

January 12, 1952.

PERSONAL

Mr. Donald W. Nyrop, Chairman  
Civil Aeronautics Board  
Department of Commerce, Room 5053  
Washington 25, D.C.

Dear Don:

Enclosed you will find copy of a release from C. R. Smith, regarding the American Airlines business for 1951. This will give you some idea of the problems confronting the growing airlines. It makes me stop and wonder what the answer is going to be.

For the year 1950, you will note that the American Airlines paid \$6,600,000.00 in taxes and for the year 1951 they paid \$21,000,000.00, \$1,708.00 for each employee on the payroll and \$3.26 per share on the common stock, while the earnings will show slightly less than \$1.50 a share on which the stockholders only received fifty cents a share dividend.

While I do not have the complete figures for the year, the operating expenses for the nine months ending September 30, 1950 amounted to \$95,000,000, and \$117,800,000. for the same nine months in 1951.

It seems amazing that the original DC-6 cost \$600,000.00 each and DC-6B four years later \$1,100,000.00, and the DC-7 recently purchased by American Airlines \$1,600,000.00. During this time, the mail rate of 63¢ per ton mile in 1950 has been cut to 45¢ per ton mile in 1951.

The American received from the Government mail pay of \$5,986,838.00 for the eleven months ended November 30, 1951 while in the meantime they had paid the Government, as indicated above, \$21,000,000.00 income taxes - or almost three times as much in taxes as the Government paid to "tote" the mail. This is one of the reasons that C. R. Smith strongly urges the Government to separate the subsidies and mail pay in which idea I heartily concur. The sooner the Government gets all of the airlines operating on the same basis as the American, the more money it will make and the less money they will dissipate to un-

necessary and unprofitable lines. It may also have a substantial effect in eliminating accidents on the "wild cat" lines, so-to-speak.

During the first eleven months in 1951, the American carried 4,554,292 passengers with an average load factor of 68 $\frac{1}{2}$ % and flew 2,346,186,771 passenger miles.

Of course, I realize you are no doubt familiar with these facts and figures or will have them in time, but I am taking the liberty of sending you a copy of the release which does not cover all the facts that I have given here. Part of it was picked up from the eleven months financial statement.

I was out to the Fort Worth Greater International Airport this afternoon and it is moving along in fine shape. I just wish you could see the lobby of the Administration building since they have removed the scaffolds in the last few days. Beyond a question of a doubt, it is going to be one of the prettiest and finest to be found anywhere in America. The many conveniences are going to be a blessing to the traveling public. Another important factor is that it is so constructed that the capacity can be doubled without acquiring any additional land or tearing up any of the present part of the buildings and layout. It looks like all the bugs have been eliminated and I am looking forward to its completion and the opening of the airport as I think this will be my last and farewell event on a big program of any kind. This is definite as I was 865 months old on the 11th of January and I feel like this job has added about ten percent to Father Time. Anyway it has been a pleasure and if we can only get it opened and finished, I will feel like celebrating and I want to emphasize the fact that had it not been for your cooperation this project could not have been made possible.

Incidentally, I am writing this letter at eleven o'clock Saturday night as I am leaving on the coach plane from Dallas for New York at 6:15 Sunday morning - as you know, we still have to go to Dallas to get a plane.

I hope you had a good Christmas and with best wishes, I am

Sincerely,

January 12, 1952.

PERSONAL

Mr. Charles Horne,  
Civil Aeronautic Administrator,  
Department of Commerce  
Washington, D.C.

Dear Charlie:

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