

Mr. Amon G. Carter:

American Airlines was the pioneer air carrier to Mexico; the first of the domestic air lines designated to represent the United States there.

There was no airport at Monterrey, which the United States had certificated American to serve. American had to construct one, with its own funds.

There were no airway facilities on the route certificated to American, in Mexico. American had to construct them, with its own funds.

American Airlines has operated its services to Mexico entirely without subsidy; it has no subsidy from the United States and none from Mexico.

The operation to Mexico has never been profitable, in that over the total time American has operated there it has shown an operating loss, which has been borne by the stockholders of the company. We have had no return on our investment in Mexico; on the contrary an operating loss.

The United States, by its official actions, has given no recognition to the pioneering done by American.

On the Los Angeles-Mexico City route the Mexican carrier, Cia Mexicana, can operate non-stop between the two cities. As a consequence it gets most of the through business. American is scheduled to stop at El Paso and Monterrey, giving it a longer route and a slower service.

The United States has never even attempted to get non-stop rights for American. Instead of recognizing the pioneer rights of American between Los Angeles and Mexico City it certificated an entirely new carrier, Western Air Lines, which had not previously operated in Mexico, is not in financial shape to make the investment for competitive equipment and has indicated no real desire to be in the Mexican business.

On the Fort Worth-Dallas to Mexico City route, in spite of the fact there is not sufficient business to enable one carrier to break even, the Board certificated Braniff to also serve the route. This has been held up by the Mexican government, for it is aware that the business is insufficient to warrant both of the American carriers.

Our general complaint is this:

1. The Board has certificated more carriers than the business will warrant; there is no need for Western on the Los Angeles to Mexico City route and no need for Braniff on the Fort Worth-Dallas to Mexico City route. The addition of more carriers than the business will support means but one thing; that the existing carrier will lose more money than he has been losing and the new carrier, also losing money, must be supported by government subsidy.
2. The United States should insist that the United States carrier be given equal rights with the Mexican carrier on the Los-Angeles-Mexico City route, and the United States carrier to perform the service should be designated as American Airlines, the pioneer carrier and the only United States carrier

operating there now. Western has no interest in Mexico and its certificate should be permitted to lapse.

3. There is no need for another carrier between Fort Worth-Dallas and Mexico City. Wait until the business is sufficient to support one carrier before you put more in the field.
4. Ultimately there will be a non-stop service between Washington and Mexico City, beginning, of course, in New York. When that time comes American wants equality of right and recognition of its pioneering; American is the only domestic company which has operated to Mexico and the only one who has made an investment there. The non-stop service would be, of course, in addition to the service to Fort Worth-Dallas-San Antonio.

/s/ C. R. Smith