MEMORANDUM TO THE DIRECTORS:

American Export:

CAB has approved Damon, Smith, Rulison and Jacob as the directors of Export nominated by American. Slater is yet to be approved, on behalf of Export, but this should take place soon; there is no reason to believe that it will not be approved. Export will then have Coverdale, Slater and Sewall; American, Damon, Smith, Rulison and Jacob. We should be able to have a directors meeting soon and install the directors of American.

The U. S. Army has allocated 20 C54 aircraft to the overseas U. S. operators. 6 will go to Amex, 6 to TWA and 8 to Pan American. These are the oldest C54's in the bunch and will require considerable work to get into shape; we would have preferred others but there are no others available. In keeping with the restrictions imposed by the Army, these airplanes will be operated in North Atlantic service when they have been licensed by CAB and are in shape for operation. It may take two or more months to get them into shape. These airplanes have been declared surplus by the Army and they will be leased, not sold, to the air carriers by the Surplus Disposal Unit of the government. The air carriers must bear the cost of the reconversions required and the experience to date indicates that the cost per airplane may exceed $100,000.

Transportation Association of America:

This organization is, according to the records of Congress, one which is sponsored and supported by the rail carrier industry. For a long time this Association has been sponsoring a plan for "regional, consolidated carriers". This, in essence, means that they would like to have regional monopolies, each regional monopoly to have under it all forms of transportation: rails, buses, trucks, water carriers and air carriers. The net result would be to restrict effective competition between the different forms of transportation, this in spite of the statements to the contrary by the Association. Thus, the older forms of transportation, by their control of all forms of transportation, would be somewhat freed from the effect of competition from the newer and more efficient forms of transportation.

This Association has prevailed upon the ICC Committee of the House, Chairman Lea, California, to hold hearings during the summer on the basis of "coordinating" all forms of transportation. This will require watching and a hell of a lot of work. The idea is not sound but it is being well pushed.
To the Directors  

Personal and Confidential  

July 30, 1945

The ICC Committee of the Senate, Wheeler, Chairman, also intends to have some hearings on transportation policy. Whether or not this one was started by Transport Association remains to be seen; the subjects seem to be about the same.

In addition to the problem of combating "coordination" it is probable that Pan American will use either or both of these hearings as sounding boards for the continuation of their "chosen instrument" theme and for their applications to engage in domestic air commerce.

"Chosen Instrument" Problems:

Pan American continues to work diligently to retrieve its monopoly empire. Failing to gain favorable vote in the Senate Commerce Committee on the McCarran Bill, proponents of the bill endeavored to have passed an "interim report" which was stacked with continuing propaganda for the chosen instrument theme. A meeting of the Commerce Committee could not be obtained and the "chosen instrument" members circulated a "rump" edition of the so-called interim report. Fourteen of the twenty members of the committee informally signed the "interim report" and it is evident that some of them signed without knowing just what the instrument was. The instrument has no official status for the reason that the Committee refused to meet and act upon it but McCarran, Brewster and Radcliffe will probably endeavor to use the signed paper to influence departments of the government, perhaps sending a copy to the President.

Pan American is using last ditch efforts and some of them appear very crude. Some of them will, I believe, backfire on them. It is my belief that Pan American realizes that it has lost the chosen instrument fight but is trying to create as much nuisance value as possible, to aid it in getting into the domestic fields and to influence the CAB in future decisions in the foreign field.

Next Meeting of the Board:

We have a hearing on the New York-Cincinnati non-stop case in Washington on the 14th. of August and several of the officers of the company will be required to be there. The case may well last longer than one day. That date conflicts somewhat with the date established for the next director's meeting, August 15.

There is presently not much on the agenda for the next meeting. Things of urgency may arise but for the present it looks like we have not enough business of importance to warrant the directors making a trip to New York on August 15. Our thinking on this also should be somewhat influenced by the fact that the lines of the company are especially burdened with traffic and the ODT is endeavoring to find ways of accommodating more military travelers.

I should think that we might dispense with the August 15 meeting and hold the next meeting on September 19. If before the latter date things of urgency come up we can either call a meeting or handle the urgent matters through the Executive Committee.
You will remember the invitation of Mr. Carter to meet in Fort Worth soon. Does Mr. Carter want the September 19 meeting there and what is the wish of the other directors; it is agreeable that the meeting be established in Fort Worth at that time. I am, as you know, in favor of having meetings outside New York but our thinking on that must also be influenced by the heavy travel on the lines of the company; it will take something more than twice as much transportation to hold a meeting in Fort Worth as in New York. Whatever you decide is, of course, agreeable with the management; may we have your views on the matter.

C. R. Smith
Chairman of the Board