

November 15, 1939

Memorandum to all Employees:

I should like to advise you of the action taken by your company during the past few days which has to do with competition.

We have filed notice with the Civil Aeronautics Authority of our intention to file an application for certificate of public convenience and necessity authorizing us to fly a route from Boston to Cleveland and points West via Hartford, Conn. American Airlines now has the exclusive operating advantage over United Air Lines in reaching the industrial areas of New England by virtue of their exclusive operation South and West from Boston.

It has been obvious to us for some time that American Airlines deliberately dwarfed their Boston-Cleveland service by operating only one round trip per day with equipment approximately six years old in order that they might preserve for themselves the movement of transcontinental passengers via their line to New York and from there to Chicago and in many instances over their southern transcontinental route.

American Airlines as far as I am concerned has had its field day politically and otherwise. Under the old Air Mail Act they were permitted to expand into this territory while the Act tied our hands in making any defensive moves. We cannot prejudge such an application. It must be weighed and considered on the merits of facts we submit to the C. A. A. at the time a date of hearing has been set. We believe we have substantial evidence to show that this service via Cleveland has been deliberately held down. This is not a political question but one to be decided on its merits before the Civil Aeronautics Authority which under the law is a semi-judicial body. Politics, in which our competitors have been so far superior to us, should not have a bearing on the outcome.

Another activity on the part of this competitor under the old Air Mail Act was to establish a route to New York via Cincinnati and Washington in addition to their Chicago-New York route via Detroit and Buffalo. Also, they established non-stop service over our identical route. They established non-stop departure times between Chicago and New York leaving both terminals at 12 noon, 3 PM and 5 PM. We established non-stop schedules leaving 15 minutes after each of their non-stops in the hope that we could forestall an open fight at a time when the Civil Aeronautics Authority was attempting to get their house in order. Departure times of American Airlines' non-stop trips were far more attractive in making an impression on the public due to the fact that they were more easily remembered.

Yesterday your company filed notice of its intention in making schedule changes from North Beach to adopt identical departure times. We have tried for many years to be the constructive influence in the air transport industry. We hope that sometime in the near future we may again resort to that attitude. For the present, however, we have definitely decided to curb the over-ambitious element in that organization and bring to the surface certain priority rights and expose unethical practices before this ambition reaches a point where they may attempt to push us entirely off an airway which we have occupied for over twelve years.

I Pass this on for your information in order that you may be informed of the reasons back of some of the things we are doing and contemplate doing. It is not our intention to follow practices which all of us in United Air Lines have always looked upon as destructive. We intend to take the offensive just for a change.

W. A. Patterson