Convention and Visitors Authority especially hailed the service from Tokyo as "a boon to the Japanese market in Las Vegas, which accounts for the second greatest number of overseas visitors."[93] Herald Bomberg, Senior Vice-President of AeroMexico's U.S. Operations, praised the Hermosillo to Las Vegas route as an opening "to the untapped Latin American market for Las Vegas, as the city becomes AeroMexico's 11th U.S. gateway." He added, "The new non-stop service will provide an important link for feed traffic from other Mexican cities."[94]

With increased international travel demand and more foreign airlines coming to Las Vegas, Bechtel Airport Contractors drafted blueprints for an international terminal with eight gates for use by Japan Airlines, Mexicana, Aero Mexico, Canadian, Air Canada, Condor, Virgin Atlantic, and a screening area for the United States Customs Service.[95] The growing international air travel demand prompted

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[91] Las Vegas Convention and Visitor Authority, "London Calling: Las Vegas Welcomes Inaugural Flight of Gatwick-to-McCarran Connection Next Thursday, June 8," Press Release 1 June 2000. Also see Las Vegas Convention and Visitor Authority, "Daily Non-Stop Mexico-Las Vegas Flights to Begin Mid-June," Press Release 16 May 2000.

[92] Randall Walker, Director of Aviation, Clark County Airport System, Interview by Daniel Bubb, April 15, 2001, Las Vegas, NV.

[93] Las Vegas Convention and Visitors Authority, "Daily Nonstop Mexico-Las Vegas Flights to Being Mid-June," Press Release 16 May 2000.

[94] Ibid.

[95] TRA Consultants McCarran International Airport Master Plan Summary, October 1979, 2.

County Commission Chairwoman Thalia Dondero to claim that an international terminal was needed because, “It is not only possible, but highly probable that passengers, if offered the chance, would rather fly direct to Las Vegas from Japan, for example, than to Los Angeles or San Francisco since this is the ultimate destination for many of them.”[96]

In 1998, the Las Vegas Convention and Visitor Authority, McCarran Airport, the Las Vegas Chamber of Commerce, the Nevada Resort Association, and the Nevada Development Authority united to form The Parties, whose responsibility was to focus on increasing both domestic and international air service to southern Nevada.[97] According to Bill Mahaffey, Las Vegas Convention and Visitor Authority Manager, “The role of the Las Vegas Parties is to counsel the airlines of the world on the opportunities available for expansion of existing service or to welcome new service to Las Vegas.”[98] Opening international markets and bringing foreign airlines to Las Vegas however, was not easy because the federal government first had to set up bilateral agreements with foreign countries to open their market to international travel.

Once those agreements were set however, international travel to Las Vegas increased dramatically. In 1990, 800,000 international air travelers came to Las

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[96] Clark County Commission Airport Summary, “McCarran 2000: Reflections of the Past,” 23.

[97] *Las Vegas Sun,* 11 June 1998, p.8E.

[98] Ibid.

Vegas. By 2000, that number increased to 1.2 million.[99] While the increase in international passengers was a boon to tourism and the internationally-themed mega-resorts, airlines needed bigger jets to transport the larger numbers of air travelers which meant substantial work on airport runways.

With many international airlines flying heavier wide-body aircraft to McCarran from Tokyo, Frankfurt, Toronto, and Seoul, especially Boeing 767s, Douglas DC-10s, and Airbus A-340s, the airport needed to lengthen and reinforce its existing runways, and build new ones. This included building another runway paralleling the north-south runway 1-19 that would be 8,900 feet in length and 150 feet in width, and extending a runway paralleling the east-west runway 7-25.[100] The cost of the runway 7-25 extension and 1-19 construction was $87 million. Other parts of the $500 million Phase IV expansion plan included a nine-story parking structure for 8,000 automobiles, lengthened ticket counters, four more baggage carousels in Terminal 1, and a tunnel under the east-west runways to linking Interstate 215 to the airport.[101] The plan also allowed space for more concessions in Concourses A and B, a pilot's lounge, customer service center, and restaurant with a balcony view, stores, more restaurants, slot machines, and other revenue producers. The concourse's walls and ceiling would be made of 66,000 square-feet of glass to give people in the facility an unobstructed view of the airport and the desert. The floor

[99] Ibid.

[100] TRA Consultants McCarran International Airport Master Plan Summary October 1979, 2. Also see McCarran International Airport in "Jet Blast" (December 1989), 2.

[101] *Las Vegas Sun,* 11 June 1998, p.4E.

would consist of 130,000 square-feet of imported Italian marble. With the opening of the “D” gates in 1997, it enabled McCarran to annually handle up to 45 million passengers.

To get to the “C” and “D” gates from the terminal, travelers rode an Automated Transit System tram. Additionally, the airport built a $4 million, 78,500 square-foot warehouse to handle more than 200 million pounds of cargo.[102] Getting contracts with new passenger airlines often depended on McCarran’s ability to handle cargo because low-yield markets prompted airlines to supplement income by also transporting freight. With the rapid expansion of the air cargo market and many carriers looking for new locations to increase air service and have access to land routes in more heavily populated areas, Las Vegas was ideally located to become a major West Coast cargo distribution center.[103]

The Airport also financially benefited from the Foreign Trade Zone (FTZ), an area on the airport’s periphery established in 1989, which allowed international importers duty-free storage and assembly of foreign products tax free. The FTZ originally consisted of a 120,000 square-foot warehouse on 160 acres with an adjunct 25 acres of land for future development and FTZ use.[104] The FTZ was not only beneficial to the airport, but also to the city in that it helped diversify the metropolitan area’s economy and benefited the resorts by easing the pressure to

[102] *Las Vegas Sun,* 11 June 1998, p.13E.

[103] Ibid.

[104] Clark County Commission Airport Summary “McCarran 2000: Reflections of the Past,” 51. In 2000 this was expanded to 160 acres.

raise gaming taxes. More importantly, the FTZ stimulated free trade, increased cargo business, and enticed businesses such as Douglas Aircraft, Levi Strauss, Service Merchandise, and other international companies to move their headquarters to Las Vegas.[105]

The Free Trade Zone also inspired the County Commission to look into a Foreign Trade Center, which would consist of a five-story building totaling 1,700,000 square-feet of display space, international services area, a restaurant, and meeting areas, all for a price of $190 million.[106] But once again, rapid growth created space problems. Despite the airport plans for enlarged FTZ facilities, they still remained inadequate. By the late 1990s, officials realized that further expansion would be necessary as the passenger volume steadily surged toward McCarran's maximum capacity of 55 million travelers.[107]

In 1999, airport planners conducted a study and concluded that the construction of a second major airport would be necessary to alleviate McCarran's air traffic and terminal congestion problems. In a letter to the Chairman on the House Transportation and Infrastructure Subcommittee on Aviation, Clark County Director of Aviation Randall Walker pleaded the airport's desperate need for land. He explained that there were over 550,000 aircraft operations annually at an airport whose maximum capacity was 705,000, a figure that would be easily reached by

[105] Ibid., 47.

[106] Ibid., 51.

[107] Clark County Department of Aviation, "Vision 2020," 8.

2013.[108] Walker then estimated that without expansion the average flight would be delayed by at least twenty minutes, costing commercial airlines and charter carriers over $1,000 per delayed flight.[109] He feared that the added expense might discourage airlines from offering more flights to Las Vegas and encourage them to seek more profitable markets.[110] Also, there was pressure to make McCarran a connecting airport, which it had never been until the growth of Southwest and America West in the Las Vegas market necessitated it.

With the passenger volume steadily increasing and Southwest and American West increasing their presence at McCarran, it only was a matter of time before connecting flights became popular at McCarran. The concept of connecting flights in Las Vegas was new because for years, like Orlando, Las Vegas was a final destination for air travelers. With better year-round weather, and an efficient air traffic control system in place, McCarran International Airport grew to become a connecting flight airport for millions of air travelers. As a result, the increase in flights put more pressure on airport officials to expand the airport. In his letter, Walker indicated that, "The airport had already reached its 2,400 acre capacity with only enough room for "short and mid-term growth."[111] He noted that during peak periods, Las Vegas air traffic controllers handled over 120 hourly arrivals and departures and

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[108] Randall Walker, Clark County Director of Aviation to the Chairman of the House Transportation and Infrastructure Subcommittee on Aviation 5 October 2000. Included in the letter was a study done by the FAA determining how costly delays at McCarran will impact the commercial airlines.

[109] Ibid.

[110] Ibid.

[111] Ibid.

any additional flights would saturate the system. Walker also emphasized that since 1990, passenger traffic increased a whopping 75%.[112] In fact, in 1998-1999 alone, the tally of the travelers passing through the airport's gates jumped from 30,227,287 to 33,669,185.[113]

By decade's end, air travel had become the most popular mode of transportation for tourists to southern Nevada, surpassing the automobile. It was, "The lifeblood of Las Vegas," claims Duane Busch, TWA Station Manager.[114] "Without it, the city would not enjoy even half of the revenue tourists bring."[115] But the golden age of air travel to Las Vegas really began when the passenger volume between 1980 and 1990 doubled from ten million to twenty million. Eight years later it surpassed thirty million and in 2000, nearly reached forty million.[116] The airlines prompted this growth and made Las Vegas a model for travel-based urban development in twenty-first century America. While many Las Vegas historians and urban scholars attribute Las Vegas's growth and development to gambling, tourism, favorable weather, and a relaxed tax infrastructure, all of which were a part of its growth, the main catalyst was the airlines. With the airlines annually delivering 30 million passengers to McCarran Airport, airport planners and officials hoped that all of their renovated facilities including 93 gates would be sufficient to accommodate

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[112] Ibid. McCarran handled 870 scheduled flights per day, and today they handle over 1,200.

[113] Las Vegas Convention and Visitor Authority, *Las Vegas Marketing Bulletin 4th Quarter Summary* 27 (Winter 1999), 1-28, 1.

[114] Busch, Interview, 7 January 2001.

[115] Ibid.

[116] Las Vegas Convention and Visitors Authority, *Las Vegas Marketing Bulletin* 27 (Winter 2000), 1-28, 19.

more than 28 million passengers by 1990 until plans could be drawn for a more comprehensive airport expansion plan in the twenty-first century.[117] One concern about such ambitious expansion as it had been with any past project was the cost.

To help pay for current expansion costs the airport charged a $3 passenger facility fee and a 10% tax on all airline tickets.[118] In the meantime, Airport Director Walker requested more money for a much discussed new airport to be built in Ivanpah Valley, geographically located thirty miles south of Las Vegas.

In 2001, with federal funds becoming available for a new airport near Ivanpah Valley and help from influential Nevada Democrat Senator Harry Reid and Republican Senator John Ensign, airport officials devised a new plan to secure additional monies for McCarran to alleviate its congestion and prepare the facility to handle its maximum capacity. The centerpiece of “Vision 2020” was a new airport south of Las Vegas. Despite opposition from environmentalists who argued that arrival and departure routes crossing over the Mojave National Preserve would inflict excessive damage, the County received approval from the Bureau of Land Management to purchase 6,500 acres of land thirty miles south of the Las Vegas Valley for $13 million. When complete in 2013, the new airport would handle cargo flights, international carriers, and the overflow of scheduled commercial flights to McCarran. Dennis Mewshaw, planning manager for Clark County Department of Aviation, estimated that two to four million passengers would pass through the new airport’s gates by the end of its first year in operation. The first phase of construction,

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[117] Ibid.

[118] *Las Vegas Review-Journal,* 3 August 1995, p.3.

which was slated to begin in 2005, included a terminal building, one runway, and surface parking at a price tag of $1.5 to $2 billion.[119]

In addition to the new airport in Ivanpah, other stages of the plan already underway included more airline ticket counter space and baggage claim carousels at McCarran's main terminal, a third wing added to the "D" Concourse, which provided ten more gates, and construction of a $770 million third terminal including its own parking garage, ticket counters, and baggage claim facilities with fourteen gates, eight of which were reserved for international air carrier use.[120] The airport also built an offsite 80,000 square foot $120 million facility for all rental car companies to make space available for the new baggage claim carousels, and a new air traffic control tower.[121]

Future phases of the plan also included provisions for the improvement of other Clark County airports. To handle more private planes and air tour carrier services, North Las Vegas Airport would receive a third runway, a new apron, more hangar facilities, and a new air traffic control tower. Henderson Executive Airport would be funded for construction of a new terminal building, a second parallel runway, a new apron, and more shade hangars.[122] The plans also included

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[119] National Airlines, "In Business Las Vegas Special Report," 10 August 2001, p.5a, 6a. Also see "Las Vegas Business" 30 June 2000 in the *Las Vegas Review-Journal,* p.1. Also see Clark County Department of Aviation, "Vision 2020," 27.

[120] Clark County Department of Aviation "Vision 2020," 16.

[121] Ibid.,12. Note the construction of Terminal 3 will require Russell Road to be moved north consequently forcing the demolishing of 440 residences. Also, the airport plans to build a second control tower to specifically handle aircraft taxiing from the "D" gates due to blind areas caused by the concourse's unique "x-shape" design.

[122] Ibid., 27, 30.

construction of a fourth terminal at McCarran providing fifteen more gates, allowing the airport to meet its goal of 120 gates. Excluding the new airport, all of the additional expansion outlined in "Vision 2020" would cost $1.26 billion.[123] According to Hilarie Grey, Public Affairs Manager for the Department of Aviation, federal airport improvement funds and airport revenue would finance the project in addition to $385 million in municipal bonds at a 6.32% interest rate.[124] Thus, the public-private partnership that shaped the airline industry carried on into the new century.

Airport officials and the County Commission desperately needed the land in Ivanpah. With McCarran Airport property completely occupied, Walker and his planning staff clearly recognized the urgency to build a new airport, claiming, "Nearly half of all Las Vegas visitors arrive by air via McCarran International Airport, highlighting the important connection between the tourism industry and airport demand…. In fact, growth in passenger volume has been so closely linked to the construction of new hotel rooms that statistical analysis reveals that for each 10,000 rooms that open in Las Vegas, 3.5 million additional passengers used McCarran."[125] Las Vegas had twenty-nine airlines, and an expanded international airport, but needed resort hotel accommodations on the Strip and elsewhere to accommodate

[123] Walker, Interview, 15 April 2001.

[124] National Airlines, "In Business Las Vegas Special Report," 10 August 2001, p.2A.

[125] Clark County Department of Aviation "Vision 2020," 7.

record numbers of arriving national and international air travelers.[126] All of this prompted the new mega-resort movement.

New Mega-Resorts Appear on the Strip

In 1989, the mega-resort movement got its start with pioneer Steve Wynn's Mirage, a massive Polynesian-themed $750 million property with 3,044 rooms, a volcano with fire pyrotechnics, a lagoon, waterfalls, a 20,000 gallon salt water coral reef aquarium (behind the registration desk), eight private bungalows, six swimming pools, twelve restaurants, a dolphin habitat, and the famous animal trainers and performers Siegfried and Roy with their White Bengal Tiger shows, which drew thousands of awestruck tourists.[127]

Wynn, the son of a bingo parlor owner, got his start in the casino industry in Las Vegas as part owner of the Frontier Hotel and as owner of Standard Liquor Distribution.[128] His liquor distribution company, which serviced many of the casinos, gave him the opportunity to learn first-hand about the casino business from friendships with the old and new casino owners. Wynn's ambitions did not stop with redesigning and refurbishing old casinos. He was determined to build a property that was bigger than Kirk Kerkorian's International and Landmark, and Jay Sarno's

[126] Sally Denton, and Roger Morris, *The Money and the Power: The Making of Las Vegas and its Hold on America, 1947-2000* (New York: Alfred A. Knopf, 2001), 7.

[127] Barbara and Myrick Land, *A Short History of Las Vegas* (Reno and Las Vegas: University of Nevada Press, 1999), 156, 173.

[128] Eugene P. Moehring and Michael S. Green, *Las Vegas: A Centennial History* (Reno and Las Vegas: University of Nevada Press, 2005), 210.

Caesars Palace. According to Las Vegas Historians Eugene Moehring and Michael Green, Wynn's Mirage, "Boasted not only size and elegance, but also the special attractions that separated the Strip from Fremont Street, Reno, other Nevada Resorts, and every gambling town, tribal casino, and Internet Web site in the world."[129] Wynn set the bar higher than his predecessors to accommodate every visitor's need and provide the ultimate tourist experience. It was up to his competitors to rise to his level.

The next year, in 1990, William Bennett, owner of the Circus Circus, a lower-end property that catered to families, built a more elegant resort for guests, the 4,032 room Excalibur themed after King Arthur and the Knights of the Round Table complete with a castle and moat. This mega-resort contained a 100,000 square-foot casino, thirteen restaurants, several of which were to offer buffets with service for families, an arena with knights in jousting matches, theatre for family entertainment, a large swimming pool, and spa. Bennett followed this up with the middle-income Luxor, an Egyptian-themed, actual-sized pyramid resort surrounded by beautiful gardens filled with Egyptian statuary. This mega-resort boasted 2,526 rooms, a 120,000 square-foot casino, swimming pool, spa, showroom, movie theatre, entertainment lounge, visitation to a replica of King Tut's tomb, and fourteen restaurants all at a cost of $375 million to build.[130]

In 1993, Kirk Kerkorian, built the new MGM Grand (the old one suffered fire damage), the world's largest high-rise mega-resort to challenge Wynn's Mirage. The

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[129] Ibid.

[130] Barbara and Myrick Land, *A Short History of Las Vegas*, 209.

Emerald City, Wizard of Oz-themed mega-resort sat on 112 acres of land, contained 5,005 rooms in a massive thirty-story tower, a 171,500 square-foot casino, parking for 6,000 automobiles, an entire sports casino (including gaming book), twenty-three retail shops, five lounges and bars, eight restaurants, a 30,000 square-foot video arcade for children, a 144,000 square-foot swimming pool area with a beach, a thirty-four acre theme-park complete with rides, a 380,000 square-foot conference center, and a monorail connecting the resort to Bally's Resort and Casino. This property, like the Mirage, was designed to be all inclusive so visitors would not leave it.[131]

Other mega-resorts included the Venetian, simulating Venice with visitor-filled gondolas floating along artificial canals. This mega-resort had 3,036 rooms, elegant international shops and fine restaurants, and 500,000 square feet of convention space. The Paris opened, consisting of 2,916 hotel rooms, a 140,000 square-foot convention center, an 85,000 square-foot casino, and giant replica of the Eiffel Tower, all at a construction cost of $760 million. The new, redesigned Aladdin, an $826 million Arabic desert-themed resort with 2,567 rooms, 115,000 square-foot casino, and 426,000 square foot shopping mall opened in 2000, and immediately became a tourist favorite.[132]

Off the Strip, in January 1999, the Latin-themed Rio Hotel opened with 2,000 hotel rooms, a 102,000 square-foot showroom complex, 1,500 seat state-of-the-art theatre, and 110,000 square-foot entertainment and convention complex. In an

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[131] Las Vegas Convention and Visitor Authority Integrated Marketing Plan for 2000-2001, 84.

[132] Ibid.

interview, Wanda Chan, Director of Hotel Operations, claimed that there indeed was a symbiotic relationship between the airlines and casinos, stating, “They went hand in hand.”[133] The mega-resorts depended on the airlines to bring business in the form of tourists, gamblers, conventioneers, and business travelers. And the airlines depended on an attractive destination for their passengers. Chan indicated that package deals had a “decent-sized” impact on the hotel, but the greater impact derived from convention attendance.[134]

Airport Director Walker agreed with Chan, claiming, “The airport has a symbiotic relationship with the hotel industry. It responds to growth in the hotel industry,” or sometimes vice-versa.[135] According to Walker, one hotel room annually meant 350 passengers.[136] In 1989, Las Vegas reported an 89.8% hotel room occupancy rate of the mega-resorts, and just over 17 million air travelers passed through McCarran’s gates.[137] In 1993, the hotel occupancy rate increased three percent to 92.8% and the passenger volume at McCarran increased to 22 million.[138] By decade’s end, it easily surpassed 30 million.

These hotel occupancy rates and passenger volume statistics reflected the national and local trends of low fares, a growing consumer movement, an increased

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[133] Wanda Chan, Director of Hotel Operations at the Rio Resort and Casino Hotel, Interview by Daniel Bubb, 1 December 2000, Las Vegas, NV.

[134] Ibid.

[135] Walker, Interview, 15 April 2001.

[136] Ibid.

[137] Clark County Commission Airport Summary, “McCarran 2000: Reflections of the Past,” 27.

[138] Ibid.

public affluence, a growing national population, and more public interest in national and international travel.[139] According to Las Vegas historians Eugene Moehring and Michael Green, Las Vegas at the-turn-of-the-century had undergone, “The kind of explosive growth that few American cities have ever experienced. For all of the 1990s and into the twenty-first century, Las Vegas was the fastest growing metropolitan area in the nation.”[140] The airlines were the vital link that enabled this growth to happen. W.R. Mahaffey, Delta Airlines District Marketing Manager, said as much, claiming, “The changes which have come to Las Vegas and Delta in the years since the airline became part of the city’s life [1961] have been marked by a common denominator: healthy, well-founded progress. Las Vegas and Delta have both gained world recognition. Both have greatly contributed to each other.”[141] Mahaffey added, “The past 25 years have been good to Las Vegas and Delta. The city has continued to increase in importance as one of the world’s major convention and tourist center.”[142] Clark County Commissioner Bruce Woodbury unequivocally admitted this when he said, “McCarran Airport [including the airlines] is the absolute heart of our tourism industry and economy.”[143] The mega-resorts also played an important role.

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[139] James L. Roark, and Michael P. Johnson, et al., “The American Promise: A History of the United States, 2nd Edition (Boston and New York: Bedford/St. Martin’s Press, 2002), 1138.

[140] Moehring and Green, *Las Vegas: A Centennial History,* 205.

[141] W.R. Mahaffey, Delta Airlines District Marketing Manager’s letter to Delta Las Vegas employees, “Delta Celebrates 25 Years at Las Vegas” 1 July 1986, Delta Airlines, Atlanta, GA .

[142] Ibid.

[143] *Las Vegas Review- Journal,* 5 May 1997, p.1.

With exotic luxury suites, lavishly designed casinos with more private gaming rooms, more five-star restaurants, and expensive box seat tickets to entertainment venues and sporting events, the mega-resorts symbolized a new Las Vegas. With the exception of Atlantic City and Monte Carlo, no other properties in the world compared to these resorts. Owners Steve Wynn, Sheldon Adelson, Kirk Kerkorian, and others designed them to attract more higher-end domestic and international tourists, whom the owners believed would spend more money. To them, bigger was better and the only way Las Vegas could compete with Los Angeles, San Diego, and Phoenix, western industrial cities that did not have to entirely depend on tourism and gambling for economic sustenance. Western historian Walter Nugent emphasized this point about resorts cities like Las Vegas, claiming, "The keys [to local growth] were tourism and resorts, metropolitan spread, and capitalizing on the retirement proclivities of a population growing older and wealthier."[144] For the airlines too, it was all about destination.

For air travels, riding in a passenger plane once comprised excitement, a sense of adventure with flight, delicious meals, and other amenities. But in the 1990s and later decades, air travel changed. The airlines shifted their focus to the destination to attract more business and leisure passengers. They still used spacious modern jets such as the Boeing 757 and 767 to accomplish this, but the destination became even more important. With mega-resort magnates Wynn, Kerkorian, Adelson, and others prepared to build super mega-resorts with more rooms, shops, and amenities, the time was right for airlines to further strengthen

[144] Walter Nugent, *Into the West: The Story of Its People* (New York: Alfred A. Knopf, 1999), 342.

their partnership with the federal, state, and local governments; the airport, and casino-resorts by expanding. But, as always was the case with growth of any kind for the airlines, airport, or city, it came with problems. This time though, the problems came in the form of a terrorist attack that threatened the symbiosis between the airlines, airport, and casino-resorts.

CHAPTER 5

STILL GROWING DURING TOUGH TIMES

The end of the twentieth century was boom time for the resort city in the desert with record numbers of global air travelers, an expanded airport, and ten new mega-resorts on the Strip offering a smorgasbord of entertainment venues, fine dining, and lavish room accommodations. The future looked endlessly bright for Las Vegas. But, for the airlines, it did not.

Since 1970, the airlines experienced turbulent times of unprecedented competition, crippling fuel costs, high labor costs including wages, strikes, and pension payouts, debt from expensive aircraft leases, growing passenger discontent, and marginal profits leading to mergers and bankruptcies. Deregulation added to the problems for the major airlines by opening the flood gate for competition. It had a rippling effect for the nation's airports including McCarran International Airport, which experienced problems of air and ground traffic congestion, insufficient land for expansion, and costly airline delays due to an overcrowded air corridor 30,000 feet above the airport.[1] But neither the airlines nor the airports were prepared for the coming problem that threatened to bring the entire industry down.

On September 11, 2001, the nation experienced a terrorist attack where passenger planes used as missiles crashed into the World Trade Center Towers and destroyed part of the Pentagon. In response, the Federal Aviation Administration

[1] Randall Walker, Director of Clark County Aviation, Interview by Daniel Bubb, 15 April 2001, Las Vegas, NV.

grounded all flights. Airports were filled with jets idly parked at gates, remote locations, and anywhere else where there was room. Air traffic control radar screens were blank. Millions of travelers stranded at airports desperately sought ways to get home. Residents living near airports for the first time heard the rare sound of silence. The security of the country was in a serious state of national emergency with the airlines and airports at the heart of it. Nobody knew when or how the airline industry would resume operations, but it was certain there would be major repercussions involving the entire air travel industry.

Airliner hijackings and terrorism were nothing new to the airline industry and the world. In 1969, hijackers commandeered a TWA Boeing 707 from California, forcing it to land in Rome.[2] On March 8, 1972, after TWA flight 57, a Boeing 707, landed at McCarran Airport, and the crew and passengers deplaned, it was moved to a remote site for inspection after an extortionist called in a bomb threat. A bomb planted in the rear of the cockpit exploded. There were no injuries and the perpetrator never was caught.[3] In 1988, a Pan Am Boeing 747 with 259 passengers on board was hijacked and exploded over Lockerbie, Scotland, killing everyone on board.[4] All of these shocking events put into action very strict security measures at airports nationwide. On November 16, 1990 President George H.W. Bush signed the Aviation Security Improvement Act mandating greater availability of resources to

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[2] T.A. Heppenheimer, *Turbulent Skies: The History of Commercial Aviation.* (New York: John Wiley & Sons, 1995), 274-275.

[3] *Las Vegas Sun,* 9 March 2005, p.1.

[4] Thomas Petzinger Jr., *Hard Landing: The Epic Contest for Power and Profits that Plunged the Airlines into Chaos* (New York: Three Rivers Press, 1995), 404.

tighten and enforce security at the nation's commercial airports.[5] Six years later, on October 9, 1996, President Bill Clinton signed the Federal Aviation Reauthorization Act, part of which included $1 billion for 54 state-of-the-art bomb detection units, 100 bomb-sniffing dog teams, and authorization for the Federal Aviation Administration to hire 300 special agents.[6] Guidelines following 9/11 were even stricter.

Passengers were required to be at airports two hours in advance of their departure time, and entered terminals heavily guarded by armed security personnel with bomb-sniffing dogs. After receiving boarding passes at the ticket counter, passengers advanced to long lines at security checkpoints to have their luggage inspected, and then to bodily move forward through metal detectors. The entire process became a miserable hassle for passengers, but was essential for passenger and airline security. Historian David Courtwright observed, "Metal detectors and spot inspection weeded out the amateurs who lost their nerve and ditched their weapon in airport trashcans. But they failed to stop determined terrorists who studied security weaknesses and who were willing to go down with their planes. Precisely because air transport was so vital to the American economy, it remained the priority target."[7]

The financial implications of the September 11 attack were catastrophic nationally for several airlines, including those servicing Las Vegas. Midway, United

[5] *Public Papers of the Presidents of the United States: George H.W. Bush, 1991*, 5 vols. (Washington D.C.: Government Printing Office, 1991), 1611.

[6] Remarks on Signing the Federal Aviation Administration Reauthorization Act, 9 October 1996, *Public Papers of the Presidents of the United States: William Jefferson Clinton 1997*, 8 vols. (Washington D.C.: Government Printing Office, 1997), 1793-1794.

[7] David T. Courtwright, *Sky as Frontier: Aviation, Adventure, and Empire* (College Station: Texas A&M University Press, 2004), 219.

Shuttle, and National Airlines, in massive debt from high fuel prices, poor management, and now a rapidly declining passenger volume as a result of the public's fear of flying after 9/11, went out of business. The entire United States airline industry went into an economic tailspin. America West Airlines faced bankruptcy for a second time as its stock plummeted more than 65% to $2.60 per share, United Airlines 40% to $18.71 per share, Delta 41% to $21.82 per share, American 39% to $18.11 per share, and Southwest 22% to $13.33 per share.[8] Not only did stock values sharply decline, but most of the airlines had to reduce flight operations and slash thousands of jobs.

America West had to reduce its flight operations by 20% and eliminate 2,000 jobs. United Airlines, US Airways and Continental Airlines combined, cut more than 46,000 jobs.[9] Nationwide, passenger traffic declined by more than 50% as the airlines faced their biggest losses in nine years.[10] Delta Airlines reported 30% of its daily flights full, and Northwest Airlines only 59% (the airlines needed 65% of their airplane seats filled to break even). That year, Delta lost $734 million and United lost nearly $1 billion. By the end of the fiscal year 2001, the airline industry lost a total of $9 billion, an unprecedented amount for one year in the industry's history, and a continued trend of losing money dating to the early 1980s.[11]

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[8] *Las Vegas Sun,* 17 September 2001, p.6A.

[9] *Las Vegas Sun,* 19 September 2001, p.1C, 4C.

[10] *Las Vegas Sun,* 25 September 2001, p.3D, 7D.

[11] *Las Vegas Review-Journal,* 13 April 2002, p.3D. Also see *San Francisco Chronicle,* 15 September 2002, p.E1.

Airline insurance rates sharply increased, forcing a raise in fares to cover insurance costs and additional fuel surcharge fees. From June 30, 2001 to June 30, 2002, economic liabilities jumped to $117.3 billion, a 20% increase.[12] As a result, the airlines had to ground planes, reduce the number of flights, and even seriously consider merging. Essentially, the industry's future looked bleak forcing air travelers to choose other modes of travel.

The Impact of 9/11 on Las Vegas

In Las Vegas, the Federal Aviation Administration in immediate response to the terror attack grounded all arriving and departing flights at McCarran for an indefinite period of time. With no new air travelers coming to Las Vegas, officials from Caesars Palace, Paris, Bellagio, and other mega-resorts reported that within one week, room occupancy had declined to 60%, and estimated gaming revenue losses to be in the tens of millions.[13] As a result, hotel executives ordered the laying off of thousands of employees. They also canceled shows because of so few ticket sales. Retail shops in the Forum, Desert Passage, and Showcase Mall experienced enormous revenue losses. Taxicab companies eliminated dozens of cab driver jobs after business dropped by at least 50%. For the first time in six decades, Las Vegas went into recession.[14] The terrorist attack, bringing air travel to a halt, clearly demonstrated the dependence of a large national and international tourist industry

[12] *The Press Democrat,* 15 September 2002, p.E1.

[13] *Las Vegas Review-Journal,* 29 September 2001, p.7B.

[14] Ibid.

on commercial airlines for transportation to resort cities such as Las Vegas, Miami, and Orlando. It also demonstrated the airline industry's dependence on the federal government for protection, this time airport security. But, it would not take long for Las Vegas to recover from the 9/11 attack.

Despite 171,960 fewer air travelers in 2002 due to the 9/11 attack, in 2003, the number of air travelers and visitors coming to Las Vegas was bigger than ever. That year, 36,265,932 passengers arrived at McCarran International Airport, rising to 41,441,531 in 2004.[15] By 2007, 47,729,527 people arrived by plane.[16] With this increase in passenger volume, came an increase in tourist-generated revenue. From 1998-2007, the amount of money generated by visitors rose from $24,577,499,000 to $41,578,079,000, a more than 40% increase.[17] The reasons for this growth according to historians Eugene Moehring and Michael Green were new tourist attractions, gambling, affordable hotel rooms, and cheap entertainment for middle and lower-income visitors. Missing from this explanation however, is the airlines as the engine driving this growth by delivering ever increasing numbers of tourists and gamblers to the resort city in the desert. Despite the threat the 9/11 attack posed to transportation and tourism in Las Vegas, people still came in droves to Las Vegas to experience what the city had to offer, and the airlines brought them there. As Las Vegas continued to experience growth in air travel and visitor volumes, its future once again looked endlessly bright. But the airlines still struggled.

[15] Las Vegas Convention and Visitors Authority, Passenger and Visitor Volume Online, http://www.lvcva.com/index.jsp

[16] Ibid.

[17] Ibid.

In 2002, America West, Las Vegas's second biggest airline, reported a loss of $347 million in the first quarter.[18] The airline had to cut ten of its daily flights serving Las Vegas from New York, Phoenix, and Washington D.C. Southwest Airlines, the largest carrier serving Las Vegas, saw a passenger decrease of 4.8% and reduced its daily operated flights from 169 to 125 at McCarran.[19] That same year, United Airlines lost $2.97 billion, the largest annual loss in airline industry history, and had to declare bankruptcy for the first time in its own history. United's restructuring plan of frugality pressured all union staff -- pilots, flight attendants, mechanics, and customer service agents to agree to a 30% pay cut.[20] Further, the airline retired 100 of its aged jets-- Boeing 727s, 737s, and DC-10s and replaced them with more efficient jets such as the Airbus A319 and A320, and the Boeing 757 and 767 to save money on fuel and other costs. The company also cut 10% of its domestic flights. The fifth largest airline nationwide watched its passenger volume in Las Vegas drop by 21.2%.[21] Even with the restructuring, which included the need to reduce wages by $2.4 billion per year through 2008, the airline still lost $3.2 billion in 2002. United left bankruptcy with $17 billion in debt and received $3 billion in exit financing secured with weak mortgages on all of the airline's assets.[22]

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[18] *Las Vegas Review-Journal,* 21 March 2002, p.1D.

[19] *Las Vegas Review-Journal,* 15 September 2001, p.1B.

[20] *Las Vegas Sun,* 8 January 2003, p.2C.

[21] *Las Vegas Review-Journal,* 25 April 2002, p.2D.

[22] Ibid.

Delta and American did not fare any better. Facing massive debt and bankruptcy, Delta had to ground 40 planes and cut domestic capacity by 10%.[23] American followed suit, having lost a total of $5.2 billion from 2001-2002, forcing CEO Don Carty to resign, and the airline had to cut 189 daily flights and 12% of its domestic capacity nationwide.[24] In the first three months of 2002, all of the US airlines lost a combined $2.4 billion, on course to lose another $6.4 billion.[25] By the end of that year, long-term debt for the airlines increased from $15 billion to $43.2 billion, the most ever.[26]

Recognizing how the airlines were drowning in debt, and facing economic collapse, in 2001, Congress had passed the Air Transportation and System Stabilization Act, an emergency $5 billion loan to keep troubled airlines afloat.[27] It was insufficient. The airlines still needed more money. Knowing how vital air travel was to the country and its economy, Congress was not about to let the airlines go out of business. This would have been devastating to the country, especially to leisure travel markets like Orlando and Las Vegas that heavily depended on the airlines to bring business. So, the government stepped in again.

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[23] *Las Vegas Review-Journal,* 22 March 2008, p.2D.

[24] *Wall Street Journal,* 29 March 2004, p.C3. Also see *New York Times,* 24 April 2003, p.C6 and *New York Times,* 26 April 2003, p.B3.

[25] *Las Vegas Review Journal,* 4 May 2002, p.1A.

[26] *The Press Democrat,* 15 September 2002, p.E1.

[27] Public Law 107-42, 22 September 2001, 229.

United received $1.8 billion more in government loans to help ease its economic needs.[28] Delta received $600 million in loans from the government. America West was given $380 million.[29] But, this loan money did not last long as the airlines continued to rapidly burn through the cash to pay down their massive debt which included pensions, aircraft leases, and high fuel costs.

In 2005 Continental Airlines grounded 67 planes and slashed 3,000 jobs nationwide.[30] Sky West, a usually profitable regional Las Vegas commuter airline, saw its profits decline by 27%. Editorialists nationwide warned that the airline industry would continue to lose billions of dollars before anything could improve. *St. Louis Dispatch* editorialist Tim McLaughlin warned how, "Despite shedding billions of dollars in labor and pension costs since 2000, U.S. airlines will need to cut billions more before the end of the decade to make money and remain competitive."[31] Anthony Sabino, a St. John's University law professor echoed McLaughlin's gloomy outlook by asserting, "Barring a miraculous recovery – cheap oil, massive increase in travel or the low-cost carriers disappearing, one, if not two, of these legacy carriers will disappear via merger or liquidation."[32] The impact of a merger would mean reduced flight capacity, higher fares, a greater possibility of labor issues or financial crises, a loss of service in certain communities, increased difficulty for new

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[28] *Las Vegas Review-Journal,* 1 January 2002, p.2D.

[29] Ibid.

[30] *Spokesman Review,* 28 August 2008, p.1.

[31] Tim McLaughlin, *St. Louis Post Dispatch,* 19 September 2005, p.A1, A2.

[32] Ibid.

upstart airlines to enter markets to increase competition and lower fares, and a decline in the quality of customer service.[33] An airline forced to go out of business such as Pan Am meant less service for air travelers and the loss of 24,000 jobs.[34] This had the potential to be an ominous sign for McCarran Airport, the casino-resorts, and the city of Las Vegas. The casino-resorts and city had to figure out a way to continue attracting tourists, which they did through offering cheaper package deals, providing a great array of shops, and more diverse entertainment venues. It was not so easy for the airlines.

Desperately trying to minimize loss and attempt some kind of recovery, the major airlines took serious steps to control costs. Delta, Continental, Northwest, and American like United, all demanded tough cost saving measures, including cutting into employee salaries and deferring their benefits. The unions threatened pickets and strikes, but to no avail, forcing them to save the airlines by reluctantly accepting managements' demands, which included salary cuts, less comprehensive medical benefits, and reduced pension payouts. United and US Air attempted to merge, but United's pilots opposed the merger not wanting to assume U.S. Air's own financial problems and take on the difficult task of integrating seniority lists to match pay scales.[35]

All airlines continued to downgrade their gas guzzling mid-size jets, the Boeing 737 and Airbus A 319, to smaller ones such as the Bombardier and

[33] Bill McGee, "When Airlines Merge, Consumers Usually Lose," *USA Today Online,* 1 May 2010, 1.

[34] Petzinger Jr., *Hard Landing*, 405.

[35] *Executive Travel Magazine* 3 May 2008, p.1.

Canadair, regional jets with seating for 50-100 passengers. Though these aircraft were much smaller than their counterparts, they still flew at the same altitudes, speeds, and distances as the larger jets, and were more fuel efficient. The sacrifice of downgrading for passengers was smaller seats in crowded cabins, and fewer services. In 2001, regional jets replaced 732 larger planes, and plans by 2013 intend to put 2,970 regional jets into operation.[36] Most airlines also assessed their markets to discern which were the most profitable, and moved their fleets there. As a result, according to Mark Suman, Co-Founder of Las Vegas-based National Airlines, "Planes may be moved to routes where they can serve more business customers. Business customers are more profitable to airlines than leisure travelers because they tend to book more expensive last-minute flights." He further added, "Las Vegas is competing with other cities when it comes to aircraft allocation and the economics put the city at a disadvantage."[37] Even these cost-saving measures, however, had a limited impact because many of the airlines still were too deep in debt, and struggled to break even.

Southwest Airlines and Allegiant Airlines, two discount carriers with less debt than the other major carriers, managed to turn a profit by 2003. Southwest earned revenue of $511 million.[38] The airline's Chief Executive Officer Herb Kelleher had the ideal business model of keeping fares low, offering service to smaller cities where other airlines did not fly, having one class of seating, and adequately compensating

[36] *Las Vegas Review-Journal,* 12 March 2002, p.1D.

[37] *Las Vegas Sun Online,* 25 January 2001, 1.

[38] *Las Vegas Review-Journal,* 16 March 2002, p.3D.

employees. Like many other discount carriers, Southwest not only enjoyed profitability, but saw much of its market grow as the “Big Six” airlines, American, United, Continental, Delta, Northwest, and US Air, reduced their numbers of flights and service to cities. In May 1992, the “Big Six” controlled 72% of the airline market, while regional airlines controlled 11% and discounters 10%. In May 2002, the “Big Six” controlled 56%, regional carriers 15%, and discounters 23%.[39] One editorialist claimed discounters would control even more of the airline market in the future. He asserted, “Low fare airlines gravitating toward secondary airports were likely to fare better than the major airlines because at secondary airports, there was less air traffic congestion and lower airport user fees would keep the costs down.”[40] In fiscal year 2003-2004, Southwest was in such demand transporting 5,904,426 passengers to and from McCarran International Airport, it established a third hub in Las Vegas.[41]

Allegiant Airlines, a Las Vegas-based, low-cost airline, earned a profit of $132 million and added additional flights to Las Vegas from all of the cities the airline served.[42] Allegiant followed Southwest’s strategy: fly one type of plane and serve outlying airports. The airline flew McDonnell-Douglas MD-80s, 140 passenger jets able to fly at an altitude of 37,000 feet and a speed exceeding 500 miles per hour. Because of the airline’s affordable fares and accommodating flight schedule to

[39] *USA Today,* 30 July 2002, p.1B, 5B.

[40] Ibid.

[41] McCarran International Airport Website, http://www.mccarran.com

[42] *Las Vegas Review-Journal,* 24 July 2008, p.1C.

second and third-tier cites and airports, in 2004 the airline was on track to make $265 million in revenue the next fiscal year.[43]

For leisure travelers, and more broadly, the Las Vegas market, discount airlines like Southwest, Allegiant, and Jet Blue remained popular because they kept fares low. In the month of June 2005, 3.8 million passengers came to Las Vegas.[44] Of that record number, Southwest Airlines transported more than 1.2 million passengers, America West 697,387, Northwest Airlines, 144,070, Jet Blue 77,126, Allegiant 70,754, and Frontier 38,496, all double-digit percentage increases over the same month of the previous year.[45] West Jet, a low-cost international carrier increased its number of daily non-stop flights from nine Canadian destinations to ten, and Singapore Airlines offered three weekly flights on the Boeing 777s, which monthly brought an additional 3,000 international travelers to McCarran Airport.[46] In 2007, the air travel volume in Las Vegas reached its peak with 47,728,414 passengers, indicative of a thriving high-volume market. [47] For the right price, people still were willing to come to Las Vegas for fun and sun, but they did not spend as much money as they had when the nation's economy was better in previous years. Even with the increased travel demand, the airlines still had to figure out more ways to further reduce costs.

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[43] Ibid.

[44] *Las Vegas Sun Online,* 27 July 2005, 1.

[45] Ibid.

[46] *Las Vegas Review-Journal,* 16 March 2002, p.7D.

[47] McCarran International Airport Website, http://www.mccarran.com

For more cost-cutting measures, the airlines used one-third fewer wide-body jets for the 143 daily transcontinental flights in the United States. Also airline executives directed pilots to fly slower to conserve fuel. With fuel at $3.54 per gallon, airlines in 2008 expected to pay $61.2 billion for fuel, more than $20 billion over the previous year's total cost.[48] The US domestic airline market was not the only one suffering from high fuel prices.

Globally, non-United States airlines lost $5.2 billion prompting Giovanni Basignani, a spokesman for the International Air Transportation Industry that represents 230 airlines and 94% of the world's passenger and cargo flights to call for a meeting in Istanbul, Turkey where he noted, "The industry is in crisis, perhaps the biggest crisis we've ever faced."[49] But, the United States airlines were in worse shape, which impacted other industries. An article in the *USA Today* noted, "Resorts, hotels, cruise lines, and convention destinations could suffer. Tourism, especially in states like Florida, Hawaii, and Nevada that depend on it [the airline industry] heavily, could take a hit damaging state economies and forcing cuts in government services."[50] The terrorist attack and airline turmoil also impacted airports.

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[48] *USA Today,* 19 August 2008, p.3B. Also see *Las Vegas Review-Journal,* 27 August 2008, p.1A.

[49] *Las Vegas Review-Journal,* 5 September 2008, p.1A.

[50] *USA Today,* 1 May 2008, p.1A.

McCarran International: An Expanding Airport in Troubled Times

Following the 9/11 attack, airport officials suspended all but the most needed expansion plans and reconfigured the lower concourses that housed the ticket counters and airport offices to make room for bomb detection machines. The added expense of the security equipment, and a drop in revenue from fewer flights and passengers augmented McCarran's economic problems. The airport had considerable debt from previous expansion projects including $360 million outstanding in service bonds, and $1.3 billion in subordinated bonds.[51] Inadequate revenue from parking fees, retail concessions, and airline-related fees (airlines accounted for 35% of the airport's revenue), caused officials to worry about the airport defaulting on its debts.[52]

The airport also delayed expansion plans because of the serious problems facing the airlines of high jet fuel prices, a failing national economy, and a possibility that some of the major airlines could go bankrupt or out of business. McCarran had to postpone a $348 million phase of its $4 billion expansion project, which included $10 million for a new elevator and escalation system, $114.5 million for a new heliport south of town, and reconstruction of Runway 25R, which would have cost $215 million.[53] The airport also had to postpone $6 million for new curbside signs, and $9.3 million for an improved baggage handling system.[54]

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[51] *Las Vegas Review-Journal,* 29 September 2001, p.1D.

[52] *Las Vegas Sun,* 20 September 2001, p.3C.

[53] *Las Vegas Review-Journal,* 20 August 2008, p.1D.

[54] Ibid.

But, the passenger volume quickly recovered after the 9/11 attack because people still wanted to vacation in Las Vegas, enjoying its themed mega-resorts with affordable rooms, slot machines, entertainment, five-star restaurants, and other amenities. As more people came to Las Vegas, their numbers set new records. In 2002, 35,009,011 passengers passed through McCarran's gates. In 2005, that number reached 44,267,262.[55]

Clark County Aviation Director Randall Walker and his planning staff realized that further airport expansion was needed, and revised their plans in 2005 to accommodate a projected 55 million passengers, the airport's maximum capacity.[56] They began looking at areas where the airport could expand. With houses and apartment buildings in the surrounding periphery, airport officials offered more than 440 families equitable relocation to make way for expansion. The airport also offered to build a twenty-two acre public park in an adjoining neighborhood.[57] The Master Plan included two more terminals in addition to the already existing two. Terminal 3, one of the new terminals, an $800 million facility, would house and serve international airlines and was scheduled to open in 2007. Plans also included a road expansion and access program that would allow traffic to drive on Russell Road to directly get to the airport. This included the expansion of a tunnel underneath the runways that connected Interstate 215 with the airport. McCarran officials selected

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[55] McCarran International Airport Website, http://www.mccarran.com

[56] Clark County Department of Aviation, "Vision 2020: A Balanced Approach to Airport Development," (10 July 2001), 8.

[57] *Las Vegas Sun,* 19 August 2001, p.1D.

an eighty-acre nearby site for consolidation of all eleven car rental companies. These road expansion plans and the rental car relocation would cost $1.4 billion.[58] Part of the airport expansion program also included $5 million for a new air traffic control tower, and $9 million for a new radar facility.[59]

Passenger volume growth had been steady since 1948 when 35,106 passengers arrived at McCarran Field.[60] In 1963, the passenger volume reached 1.5 million.[61] In 1996, more than 33 million passengers came to McCarran International Airport and in 2002 McCarran became the seventh busiest airport in the United States and the sixteenth busiest in the world in passenger traffic.[62] In 2007, it became the sixth busiest in the United States and fifteenth in the world. The reasons for this growth not only included a steadily increasing passenger volume, but more cutting edge technology and passenger amenities, prompting the local newspaper *Las Vegas Sun* to proclaim, "Besides building and maintaining the facility to accommodate the phenomenal growth in air traffic, McCarran has set the global standard for airport management and is known as an industry in technology and passenger amenities."[63]

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[58] Ibid. Also see Clark County Department of Aviation, "Vision 2020: A Balanced Approach to Airport Development," 15.

[59] Ibid.

[60] *Las Vegas Sun Online,* 16 December 2003, 3.

[61] *Las Vegas Review-Journal,* 11 April 1976, p.4.

[62] *Las Vegas Review-Journal,* 21 March 2002, p.2D.

[63] *Las Vegas Review-Journal,* 2 May 2002, p.11.

In 2007, the Federal Aviation Administration completed a study called "Capacity Needs in the National Airspace System," indicating that Las Vegas like Chicago and San Diego, needed air field, terminal, and roadway expansion. The report stated that McCarran could expect changes to airport capacity through 2025, but Randall Walker claimed based on the growing number of passengers coming to McCarran each year, the airport likely would reach maximum capacity before 2025.[64] He therefore pushed forward with plans to finish construction of the $770 million Terminal 3, and began an environmental study of the new airport in Ivanpah, scheduled to open in 2017 to handle 16 million more passengers.[65]

The passenger volume at McCarran Airport remained above 43 million, sufficiently high enough to warrant further airport expansion. This included widening Russell Road, opening the fourth wing of the "D" Concourse, which added nine more gates, jet bridges to enable more efficient and convenient passageways for travelers catching connecting flights without having to leave security areas, retail space, and resurfacing of the tarmac.[66] The expansion was vital not only to accommodate the increasing passenger volume, but also to help generate annual airport revenues exceeding $500 million and sustain the airport's direct and indirect economic impact

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[64] *Las Vegas Review-Journal,* 16 May 2007, p.1D.

[65] Ibid.

[66] *Las Vegas Sun,* 8 Jan. 2008, p.1AA.

on Nevada through fees, taxes, and the amount of money travelers spent, which altogether amounted to $30 billion.[67]

Another important but controversial measure McCarran operators took to save costs was allowing jets to turn right as well as the accustomed left turn over residential areas. Turns in both directions minimized delays in air traffic flow, speeding up takeoffs and landings, and allowing for more flights with more incoming passengers.[68] Wealthy homeowners of the right-turn area complained vociferously about the noise and jet fuel smell polluting their peaceful neighborhoods, and pressured the mayor and City Council to investigate violations of their homeowner rights. Las Vegas Mayor Oscar Goodman showed concern about the safety of flights over heavily populated residential areas.[69] Middle class residents in the left-turn area responded with appreciation that the arrogant, wealthy residents on Spanish Trail and other upscale locations would have to endure jet noise.

Alan Feldman, spokesman for MGM Mirage, Nevada's largest hotel operator with ten mega-resorts on the Strip including the $9.2 billion City Center, gave the right turn firm approval. Needing to keep his hotel rooms fully occupied, he publicly criticized the complaining homeowners claiming, "A couple dozen residents are drumming up a dust storm at council meetings and the council is responding for

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[67] Las Vegas, McCarran International Airport News Release, "Terminal 3 More Than 50 Percent Complete," 12 January 2010.

[68] *Las Vegas Review-Journal,* 26 April 2007, p.6A.

[69] Ibid.

purely political reasons."[70] With enough support from the airlines, the airport, the left-turn residents, and the hotel resorts, the City Council voted unanimously to approve the right turn, which brought $281.3 million cost savings to the airport with the arrival of 375,000 more passengers.[71] More resorts also appeared along the Strip.

The Super Mega-Resort Boom

A Las Vegas Convention and Visitor Authority statistic showed that the portion of city visitors making $100,000 or more per year had jumped from 10% in 2003 to 24% in 2007.[72] This trend of both high passenger volume and increased high-end travelers caught the eye of wealthy mega-resort operators Steve Wynn, Sheldon Adelson, and others urging them to build bigger and better, not only for the masses, but for those who had the money to fly, to stay, and to spend. As *Las Vegas Sun* journalist Jeff Simpson put it, "There is no denying that Las Vegas resorts are symbiotically linked to the airlines that bring in almost half of the city's visitors. But recent trends make clear that the city's dependence is about to get stronger…. The two newest Strip's resorts, Palazzo and Wynn Las Vegas, and resorts under construction including Encore, City Centre, Fontainebleau, and

[70] Ibid.

[71] Ibid.

[72] Jeff Simpson, "How the Airline Industry's Recent Financial Problems Affect Las Vegas," *Las Vegas Sun Online,* 27 April 2008, 8.

Echelon are the kind of places less likely to attract drive-in customers."[73] As resort executives embraced the idea of even bigger and better, airlines continued to annually bring millions of passengers to their properties.

Steve Wynn especially raised the bar of sophistication when he built the two most luxurious mega-resorts on the Strip, the Wynn Las Vegas and the Encore. University of Nevada, Las Vegas Public Administration Professor Bill Thompson said that Wynn was in the forefront of Las Vegas change toward richer big-spending visitors and gamblers. "He sets the standard and others catch up to him. He understands these high rollers better than anyone."[74] Thompson added, "With all suites and bigger rooms, this [Encore] will probably be where Wynn keeps some of his best casino guests."[75] Wynn built his posh resorts not for tourists, but for his guests. The other beautiful resorts on the Strip built by him were wonderful attractions to him, "But there is no franchise in the tourist attraction. There is a franchise in a guest and the guest is something that happens inside the building usually between the staff, the people of the building, and the building itself….The audience isn't the sidewalk. The audience is the hotel…. You have to go inside…. And you are in a world of your own."[76] Wynn's world for his guests was exquisite.

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[73] Ibid.

[74] Jeff Simpson, "Wynn, Who Has an Early Winner, Plans an Encore," *Las Vegas Sun Online,* 6 December 2005, 2.

[75] Ibid .

[76] Jon Ralston, "Wynn's Las Vegas," *Las Vegas Sun,* 18 February 2005, p.2.

His $2.7 billion super mega-resort Encore opened in October 2008, sitting on a 20 acre parcel of land once occupied by the famous Desert Inn resort. It contained 5,000 hotel rooms, 2,000 of which were luxury suites. The super mega-resort had several world renowned, chef-designed and operated restaurants, a massive convention center and meeting place, high-end retail stores, a spa and salon, and entertainment venues. All suites were designed for higher-paying customers, with rates at $284 to $2,000 per night.[77] A spectacular concert hall had seating for 3,000 with the capability to be converted into a giant ballroom suited for dancing and conventions. According to Richard Branson, British billionaire and Virgin Airlines owner, "There is nobody in the world who creates such entertaining and beautiful casinos as Steve Wynn. Every other casino must be nervous. He has lifted the bar dramatically."[78]

In a keynote address at the International Gaming Business Exposition, billionaire and mega-resort mogul Sheldon Adelson admonished members that Las Vegas needed to improve the quality of its mega-resorts to attract a higher class of people, whom he believed, would spend more time and money if resort executives built properties with more luxury and amenities. He said, "Undifferentiated product additions to the same old rooms, $1.99 buffets, and casino lounges wrapped in a thematic façade do not constitute new thinking. They embody the worn-out assumptions which may have contributed to the recent slowdown in growth…. The Bellagio truly adds value to the Las Vegas Strip and the attractiveness of the city as

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[77] Encore Online Website, http://www.wynnlasvegas.com/

[78] *Las Vegas Review-Journal,* 21 September 2007, p.2A.

a destination resort, not Circus Circus, the Aladdin, and Stratosphere, companies that built the same old products."[79] But, what Adelson did not mention in his speech was how his upscale guests got to Las Vegas. In 1998, 1,198,540 passengers arrived by charter flights, not including those who arrived by scheduled commercial flights. A decade later, that number remained near one million.[80] While existing mega-resorts expanded and new ones were built, the onslaught of passengers passing through McCarran's gates continued. This was the newer and more improved Las Vegas: more glitz, glamour, private and chartered jets, suites, and whales (jargon for big spenders) all in one location. And Wynn and Adelson helped facilitate Las Vegas's newest image.

The Palazzo, a $1.8 billion world-class luxury hotel casino and resort opened on January 17, 2008. It consisted of a fifty-story luxury hotel tower with 3,068 rooms, 375 concierge-level suites, and six villas up to 11,000 square-feet each. It also contained a 105,000 square-foot casino with 1,900 slot machines, and 80 table games. The 250,000 square-foot pool deck connected with the Venetian's pool deck. The Palazzo's pool deck also housed an outdoor restaurant and two private villas. In February, a 270 unit condo-tower was built, in addition to a 450,000 square-foot shopping mall, dining, and entertainment complex, and 80 high and mid-end retailers connected to the existing Canal shops at the Venetian. The property also had 450,000 square-feet of meeting and conference space connected to the Sands Convention Center. Visitors to the Palazzo had access to the massive 4,000 space

[79] Gary Thompson, "Adelson blasts LVCVA, Competitors, Union," *Las Vegas Sun Online,* 25 March 1998, 3.

[80] McCarran International Airport Website

underground parking garage that directly led them to the casino. This mega-resort catered to high-rolling gamblers, offering them high-class suites at a price of $25,000 per night, in addition to private gambling rooms and personal servants. The combined Palazzo, Venetian, and Sands Convention and Exposition Center, all Adelson properties, when finished, became the largest resort and hotel complex in the world with 7,074 hotel rooms and suites.[81]

The popularity of Wynn and Adelson's new luxury mega-resorts with the continual influx of many tourists influenced the other Strip resort owners to upgrade and expand their properties. Caesars Palace built a $475 million, 900-room tower, and a separate 665-room tower with an outdoor café, wedding venue, and a 240,000 square-foot convention center, all at a cost of $1 billion. With this addition, the property had more than 300,000 square-feet of available convention space, more than 4,000 rooms, and a gambler database exceeding 10 million clients.[82] The Bellagio built a $375 million, 925-room tower with a spa, 60,000 square-feet of space for meetings, and 5,000 square feet of space for retail and restaurants. The Mandalay Bay added a $235 million, 1.8 million square-foot convention center which contained a 100,000 square-foot ballroom, and a 50,000 square-foot junior ballroom.[83] Planet Hollywood opened its $1.2 billion twin-towers with 1,228 time-

[81] "Palazzo Venetian News and Views," *Las Vegas Sun Online,* 26 August 2008, 2-3.

[82] *Las Vegas Sun Online,* 23 October 2008, 2.

[83] *Las Vegas Review-Journal*, 13 April 2002, p.8D.

share condominiums. The Hard Rock Hotel added 875 more rooms to its property at a cost of $760 million.[84]

The new mega-resorts and other expanded resorts easily were outdone in size by the MGM-Mirage City Center project, the most ambitious in the world. This 76 acre metropolis, which cost $9.2 billion to build, consisted of 18 million square feet of vertical development, a mixed-use cosmopolitan center of hotels, luxury condominiums, and shopping, all within an urban setting. Included was a skyline of two 400 room boutique hotels, one 4,000 room hotel and casino, four towers of 2,500 residential units, and 55,000 square-feet of high-end dining and entertainment space. The tallest buildings were 65-70 stories in height, and the Center also contained a convention center. Visitors could gamble, shop in world-class retail stores including Louis Vuitton, Hermes, Prada, Christian Dior, Bulgari, Van Cleef & Arpel, Tiffany and dine in Beso, Mastro's Olan Club, and two new Wolfgang Puck restaurants. They could also live in and promenade about the self-contained property without ever leaving it.[85] The City Center was the first on the Strip to combine private residences with hotels and casinos. Public squares, hidden parking structures, covered passageways, and a boulevard were all incorporated in the Center located in the heart of the Strip.[86] These palatial tourist attractions drew enormous crowds of visitors from national and international cities who flew to Las Vegas on more than thirty airlines to experience the simulated feeling of living the

[84] *Las Vegas Sun Online,* 5 January 2009, 1.

[85] *Las Vegas Sun Online,* 9 December 2009, 1- 2.

[86] *Philadelphia Daily Inquirer*, 13 July 2008, p.3B.

opulent, wealthy lifestyle by being papered, shopping in world-class stores, and enjoying other amenities. The airlines, airport, and casino-resorts continued to work in symbiosis to enable Las Vegas to exist as a world-class tourist destination. But, big economic problems loomed for the city.

The Great Recession Hits Las Vegas

In 2008, the country faced a severe economic recession that had especially harsh repercussions in Las Vegas. Collapse of the United States banking system, a steep downturn in the economy, a sharp decline in home values, and an explosive increase in the number of home foreclosures left Las Vegas in an economic predicament the city had not experienced for decades. “We are in a deep economic recession, bordering on depression,” said former archivist and state historian Guy Rocha. “People are hurting and they are hurting badly.”[87] Unemployment reached 14.2% with the loss of an additional 140,900 jobs.[88] There were more home foreclosures than in any other large city in the nation, 28,000 residents fled the city, and the Strip was left with many unfinished construction sites.[89]

Wynn Resorts reported a loss of $159.6 million in the fourth quarter compared to a profit of $65.5 million in the same quarter of the previous year.[90] A *Las Vegas*

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[87] David McGrath Schwartz, “Not Much to Celebrate this Nevada Day,” *Las Vegas Sun Online,* 30 October 2009, 1-3,3 Also see J. Patrick Coolican, “Lessons Las Vegas Can Learn from the Rust Belt,” *Las Vegas Sun Online,* 11 October 2009, 2.

[88] United States Bureau of Labor Statistics Website, www.bls.gov/ 2009.

[89] Ibid. Note that the city with the next highest unemployment rate was Los Angeles at 11.9%, San Francisco at 10.4%, and San Diego at 10.2%.

[90] Amanda Finnegan, “Wynn: Stimulus Plan Won’t Solve City’s Woes,” *Las Vegas Sun Online,* 10 April 2009, 2.

Sun editorial stated, “Gaming companies are suffering from an oversupply of hotel rooms and excessive debt taken on during the boom years [2002-2007]. As gaming companies have cut jobs in response to the recession, the laid-off workers have had difficulty finding other work because of the lack of non-gaming job opportunities.”[91]

The impact was made worse when tourists who did come to the city, spent less money. *Las Vegas Sun* journalist Liz Benston observed this, writing how, “Hotels are filling rooms with penny-pinching tourists in place of the expense account-wielding business travelers who flocked here before the recession.”[92] This was an ominous sign for the mega-resorts that not only depended on high visitor volume, but also generous visitor spending. Resort executives had overbuilt in response to the 2002-2007 booms in air travel and tourism. They had borrowed billions of dollars from Wall Street banks to expand existing properties and build even larger, more expensive resorts. When the banks failed in 2008, the mega-resorts were left with giant debts and needed a strong source of steady revenue to keep them afloat. Tourist declines magnified their problems. Steve Wynn, mega-resort tycoon, recognized the obvious situation claiming, “People who lose their jobs can’t go and spend money. People who have money when things get widespread get careful and don’t spend money.”[93] Serious measures had to be taken to bring visitors to Las Vegas, even if it meant substantially reducing room rates at the debt-

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[91] “Nevada is Worse Off: Diversification Efforts Need to be Redoubled in Great Recession,” *Las Vegas Sun Online,* 2 July 2010, 1.

[92] *Las Vegas Sun Online,* 7 Sept. 2009, 1-2.

[93] Amanda Finnegan, “Wynn: Stimulus Plan Won’t Solve City’s Woes,” *Las Vegas Sun Online,* 10 April 2009, 1-2.

ridden resorts. Rooms normally priced at $300 or higher per night, were reduced by half.

According to a quarterly report by Brookings Mountain West, a partnership of the Brookings Institute think tank in Washington D.C. and at UNLV, focusing on economic trends in the intermountain West, Las Vegas had the sharpest unemployment rate increase among the nation's one hundred largest metropolitan areas from March 2009-March 2010.[94] A question arose: Why is Las Vegas, a city noted for its rapid recovery from previous recessions, in such worse shape than most other cities? Mark Muro, co-author of the report, attributes the rebound slowness to the city's dependence on tourism and real estate, which rely heavily on consumer spending. He claimed, "Many consumers simply cannot afford to spend the amount of money they once did because they are under water in their mortgages or drowning in debt much more so than in prior recessions. Others are unwilling to spend because they are worried about losing their jobs."[95] John Restrepo, a Las Vegas economic analyst, echoed this, claiming that, "The Las Vegas economy is not particularly diversified, heavily dependent on consumer spending, and consumer confidence."[96] Terry Jicinsky, Senior Vice-President of Marketing for the LVCVA, noting a ten percent decline in the Las Vegas visitor volume in 2009, even expressed surprise at the staggering impact of the recession. He claimed, "Because

[94] Steve Kanigher, "Yet Another List We're Last on Pace of Economic Recovery," *Las Vegas Sun Online,* 16 June 2010, 1.

[95] Ibid., 2.

[96] Ibid.

our growth cycle has been going on for twenty years, for many people, including myself, that's a career. That is the entire length of your experience. We have casino executives that started working in their 20s and 30s that are now in their 40s and 50s, where all they knew was double-digit growth year after year after year."[97] Suddenly, Las Vegas faced a serious situation as thousands of people lost their jobs and abandoned their homes. The recession also had an impact on McCarran Airport.

Though Walker and his staff always were prepared to deal with the economic upturns and downturns of the air travel industry, they did not anticipate the economic problems of a sharp recession. The airport had to prepare for US Airway's cutback in its number of daily round-trip flights to McCarran from 128 to 64 in February 2009.[98] The reason for this was an unprofitable Las Vegas market for the airline. According to Andrew Nocella, Senior Vice-President of Marketing and Planning for US Air, "Las Vegas has always been a low-fare leisure market but now the fares are considerably lower because of falling demand. When you take that and combine it with high fuel prices, Las Vegas has become extremely unprofitable for US Airways and would remain unprofitable indefinitely at its current size."[99] Airline Analyst Mike Boyd saw it as a blow to Las Vegas, but more so to US Airways. He claimed, "US Airways

[97] Kathleen Hennessey, "Slump Means Identity Crisis for Las Vegas," *Las Vegas Sun Online,* 1 January 2009, 5.

[98] Richard N. Velotta, "Airport Officials Hope Rivals Will Pick up US Airways' Flight Cuts," *Las Vegas Sun Online,* 6 November 2009, 1.

[99] Ibid. Also see *Las Vegas Sun in Business,* 6 November 2009, 1-3.

dropped those flights because they couldn't make any money on them. But I don't see it as a death blow for Las Vegas."[100]

Statistics clearly show from 1998-2007 the volume of commercial airline passengers steadily increased despite the September 11 attack, and in 2008 and 2009, still remained above 40 million passengers. Despite the depressed economic conditions gripping the city, airport officials still were revising their outlook based on multi-million dollar contractor studies that indicated the maximum capacity would arrive by 2011, instead of 2012, and therefore, it was imperative to think about additional airport expansion at McCarran, or build a new airport. As columnist Tony Cook pointed out, "The problem is McCarran is expected to reach capacity by 2011 or 2012. And because it is not in the middle of the desert anymore, the airport's growth is limited by surrounding development."[101]

Saving the Symbiotic Relationship

With the United States airlines overburdened by their own problems of enormous debt, too much competition, high fuel prices, and a steady passenger loss, it was up to the casino-resorts and the airport to find other means to pick up the slack. U.S. Airways drastically cut its number of flights to Las Vegas, and Allegiant Airlines pared back its flight schedule, which prompted an emergency meeting on June 20, 2008 between McCarran Airport Director Randall Walker, LVCVA Vice-President of Marketing Terry Jicinsky, Allegiant Airlines CEO Maurice Gallagher, and

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[100] Ibid.

[101] *Las Vegas Sun Online,* 24 December 2007, 3.

US Airways CEO Doug Parker to discuss ways McCarran could persuade Allegiant and US Airways to minimize their cutbacks. The situation also prompted the mega-resorts and the airport to reach out to international airlines to bring in global travelers who had the money to fly, could stay longer, and spend more money. According to Jeff Voyles, a Casino Management Professor at the University of Nevada Las Vegas, the international travel market "was a great untapped market."[102]

Tourism boosters from the LVCVA, and officials from McCarran went abroad to attend conferences with airline route planners to attract more direct and non-stop international flights. Developing services from existing markets and finding new markets was the goal. Las Vegas needed guests to fill its hotel rooms, but it also needed to handle competition to other domestic and global destinations. The value of routes conferences was the opportunity to network with many airlines from different countries.[103]

Usually the major casinos do their marketing in foreign countries through their own long-established business offices to recruit high rollers instead of doing mass marketing. During the recession, Harrah's Resorts, with the largest list of customers in the casino industry, enlisted Discover the World Marketing with 450 businesses at 83 offices in 55 countries to sell the seven major Harrah's properties on the Strip to travel agents, tour operators, and business groups in foreign countries.[104] A Discover specialty was gathering travelers for foreign holidays not celebrated in the

[102] Liz Benston, "Harrah's Seeks More Guests from Abroad," *Las Vegas Sun Online,* 7 September 2009, 2.

[103] Benjamin Spillman, "Paths Toward Progress," *Las Vegas Review-Journal,* 22 September 2007, p.3D.

[104] Benston, "Harrah's seeks more guests from abroad,"1.

United States. MGM Mirage, a Harrah's competitor, connected directly with foreign travel agents and tour operators in addition to using its casino marketing offices.[105]

Historically, recruiting foreign tourists to Las Vegas was difficult because of expenses, visa processing problems, and security demands. But good package deals made the trouble worth the effort. Las Vegas offered reasonably priced hotel rooms, one-stop airline services, and other amenities to foreign customers, which were very attractive. Though struggling domestic airlines cut many routes to and from Las Vegas, international air service increased in 2009 with additional flights from Canada and other countries because of the package deals. "What Las Vegas needs even more than incremental flights is more aggressive marketing to foreign tourists who may not perceive Las Vegas as a value," says Mike Boyd, independent airline consultant.[106] Part of this effort included finding new ways to make international travel easier for all airlines.

On March 28, 2008, the United States expanded the Open Skies Agreement with the European Union to increase air traffic in the transatlantic market by easing restrictions dictating where United States and European air carriers could land. This meant more money for local communities through the creation of 80,000 jobs and 26 million more tourists over five years.[107] According to statistical data from the

[105] Ibid.

[106] Ibid.

[107] Mark Broadbent, "Transatlantic Open Skies Agreement," *Airport News Online,* 31 March 2008. Statistical Data also is from the CRS Report for Congress 13 April 2007 by Raymond Ahearn, Kristin Archick, and Paul Belkin of Foreign Affairs, Defense, and Trade Division on the U.S. State Department Website fpc.state.gov/documents/organization/84326.pdf. Also see the Federal Travel Regulation 301-10.136 – 301-10.

International Air Transport Association, in 2009, transatlantic air traffic increased 11%.[108] Beyond the European Union, the United States also signed bilateral agreements with the Philippines and ten other Southeast Asian countries, Australia, Chile, and New Zealand.[109] Jeff Shane, A Washington D.C. attorney who worked for the State Department and the Department of Transportation credits airports for stimulating government thought and interest in bringing more international airlines to the United States, and more United States airlines serving other countries. He stated, "Until the airport operators got into the fray in Washington, which I date to the late 1980s, we really weren't able to make sensible progress in expanding markets, especially in bringing more foreign carrier service to the U.S."[110] Of course, airports including McCarran International now must prepare themselves to find slots for 60% of the world's air traffic.[111]

In May 2010, XL Airways France made its inaugural non-stop direct flight from Charles de Gaulle Airport in Paris, France, arriving at 6:40 pm at McCarran International Airport, Las Vegas. According to Randall Walker, Clark County Director of Aviation, "Based on XL Airways current schedule, the airline could bring in 10,000 visitors to Las Vegas this summer, and that is great news for Clark County and the

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[108] Ibid.

[109] U.S. State Department Website fpc.state.gov/documents/organization/84326.pdf

[110] Jennifer Michels, "Open Skies Agreement Bringing Global Dollars Home," *Airport Magazine Online* 12 February 2001, 1.

[111] Richard Quest, CNN.com Transcripts – Business Traveler 12 August 2007, 1-3.

community as a whole."[112] The 2010 Visitors Profile Study showed that these visitors bring $9.7 million in revenue to the city. XL Airways France will operate non-stop service to Las Vegas from Paris through September 23 on Thursdays and Sundays using an Airbus A330 with seating for 364 passengers. International traffic has been good for McCarran, up more than 15% from 2009.[113] "We are very pleased to welcome first ever non-stop flights from Las Vegas to France," says Cathy Tull, Senior Vice-President of Marketing at the LVCVA. "France is a key source of overseas visitors to Las Vegas and this partnership with XL Airways broadens our accessibility to a market that has shown 19% growth in the last two years."[114] Las Vegas truly became a world-class megalopolis.

The Future Las Vegas

In 2007, the Brookings Institute, a think-tank that studies urban growth and design in the nation, declared Las Vegas a model city for others to emulate. With affordable housing, jobs, decent weather, and proximity to shops, restaurants, schools, the airport, and the casino resorts, Las Vegas was an ideal twenty-first century city. According to a United States Department of Commerce study, from 2001-2006, Las Vegas experienced a 58% increase in personal income, compared

[112] McCarran International Airport News Release, "McCarran International Airport & the LVCVA Welcome New Air Service from Paris" 26 May 2010.

[113] Ibid.

[114] Ibid.

to 42% in Phoenix, and 23% in Denver.[115] Former Las Vegas Mayor and City Councilwoman Jan Jones declared Las Vegas, "One of the last cities in the world where true entrepreneurial spirit can flourish. The giant owners of this big destination are visionaries. They're competitive, fearless, and just as much gamblers as the guests they entertain."[116] In 2007, at the World Leadership Awards in London, England, Las Vegas was named American City of the Year, specifically citing the city's sustainability efforts for transportation and alternative fuels.[117] But with the devastating effects of the 2008 recession, the overarching question is: how would Las Vegas pull out of this economic downturn affecting the entire metropolitan area?

Rory Reid, Clark County Commission Chairman and contender for the governor's race, also son of United States Senate Majority Leader Harry Reid, claimed the only way Las Vegas, and more broadly Nevada would survive the recession is with the creation of more jobs and diversification of the economy. Reid contended that the state no longer could survive on tourism and gambling revenues alone without bringing other businesses to Nevada such as those in modern technology and renewable energy.[118] "I don't think anybody believes the gaming industry will take us to the promised land again," Reid said. "In our history that has been the prevalent view. There is urgency in the air. This is a unique opportunity to

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[115] *Las Vegas Sun Online,* 2 May 2008, 1.

[116] *Las Vegas Sun Online,* 15 May 2008, 1.

[117] City of Las Vegas website, www.lasvegas.com

[118] Michael Mishak, "Rory Reid Emphasizes Need to Remix Economy," *Las Vegas Sun Online,* 15 October 2009, 1-3.

do the things we have always said we were going to do. We have to do it now. This is the moment."[119] Though Reid did not entirely discount gambling and tourism which still were important to the city's economy, he failed to mention how the airlines continued to play a vital role bringing tourists and gamblers to Las Vegas.

In an article written by Las Vegas Sun journalist Patrick Coolican, he compared Las Vegas to Rust Belt cities which also depend on a single economy - - Detroit on automobiles, Pittsburg on steel, and Las Vegas on gambling and tourism. Coolican asked how do cities achieve goals of diversification and progress? He said, "The answer is simple. You have to produce something fresh and new such as renewable energy technology that will blow the doors off the market place, or a resort so incredible - - like the Mirage in 1989 - - the tourists just have to see it…. You have to innovate. Where does the innovation come from? In part, from sheer entrepreneurialism"[120]

Las Vegas Mayor Oscar Goodman strongly exercised the entrepreneurial spirit when he convinced the City Council to draft plans to redevelop the downtown business district. Included in the plans were a high-rise tower for an international Jewelry Center with a 165,000 square-foot retail center promenade, banking facilities, restaurants; the building and landscaping of Union Park - a 61 acre plot of land for office, hotel, residential space; construction of the Cleveland Clinic Lou

[119] Ibid.

[120] Coolican, "Lessons Las Vegas Can Learn from the Rust Belt," 5.

Ruvo Center for Brain Health designed by world-renown architect Frank Gehry; and a $475 million, four-theatre complex Smith Center for the Performing Arts.[121]

The reason for the Jewelry Center's relocating to Las Vegas is because the city has been one of the fastest growing metropolitan areas in the United States and is one of the most visited international cities in the world, a perfect place where global jewelry manufacturers and artisans can conduct business and live.[122] The Lou Ruvo Center for Brain Health was planned to become the national resource for the most current research and scientific information in the treatment of Alzheimer's disease. It is operated by the famous Cleveland Clinic, a multi-specialty medical center in Cleveland, Ohio. The Smith Centre for the Performing Arts claims, "Las Vegas is poised to make the leap from popular tourist destination to one of the nation's leading cosmopolitan hubs. Upon completion, the Smith Centre will place Las Vegas on the world stage for performing arts, attracting world-class artistry, diverse productions, and a highly-skilled workforce."[123]

Globalizing Las Vegas with these world-class facilities in conjunction with the opening of the City Center, Echelon, and Fontainebleau mega-resorts, and the expansion of McCarran International Airport, will help provide the city a route to recover from the economic recession, and better diversify its economy. Though Las Vegas is becoming a high-class, highly-cultured metropolis comparable to Los

[121] World-Class Jewelry Center Brochure, 26 August 2008.

[122] Ibid.

[123] Smith Centre for the Performing Arts Brochure, 26 August 2008.

Angeles and New York, it still sits in the Mojave Desert, and heavily depends on the airlines to bring in business, including international travelers.

"In today's airline business, if you are not global you are not a player," says Clive Irving, Senior Consulting Editor for Conde Nast travel magazine.[124] The recent merging of United Airlines with Continental and the 2008 merging of Delta with Northwest Airlines, now the two largest air carriers in the world, and major airlines serving Las Vegas, have better connected Las Vegas with the world. By combining their domestic networks with international routes, they offered more choices for leisure and business travelers, which included more destinations, a greater array of flight times, and more services. Of course, they are in strong competition with Lufthansa, Air France/KLM, Singapore Airlines and Emirates, airlines with long established routes, and clientele who pay top dollar for premium service.

Las Vegas has its eye on China, a giant international market with enormous numbers of travelers flying all over the globe, with United States destinations in high demand. According to Irving, "Given that international traffic is usually more profitable than domestic, they [airlines] will be fine tuning routes, realigning their Pacific hubs to maximize their ability to tap into that roaring wave of Chinese travelers, many of whom will be heading for the US. And once they board a US carrier, they will be locked into that carrier's domestic network."[125] By tapping into the Chinese market, Las Vegas will attract more customers, increase revenue from tourism and gambling, and give the city even greater international presence.

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[124] Clive Irving, "Behind the New Mega-Airlines: What a United-Continental Merger Would Mean," *Conde Nast* 30 April 2010, 1-14, 2.

[125] Ibid.

Part of attracting national and international travelers to a world-class destination is offering them facilities with amenities, services, entertainment, fine dining, and recreational activities, all for a reasonable price. The other part is providing comfortable travel accommodations. For national and international airlines serving Las Vegas, this means using modern, state-of-the-art passenger planes such as the Boeing 777, which British Airways flies daily from London Heathrow to McCarran International Airport, and the new, much anticipated Boeing 787 "Dream Liner."

This new passenger jet has seating for 250 passengers, uses minimal-energy lighting, has an energy-efficient galley, and more notably, is made of lighter, composite materials, making the jet the first of its kind to be the most aerodynamic and fuel efficient ever. Despite the jet's two year production delay due to design flaws, when it comes into service in the very near future, the airline industry will experience nothing short of another revolution in air travel because this plane not only carries more passengers than most of its competitors, but comfortably can fly more than 8,500 miles without refueling, and uses 20% less fuel than the wide-bodied 767. With this new plane added to their fleets, the airlines will be able to save millions of dollars because of the 787's light airframe and fuel efficient engines.[126] The 787 will mark a new age in the passenger jet industry much the way the super mega-resorts symbolized Las Vegas's postmodern future.

[126] Boeing Company's 787 "Dream Liner" Website

CONCLUSION

“Commercial air travel is the lifeblood of Las Vegas.” Duane Busch, Executive Station Manager for TWA in Las Vegas

At 8:30 p.m., on October 25, 2009, British Airways Flight 275 touched down at McCarran International Airport after a 10 hour 50 minute inaugural flight from London’s Heathrow International Airport.[127] Among the 217 paying passengers on board were British Airways CEO Willie Walsh making his first trip to southern Nevada, escorted by Las Vegas Mayor Oscar Goodman, CEO and President Rossi Ralenkotter of the Las Vegas Convention and Visitors Authority (LVCVA), and two other LVCVA executives.[128]

For the special occasion, British Airways chose one of its most luxurious jumbo jets, the Boeing 777-200 with First Class, Club World (business class), World Travel Plus (premium economy class), and World Traveler (economy class) services. As the jumbo jet taxied to the international terminal, a waiting McCarran fire brigade spouted a giant water arch under which the plane passed, a grand welcome reserved for maiden flights. After deplaning and going through customs, passengers were given a special greeting by Clark County Department of Aviation Director Randall Walker, representatives from the luxurious Wynn Las Vegas resort where CEO Walsh would be guest of honor, members of the news media, and two beautiful Las Vegas showgirls. Mayor Oscar Goodman’s words to the assembled

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[127] Richard N. Velotta, “British Airways Begins Non-Stop Flights from London to Las Vegas,” *Las Vegas Sun Online,* 25 October 2009, 1-2, 1.

[128] Ibid.

crowd summed up the specialty of the event, “This is a great day for Las Vegas and a great day for London.”[129]

For nearly a decade, McCarran International Airport officials and the LVCVA unsuccessfully tried to convince British Airways that Las Vegas had much to offer its clientele. With Virgin Atlantic Airlines making daily non-stop trips since 2006 from Gatwick International Airport, London’s second busiest, and British Midland International doing long-haul flights from Manchester, the United Kingdom had become the primary source of overseas travelers to Las Vegas with nearly 400,000 visitors in 2008 alone.[130] So, it made sense to form a partnership with the largest of the United Kingdom’s air carriers. British Airways annually flew 36 million travelers to 143 worldwide destinations in 69 countries, was based at Heathrow International Airport the largest and busiest of London’s six airports, and would give Las Vegas the advantage of an extensive global network from which to draw thousands more international travelers.[131]

British Airways indicated that it was more than satisfied with all that the resort city had to offer when it confirmed the Las Vegas route with the assignment of its flagship Boeing 777 designated only for direct daily flights. Other international carriers had begun operating at McCarran on a trial basis with a few flights per week, but British Airways became the first regularly scheduled overseas airline to

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[129] Ibid.

[130] Richard N. Velotta, “British Airways to Start Daily Service to Las Vegas,” *Las Vegas Sun Online,* 17 May 2009, 2. Also see Richard N. Velotta, “Vegas Officials Courted British Airways for a Decade,” *Las Vegas Sun Online,* 18 May 2009, 3.

[131] Ibid.

begin daily operations, a vote of confidence in the city's ability to draw worldwide travelers.

Advanced bookings from London to Las Vegas were sold out with passengers who paid $663.10 for a round-trip ticket, prompting CEO Walsh to remark that the Las Vegas route was the best-performing new route he had ever seen, and that he would speak with "great passion" about the resort city.[132] The LVCVA assured him that with its strong marketing connections in many European countries, it would in turn include British Airways in its advertising. Walsh was impressed with Las Vegas as a world-class travel destination with its luxurious internationally themed mega-resorts that were so attractive to global travelers. He pledged that British Airways would provide package deals assuring its travelers affordable air fare, deluxe hotel accommodations, fine international cuisine, and high end entertainment. McCarran offered British Airways cheap airport fees which would help lower operating costs, and impressed the company with the rapid progress being made on the construction of Terminal 3 to be equipped with cutting edge systems designed to most efficiently process thousands of international passengers, minimizing delays.[133]

McCarran International Airport was ready for the assigned Boeing 777 jumbo jet with its 274 passenger seats: 36 Club World business class, 24 World Traveler Plus premium economy class, and 212 World Traveler economy class -- business seats converting to beds, all meals prepared by world-class chefs, and

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[132] Richard N. Velotta, "British Airways Brings Plenty of Upside to Las Vegas," *Las Vegas Sun Online,* 30 October 2009, 2.

[133] Richard N. Velotta, "Vegas Officials Courted British Airways for a Decade," *Las Vegas Sun Online,* 18 May 2009, 1.

entertainment systems including movies, television programs, music, and outlets for personal computers.[134] The carrier was scheduled to leave Heathrow daily at 3:35 p.m. and arrive in Las Vegas the next evening at 7:25 p.m. with a return Flight 274 leaving Las Vegas daily at 9:20 p.m. and arriving in London the next day at 2:05 p.m. *Las Vegas Sun* journalist Rich Velotta, among the welcoming crowd at the gate, said of the special event, "Everything is good for Las Vegas. It has nonstop round trips to Heathrow and Gatwick. It has great connections to the rest of Europe, the Middle East, Africa, and Asia. It has world-renowned companies to partner with. It couldn't have happened at a better time when the city [in a time of deep national recession] could use an economic lift," hopefully returning to the 2002-2007 years of the highest air traveler and visitor volumes in the city's history.[135]

Commercial air travel enabled Las Vegas to become a model, twenty-first century American city, and an internationally famous tourist mecca. With passenger planes annually delivering more than 30 million air travelers and tourists from national and international points of origin to McCarran Airport and the luxurious mega-resorts on the Strip, Las Vegas joined Los Angeles, Phoenix, San Francisco, New York, and Chicago, as cities that rose to prominence by connecting to a rapidly expanding commercial aviation industry. As my study shows, the passenger plane was especially important to Las Vegas because the town heavily depended on tourism as its primary source of revenue, and passenger planes provided the vehicles gamblers and tourists needed to get to the resort city in the desert. From

[134] Ibid.

[135] Ibid.

this, a symbiotic partnership developed between the airlines, airport, casino-resorts, and government that steadily grew with the latter three developing a dependence on the former for business. But, the airlines could not accomplish this alone.

Government funding enabled the airline industry to proliferate. Without Uncle Sam's financial assistance, the airline industry was too expensive for private financiers to sustain, and would have resulted in imminent collapse. This especially was the case during the infant and adolescent years of the airline industry (the 1920s-1950s), and in later years when the airlines continued depending on the federal government for subsidization in the form of loans for airplane leases, daily flight operations, and transporting mail. Las Vegas, itself a town that had depended on federal government funding for economic survival, eagerly embraced this new form of transportation that would bring in business. Additionally, the city had the good fortune to be in close proximity to heavily populated southern California, the birthplace and center of the nation's giant aerospace and aircraft industries where air travel in the West originated, and from which, a hefty flow of tourists over eight decades came to the southern Nevada desert. But advancement in aircraft technology and changes to government regulatory policy of the airline industry brought substantial change to the country and Las Vegas during deregulation when airlines set their own fares and routes, and the air travel and tourism industry boomed.

Despite airlines struggling with deep debt, poor management, labor issues, and high fuel costs, they continued to be part of the growing air travel, gambling, and tourism industries in Las Vegas. Even though US Airways and Allegiant Airlines reduced their number of flights to Las Vegas, McCarran Airport still remained the seventh busiest domestic airport, and fifteenth busiest international airport in the world handling more than 1,100 flights per day, and over 40 million passengers per year. Those numbers were higher than they have been in previous decades. For years, casino-resort executives, airport officials, and city officials have understood how essential the airlines have become to Las Vegas's sustenance and future growth, and thus, have made the airlines and McCarran Airport an intrinsic part of future urban planning and development.

The twenty-first century however, is bringing new and important challenges to the airline industry through major airline mergers, reducing service to various locations, which not only means fewer flights, but limited time schedules, and increased fees for baggage, seats, and in-flight services. The airlines continue to leave a bad carbon footprint of contamination of the skies, continuing dependence on fossil fuels, and invasive noise pollution at heavily congested airports. There still is much work to be done towards a global open skies agreement allowing the world's airlines to fly through each other's airspace, and do business with each other's markets. These problems raise questions that only the airlines, airport, and city of Las Vegas can resolve.

My study can be used by other aviation scholars as a template to investigate the political, economic, and cultural impact commercial air travel had on other western cities. Scholars will find the relevance of my themes, and discover there are many more questions to be asked, among them: why did other western cities benefit less from airline deregulation? What spatial and financial challenges did airport and urban planning officials in other western cities have to take into consideration with expansion projects resulting from explosive passenger volume growth, airline deregulation, and urban sprawl during and after the Cold War? Where did they get the funding? Why are other western cities also relying on more international airlines and air travelers for economic sustenance and growth? Given the overseas restricted airspace, and limited number of bilateral agreements, how does Las Vegas get more international airlines to fly there than Phoenix or Denver? While my study sheds some light on these questions, they merit deeper examination, especially in a broader study of commercial air travel influence on the American West.

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VITA

Daniel Bubb was born on March 10, 1974 in Santa Rosa, California. He attended local public schools and graduated from Montgomery High School in 1992. He pursued a bachelor's degree in Greek and Roman History from California State University, Sonoma, where he graduated with honors in 1996. After three years of flying as a commercial airline pilot, in 2000, Daniel began pursuing a master's degree in United States History from the University of Nevada, Las Vegas, where the degree was awarded to him in 2001. Upon commencing his doctoral studies, Daniel was hired by the Community College of Southern Nevada as an adjunct instructor to teach United States History courses. In 2003, seeking more teaching experience, Daniel moved to Missouri where as Lecturer, he taught a variety of lower and upper-division courses in European and United States History, and Political Science at Missouri Valley College and William Woods University. In 2004, Daniel transferred to the University of Missouri, Kansas City, to enroll in the Interdisciplinary Ph.D. program, and complete his degree.

During his graduate career, Daniel has published a number of articles in refereed journals, a book review, and has an offer from the University of Nevada Press to publish his dissertation as a book. For more than seven years, Daniel has advised students, many of whom advanced to graduate programs and law schools. From 2008-2009, Daniel was faculty advisor to *Charter,* Gonzaga University's most widely read academic journal. In 2009, he served on a master's degree student's thesis committee at Western Washington University, directed student papers that were presented at history conferences, and in 2011, was voted the most influential teacher to seniors who graduated from Gonzaga University.

In his role as Coordinator of Student Learning Outcomes Assessment in the Office of Institutional Research at Gonzaga University, Daniel was co-primary investigator and recipient of a Teagle Foundation grant for $362,000. He was instrumental in helping Gonzaga University restructure its entire student learning outcomes assessment program, and wrote a Faculty Handbook for Student Learning Outcomes Assessment. Daniel also was appointed to serve on several University committees among which included the Academic Vice-President's Advisory Board, Subcommittee on Civic Justice of the Board of Trustees and Regents, and several search committees. He still works as Coordinator of Student Learning Outcomes Assessment and Adjunct Instructor at Gonzaga University.