

AMERICAN AIRLINES SYSTEM
AMERICAN AIRLINES, INC., DALLAS, TEXAS.
FOR IMMEDIATE RELEASE

WASHINGTON, D. C., November 29 - C. R. Smith, Chairman of the Board of American Airlines, commented today on the decision made by the Civil Aeronautics Board on November 27 denying American's application for permission to operate between Houston and Dallas-Fort Worth. He said:

"The decision of the Civil Aeronautics Board indicates no understanding of the economic importance of the southwest section of the country, including the State of Texas and its largest city, Houston. The decision spends pages talking about local, feeder line service, as if Houston were nothing but a rural community and entitled to nothing more than RFD type service. The decision makes much of the willingness of the Board to provide a service from Houston to Muskogee and McAlester, Oklahoma, and is willing to extend Mid-Continent Airlines routes to Houston, thus providing a more effective service to and from Fargo and other cities in the Dakotas.

"The decision completely glosses over the more urgent requirement that Houston have better service to Los Angeles and to the other communities now served by American. While denying the right of American to extend its services to Houston on a non-subsidized basis, the decision bravely authorizes several thousand miles of feeder line service most of which must be provided and continued at public expense.

"The Board, in its decision, exhibits a sense of humor which may or may not be appealing to the citizens of Texas and of Houston. It suggests that the door is not closed, and that American may reapply for the service to Houston, in some other case and at some other time.

"It is interesting to note that the present application has been on file with the Civil Aeronautics Board since June 1944. Two and one-half years later the application is decided on the basis that there is no proof that Houston requires or is entitled to the service which American proposes to render.

"The tempo of the Board ill fits the tempo of ^{the} air transportation which it seeks to regulate. On the basis that nothing presently will be done but that the matter may later be considered in another case it may be that the air transportation requirements of Houston will have serious consideration some time during 1949.

"The decision of the Board also adds another chapter to the recent Mid-Continent case. The Board recently denied the Mid-Continent acquisition by American Airlines, thus insuring that an economy of some \$800,000 per year would not be realized by the Post Office Department. Now Mid-Continent which transports the mail for something like \$3.00 a ton mile is given an extension from Tulsa to Houston, and American, which transports the mail for 45 cents per ton mile, is denied a 250 mile extension of its route from Dallas and Fort Worth; another example of handing out new routes to the more expensive operator with complete disregard for the fact that another operator already serving the same state can render a superior service and with considerably less expense to the taxpayer.

"This is a discouraging decision: Discouraging to the citizens of Houston who have the right to expect the service which they require; discouraging to American Airlines, which is able, ready and willing to perform the service, and discouraging to all taxpayers who

maintain interest in the formation of a national system of air transportation best designed to fulfill the requirements for sensible, economical airline operation."

-30-

"This is not the last of the case. American Airlines intends to pursue it further".
