



Office of the Postmaster General
Washington, D. C.

September 14, 1937.

Mr. Amon G. Carter,
Fort Worth Star-Telegram,
Fort Worth, Texas

Dear Amon:

Further reference is made to your letter dated August 21, and my reply of the 30th regarding a proposed new air mail route between Houston and Brownsville, Texas, via Corpus Christi.

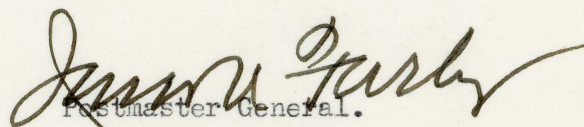
Mr. Branch is out of the city at present trying to get a little well earned vacation and will not return until about the 20th. In his absence I have discussed the matter with Mr. Cole, Deputy Second Assistant, and he tells me that Mr. Branch received your letter on the same subject and replied to it before leaving this city. It is presumed that he sent you a copy of the letter addressed to Congressman W. D. McFarlane in which the Department's position is fully outlined. Another copy of the letter is being enclosed so that if he failed to send you one you will have the information before you.

After talking with Mr. Cole, I am fully convinced that Mr. Branch is trying to settle the controversy solely in the interest of the Postal Service. Mr. Cole, who is familiar with the situation, states that Atlanta has taken little or no interest in it, most of the pressure having come from New Orleans and Houston.

It will be noted from the last paragraph of the copy of the letter to Congressman McFarlane that no new routes can be advertised and no additional schedules authorized until the route mileage, which is controlled by law, is increased by act of Congress.

With all good wishes, I remain

Yours very sincerely,


Postmaster General.

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August 27, 1937.

Honorable W. D. McParlane,
Member of Congress,
Graham, Texas.

My dear Congressman:

I have your letter of August 20th inclosing a letter from Mr. O. H. Mosier, Vice President of Braniff Airways, in which Mr. Mosier requests that you oppose the Post Office Department advertising for bids on a proposed new air mail route between Houston, Texas and Brownsville, Texas, via Corpus Christi, Texas.

Mr. Mosier sets out in detail the grounds upon which he urges you to oppose any such advertising for bids and asserts that the establishment of the proposed route would so materially affect the revenues of his company that the service rendered to your section would be definitely impaired. He then goes on to cite a number of other reasons why, in his opinion, the proposed new route should not be established.

I quote each of the arguments made by Mr. Mosier, after which I comment on them.

1. Braniff Airways is the most important feeder system connecting with all transcontinental airlines.

This route is an important feeder system, connecting with all the transcontinental airlines. As a result of this connection Braniff Airways receives much traffic from other routes in addition to the purely local traffic to and from the points on its own system. Advertising the proposed new route from Brownsville to Houston, Texas, would in no way change the situation other than that some percentage of the passengers coming into Brownsville from Mexico and Central and South America would undoubtedly go over the shorter route to the east and northeast, which would be by way of Houston, instead of going to Fort Worth or Dallas and there making connections for the east and the northeast. In this connection it must be borne in mind that the mere advertising of the proposed route does not necessarily mean that Braniff will have to divide the traffic coming north into Brownsville, for Braniff will have the same opportunity as everyone else to bid on such a route, and it cannot be assumed that any particular bidder will underbid other bidders.

2. Braniff Airways has maintained the finest equipment and provided almost twice the amount of service to the cities they serve than has been demanded or paid for by the Post Office Department.

Braniff Airways began operation on its principal route - between Dallas and Chicago - with single motored planes which carried mails only, and it was through the efforts of the Department which provided an additional schedule between Chicago and Kansas City that resulted in Braniff installing multi-motored passenger carrying planes. While it is true that Braniff Airways has purchased new equipment it has been given additional schedules by the Department which has resulted in a very substantial increase in its mail pay, and its general financial condition has steadily improved. The company has operated some services on its own account and without the request of the Post Office Department. It is quite possible that some of these non-mail-pay services have cost the company more than the company received for operating them.

3. Braniff Airways has operated at a loss every year since 1934 in their attempt to give the cities the type of equipment and service they are entitled to.

This point is partially answered in my comment on Item 2, as it is possible that the company might not have operated at a loss had it not operated non-mail-pay trips such as the one it is now operating between Houston and Corpus Christi. Two or three months ago the company's statement showed that its annual deficit was less than \$20,000. Since that time the Department has authorized additional mail pay schedules between Fort Worth and San Antonio, and between Houston and Dallas, which, with the excess poundage now being carried and which will without doubt continue to be carried in the future, will increase the company's revenues approximately \$100,000 a year. These additional mail pay schedules will not result in much additional expense to the company for the reason that the company was already operating such schedules without mail pay.

4. Braniff Airways are now serving this territory, a portion of which without pay, and operating over this line at a proven loss. If this route is advertised it will force competition which will increase the losses of Braniff Airways, and cause two air mail contractors to fly the same route wherein business was not sufficient to provide either with an operating profit, thereby encouraging both contractors to appeal to the Interstate Commerce Commission for an adjustment in rates.

In making this point Braniff Airways assumes that some other contractor will bid in the proposed route and does not take into consideration its large increase in mail pay when it talks about possible appeals to the Interstate Commerce Commission for an adjustment in rates. As a matter of fact, Braniff Airways now has a petition pending before the Interstate Commerce Commission in which it is asking the maximum mail pay rate allowed by law.

5. The General Superintendent of mails admits that the postal service cannot be improved with another contractor on this route. The Solicitor stated in his findings, "If perchance the Eastern Airline could at any time be extended from Houston to Brownsville by connecting with Pan American Line, it is my firm conviction that the Braniff Lines would be unable to operate any kind of service that is worth while into Brownsville."

The Solicitor was ruling on the question of the legality of petitions filed by both Braniff Airways and Eastern Airlines for an extension of their lines from Houston to Corpus Christi. He ruled that either of such extensions would be legal and gave his personal observation as to the possible effect on the Braniff line should the Eastern Airline be allowed the extension. It happens that the responsibility for administration is upon the Second Assistant Postmaster General and not upon the Solicitor, and after careful consideration of this entire matter I am convinced that the proper thing to do in the premises is to advertise a through service from Brownsville to Houston rather than having a short connecting link between Corpus Christi and Houston. I do not agree with the Solicitor that establishing such a route will have such a serious effect on Braniff Airways that it will be unable to give good service over its system. The Post Office Department must consider the advantages and disadvantages of a particular route not only upon the immediate section served but upon the country as a whole. There is no sound argument against the Post Office Department providing a direct and through service from Brownsville to Houston which will connect with a direct and short route through the south and into the east and northeast. The public interest would be better served by such a direct route than if mail, express and passenger traffic destined for the south, east and northeast had to move over a circuitous and longer route. It would not be proper to disregard the public interest in order to maintain a monopoly for a carrier. Many points in the country are served by two or more air mail routes and in several instances in order to provide the best service, portions of some routes are paralleled by other routes.

6. Congressman James Mead, Chairman of the Post Office and Post Roads Committee, in explaining the position of his Committee on orderly development of air mail, says in justifying the position for subsidizing airlines and removing unnecessary competition: "We have put in these provisions of law because we want one airline between two different points rather than six as is now the case in some sections of the country." If this route were advertised and the contract given to Eastern Airlines, it would destroy an independent air mail contractor and give a major airline privileges over the three transcontinental airlines, and at the same time impair the service of fourteen important cities of Texas, Oklahoma, Kansas, Missouri, Iowa and Illinois, as well as affect the connections of other states that are now enjoined with services of major airlines in competition with Eastern.

I take no issue with Congressman Mead. He was enunciating a general principle and referring specifically to unnecessary competition. I am quite sure that Mr. Mead realizes that in some cases, in order to afford adequate service to the public, other lines will, at some points, necessarily compete with other lines. Three lines now run between New York and Chicago over different routes, and four lines run into New York. Seven lines now run into Chicago; four lines run into Los Angeles; two lines run into Seattle; two run into New Orleans; two run into Memphis; three run into Kansas City, and there are numerous other instances of this kind.

7. Eastern Airlines now controls without competition the Miami gateway with connections to the Pan American countries. If they were permitted to secure this contract and the Brownsville gateway, they would then control practically all of the domestic business of the United States for this important international traffic, which would strengthen their monopoly, and definitely injure other domestic air mail contractors, serving important cities throughout the United States.

Here again Braniff Airways is assuming that Eastern Airlines is to be given this new route and ignoring the fact that it will have an equal opportunity with Eastern Airlines to obtain it. Even should Eastern Airlines prove to be the lowest bidder, Braniff Airways would still be running into Brownsville and would receive all of the traffic to and from Mexico, Central and South America that could be best served by its lines.

8. It is physically impossible for any air mail contractor to make the Pan American connections at Brownsville flying via Houston and Corpus Christi, as no ground aids are available, and could not be made available for the next two years, unless the Bureau of Air Commerce originated a project and gave it preference over some three hundred and thirty approved projects that have been on the list for several years. If Eastern Airlines were successful in flying over our route, they would, through their monopoly of the Miami gateway, be able to divert the international trade from the Brownsville gateway through New Orleans and Atlanta, whereas now it flows through Central Texas, Oklahoma, Kansas, Missouri and Illinois.

The policy of the Department of Commerce is not to install beacons, radio beams, and other airline aids, until the routes are established by the Post Office Department. Recently the Post Office Department advertised for bids on four new routes and on not a one of these routes had such aids been established. Under these circumstances the argument that no route should be established until airway aids are provided is unsound and illogical. Here again Braniff Airways assumes that Eastern Airlines is to be the successful bidder and points out that if it is it will be able to divert international trade from the Brownsville gateway over its own route instead of over the routes where this traffic now flows.

As a matter of fact, the Post Office Department, in laying out the routes, seeks to provide services for the natural traffic flow and it would not be justified in disregarding the natural traffic flow in order that traffic might be diverted in some roundabout way so that some particular air mail contractor might profit.

9. The Eastman report for 1934 shows the flow of traffic to South Texas is from the North and West, and therefore, cities now being serviced by Braniff should not have their service impaired in favor of a route that does not have the demand of traffic comparable to the present route.

The answer to this contention is that which is given in the above comment. Traffic will flow over the most direct route and if, as is contended by Mr. Mosier, the flow of traffic to South Texas is from the north and west, Braniff Airways will undoubtedly continue to receive such traffic regardless of whether another route serving another section of the country goes into Brownsville.

10. To advertise this route would mean this impairment of service now being given by Braniff Airways to all midwestern states; permit a monopoly on Latin American and South American traffic; establish definite losses through unnecessary competition; is not required for convenience or necessity to the public; impairs the present postal service; destroys an independent air mail contractor; does not conform with the orderly development of air mail system; impairs the service of fourteen cities that are dependent on a north-south artery from the Great Lakes to the Gulf.

This merely sums up all of the contentions previously made. Summing up my comment I would reiterate that it is the duty of the Post Office Department to provide the most direct routes possible; that Braniff Airways will continue to receive all traffic which would naturally flow over its routes; that Braniff Airways will have an equal opportunity to bid for the route when it is advertised; that Braniff's present financial position is excellent, and that even though another contractor were to underbid Braniff for the proposed route, in my opinion there will not be any impairment of the service which is being afforded by Braniff to the cities on its routes.

While I have set forth the position of the Department regarding the proposed new route between Brownsville and Houston, neither this route nor any other new route can be advertised until Congress enacts legislation increasing the authorized route mileage in the air mail system. Such legislation passed the House at the last session, and is now pending in the Senate.

Sincerely yours,

(Signed) HARLEE BRANCH

Second Assistant
Postmaster General.