

Served:

UNITED STATES OF AMERICA  
CIVIL AERONAUTICS BOARD  
WASHINGTON, D. C.

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DOCKET NO. 855<sup>1/</sup>

NORTHEAST AIRLINES, INC. ET AL., NORTH ATLANTIC ROUTE CASE

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Decided: June 1, 1945

American Export Airlines, Inc., is authorized to engage in foreign air transportation of persons, property, and mail, for a period of 7 years from the effective date of the certificate issued herein, between the co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass., intermediate points in the following route areas: Newfoundland; Labrador; Greenland; Iceland; Shannon Airport, Eire, or other airport serving the Shannon Estuary; United Kingdom, including Northern Ireland; Netherlands; Denmark; Norway; Sweden; Finland; Estonia; Latvia; Lithuania; that portion of Germany which lies north of the 50th parallel; and Poland; and the intermediate point Leningrad, U.S.S.R., and the terminal point Moscow, U.S.S.R.

The amended certificate of public convenience and necessity issued to Pan American Airways, Inc., in Docket No. 713 is further amended (a) so that Part I will authorize Pan American Airways, Inc., to engage in foreign air transportation of persons, property, and mail to Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass., as co-terminals in the United States (authorization to all co-terminals other than New York, N. Y., to expire 7 years from the effective date thereof, as amended); to serve Barcelona, Spain, as an intermediate point between the terminal point Marseille, France, and the intermediate point Lisbon, Portugal, for a period of 7 years after the

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<sup>1/</sup> This proceeding also includes Dockets Nos. 238, 996, 1005, 1172, 1376, 1493, 1505, 1506, 1517, 1538, 1598, 1599, and 1600.

effective date of the amended certificate; (b) so that Part II of the amended certificate will authorize Pan American Airways, Inc., to engage in foreign air transportation of persons, property, and mail between the terminal point London, England; intermediate points within the following route areas: Belgium; that portion of Germany which lies south of the 50th parallel; Czechoslovakia; Austria; Hungary; Yugoslavia; Rumania; Bulgaria; Turkey; Lebanon; Iraq; Iran; and Afghanistan; and the intermediate and terminal points within that portion of India which lies north of the 20th parallel; Part II of such certificate to cease to be effective 7 years from the effective date thereof.

Transcontinental & Western Air, Inc., is authorized to engage in foreign air transportation of persons, property, and mail for a period of 7 years from the effective date of the certificate issued herein between the (1) co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass.; intermediate points in the following route areas: Newfoundland; Eire; France, except Marseille; Switzerland; Italy; Greece; Egypt; Palestine; Trans-Jordan; Iraq; Saudi Arabia; Yemen; and Oman; and intermediate and terminal points within Ceylon and that portion of India which lies south of the 20th parallel; and (2) between the same U. S. co-terminal points and intermediate points within the following route areas: Newfoundland; Portugal, and (a) beyond Portugal, the intermediate points within Spain, except Barcelona; and Italy; and (b) beyond Portugal, the intermediate points within the following route areas: Algeria; Tunisia; Libya; and Egypt.

Applications of Northeast Airlines, Inc., Docket No. 855; American Airlines, Inc., Docket No. 996; Pennsylvania-Central Airlines Corporation, Dockets Nos. 1005 and 1599; U. S. Midnight Sun Air Line, Inc., Docket No. 1376; Trans-Oceanic Air Lines, Inc., Docket No. 1493; Moore-McCormack Lines, Inc., Docket No. 1517; National Airlines, Inc., Docket No. 1538; U. N. Airships, Inc., Docket No. 1600; and of American Export Airlines, Inc., Dockets Nos. 238 and 1172, except as herein granted; of Pan American Airways, Inc., Dockets Nos. 1505 and 1506, except as herein granted, and of Transcontinental

& Western Air, Inc., Docket No. 1598, except as herein granted, are denied.

Appearances:

John E. Ford for Northeast Airlines, Inc.

Leslie Craven and Edward Bierma for American Export Airlines, Inc.

Hamilton O. Hale, Robert L. Griffith, and John G. Zevely for American Airlines, Inc.

Charles H. Murchison, Robert J. Wilson, and Stanley C. Morris for Pennsylvania-Central Airlines Corporation.

George A. Spater, James K. Crimmins, and Nan Correll for Trans-continental & Western Air, Inc.

John Lewis Kelly for U. S. Midnight Sun Air Line, Inc.

Alexander L. Nichols and Berdon M. Bell for Trans-Oceanic Air Lines, Inc.

Henry J. Friendly, Elihu Schott, and Robert D. King for Pan American Airways, Inc.

Melville J. France and Gerald F. Swanton for Moore-McCormack Lines, Inc.

William I. Denning, John W. Cross, and Coates Lear for National Airlines, Inc.

Paul M. Godehn for United Air Lines, Inc.

E. Smythe Gambrell for Eastern Air Lines, Inc.

James Tomlinson, Edward Dumbauld, and Sadie B. Arbuthnot for Department of Justice.

Donald D. Geary for United States Lines Co.

Wilbur LaRoe, Jr. and Joseph O. Francke for New York Port Authority.

Frank F. Truscott and G. Coe Farrier for the city of Philadelphia.

Robert T. Bushnell, William L. MacIntosh, Clarence A. Barnes, and Jacob Spiegel for Commonwealth of Massachusetts.

Frank J. Murray and James W. Kelleher for the city of Boston.

Henry E. Foley for Boston Port Authority.

Charles R. Seal and Robert R. Bonnell for the Baltimore Aviation Commission.

James E. Cassidy for U. N. Airships, Inc.

George M. Morris for the Miami Port Authority.

Allan Briggs for Maritime Commission.

John H. Wanner and James L. Highsaw, Public Counsel.

OPINION

BY THE BOARD:

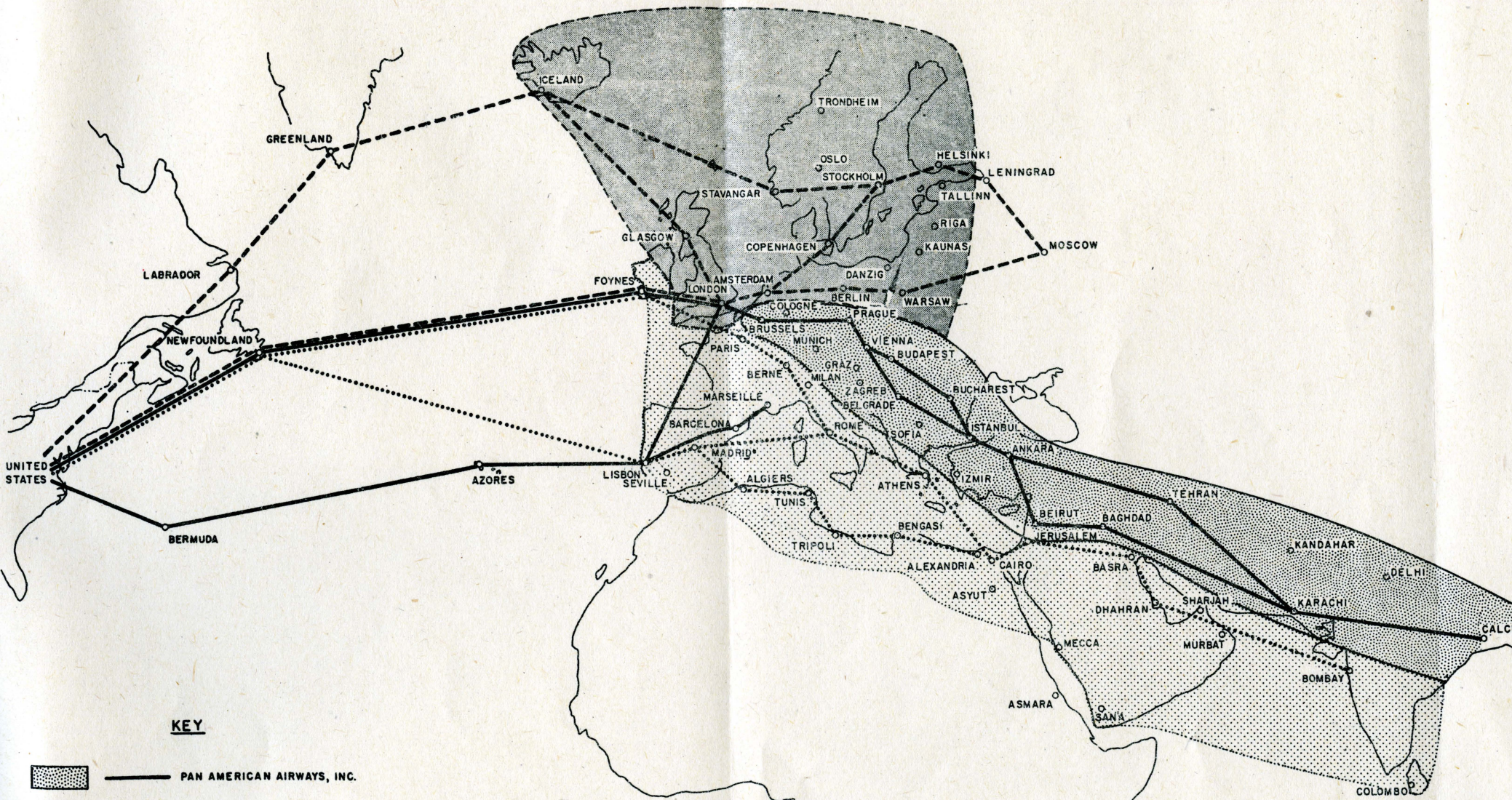
This proceeding involves establishment of the post-war air service pattern for United States air carriers across the North Atlantic between the United States and Europe, extending through the Middle East to India. Applications considered in this proceeding were filed by Northeast Airlines, Inc. (Northeast), American Export Airlines, Inc. (Export), American Airlines, Inc. (American), Pennsylvania-Central Airlines Corporation (PCA), Transcontinental & Western Air, Inc. (TWA), U. S. Midnight Sun Air Line, Inc. (Midnight Sun), Trans-Oceanic Air Lines, Inc. (Trans-Oceanic), Pan American Airways, Inc. (Pan American), Moore-McCormack Lines, Inc. (Moore-mack), National Airlines, Inc. (National), and U. N. Airships, Inc. A complete description of the applications is set forth in appendix No. 1. Leave to intervene was granted to United Air Lines, Inc., Eastern Air Lines, Inc., United States Lines Co., Department of Justice, Port of New York Authority, city of Philadelphia, Commonwealth of Massachusetts, Boston Port Authority, city of Boston, Baltimore Aviation Commission, Miami Port Authority, the city of Norfolk, and the Maritime Commission.

Copies of the applications, together with amendments thereto, were transmitted to the President of the United States in accordance with the requirements of section 801 of the Civil Aeronautics Act. After due notice to the public and all interested parties, a public hearing in accordance with the provisions of the Act was held before Examiners Thomas L. Wrenn and Ferdinand D. Moran. During the course of the hearing, U. N. Airships, Inc., stated that it would not present evidence in support of its application and requested permission to withdraw without prejudice to its position in future proceedings. The report of the examiners was duly filed and served upon all parties. Exceptions and briefs in support thereof have been filed and oral argument has been heard by the Board.

The applications in this proceeding were filed pursuant to section 401 of the Act, which provides that the Board shall issue a certificate of public convenience and necessity authorizing the whole or any part of the transportation covered by the application if it finds that the applicant is fit, willing, and able to perform such transportation properly and to conform to the provisions of the Act and to the rules, regulations, and requirements of the Board promulgated thereunder, and that such transportation is required by the public convenience and necessity. Section 801 provides that the issuance or amendment of certificates authorizing air carriers to engage in overseas or foreign air transportation shall be subject to the approval of the President and that the decisions of the Board shall be submitted to the President before publication thereof.

# NORTH ATLANTIC ROUTE CASE

DOCKET NO 855 ET AL



## KEY

-  PAN AMERICAN AIRWAYS, INC.
-  EXPORT
-  TRANSCONTINENTAL AND WESTERN AIR, INC.

## GENERAL CONSIDERATIONS

This proceeding is of unusual importance. It is the first proceeding involving applications for intercontinental routes since the outbreak of the present world war. Many things have happened in the field of aviation during the war to establish a marked contrast between the pre-war period and the period which is to follow. Technologically, the aeronautics art has been greatly stimulated, and its advance has been almost unbelievably rapid. The aircraft manufacturing industry has expanded from a relatively small stature to a leading position among American industries. Our Air Transport Command and Naval Air Transport Service have been operating to all of the theatres of war in every sector of the globe. In addition to the fact that these services have been very largely staffed by executives of the international and domestic airlines, certain of our commercial airlines have engaged in transportation operations over the ocean to distant parts of the world under contract for the armed services. The great reduction in the time required to deliver mail, critical materials, and personnel to and from distant lands has caused a reorientation in the thinking of the entire world. Air transportation has been accepted by millions of people who were previously unaware of its significance or its utility. This fact unquestionably has accelerated the general use of this new form of transportation by many years.

The extent to which this development will proceed in terms of business volume cannot be estimated with accuracy. We may confidently look forward to the sound development of a sharply expanded foreign air transportation system though precise predictions as to the future volume of traffic cannot be made. We have no intention of encouraging a waste of public money or private investments. On the other hand, we do not believe that we should take an ultraconservative or overcautious course in dealing with the future of this industry. We believe that our country and the world as a whole will benefit immensely by the widespread, rapid growth of international air transportation. Our action in this proceeding is motivated by that basic expectation and is not dwarfed by concern over minor questions which cannot now be resolved.

The pattern of United States air transportation across the North Atlantic involved in the present proceeding must, in accordance with the Civil Aeronautics Act, be one best adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense. This pattern must not be limited by the prospects of the immediate future but must reflect the long-range future for air service. While it is true that additional service can be authorized in the future, we believe that we should now proceed as vigorously and as promptly as possible in the development of this comparatively new means of trade and travel.

Pan American, the only United States air carrier with a permanent certificate to conduct international air transportation service across the North Atlantic, emphasizes the point that the unsettled state of world affairs makes it impracticable to reach a sound conclusion respecting an international air route pattern in the North Atlantic area. In support of this contention it has referred to the absence of agreements with respect to landing rights and the possibility evinced in the course of the Chicago conference that air transportation rights in foreign countries may be subject to various conditions. Although this consideration is of some importance in fixing the term of the certificates, we are of the opinion that it should not prevent us from deciding now upon the air route pattern. While it is true that many international arrangements must still be concluded, it has not been our policy to delay proceedings with respect to our own air carrier authorizations until landing rights and other necessary aeronautical privileges are firmly in hand. To do this might unnecessarily delay the inauguration of service. By completing our proceedings and transmitting our decision to the President for his approval as required by the Act we resolve the domestic problems and make it possible for the President to grant his approval whenever such action will be consistent with our course of dealings in foreign affairs. In fact, it may not be possible in all cases to conduct the necessary international negotiations until a determination has been made as to our proposed air service pattern and until other matters relating thereto have been settled. Of course, it is recognized that United States air carriers cannot operate into or through foreign countries without their permission, obtained through intergovernmental agreements or other appropriate arrangements.

It becomes important in the present case to define the issues which are before us for decision. In avoiding confusion as to what those issues are it will not be inappropriate to point out at the outset that they do not include the question whether as a matter of policy United States international air transportation shall be rendered by a single company or by a "chosen instrument". That policy question was settled by Congress in the Civil Aeronautics Act of 1938 when, as we pointed out in our decision of July 12, 1940, in the American Export Airlines case <sup>2/</sup> Congress provided that this Board in its decisions in new route cases, both domestic and international, should consider as being in the public interest and in accordance with the public convenience and necessity "competition to the extent necessary to assure the sound development of an air transportation system properly adapted to the needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense." That is the national policy which we are called upon in our decisions to administer and any arguments or contentions directed to the validity of such policy are properly addressed to the Congress and not to this Board.

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<sup>2/</sup> American Export Air., Trans-Atlantic Service, 2 C.A.B. 16 (1940).

Two questions are properly before us in the present case. The first is whether more than one United States air carrier should be authorized to operate across the North Atlantic into the areas involved in the various applications before us. Assuming that the first question is answered in the affirmative, the second question is whether domestic air carriers shall be considered as air carriers qualified by the standards of the Civil Aeronautics Act to render such proposed international services as may be authorized here.

The need for more than one air carrier. - The first issue to which we direct our attention involves the application of the law to the facts of record in this proceeding. More specifically stated, the question is whether the development of a sound air transportation system properly adapted to the national needs as outlined in the Civil Aeronautics Act requires that more than one air carrier shall be certificated for the proposed services across the North Atlantic. In our decision in the American Export case, supra, the same question was presented to us and we reached an affirmative answer and issued a certificate to Export authorizing service to Lisbon, Portugal, on a temporary basis. The application originally filed by Export contemplated a considerably more extended service, but the passage of the Neutrality Act and the subsequent war developments prevented such authorization. Later, after the United States had become involved in the present war, an additional temporary certificate was granted to this carrier to operate to Foynes, Eire.

Pan American in the present case contends that we should at this time reexamine the conclusions which we reached in the original Export case as to the economic advisability of authorizing more than one United States air carrier to conduct air services across the North Atlantic. This we shall do on the basis of the record now before us. Pan American asserts that foreign competition, which at the time of the hearing in that case was only an inchoate threat, has now become a certainty and can be expected to increase in volume with the cessation of hostilities abroad.

As an indication of the scope of potential foreign operations to be expected, Pan American introduced an exhibit showing the post-war transatlantic service which it assumes may be operated by various countries in Europe and by Canada. In addition, reference was made to the fact that since the close of the hearing herein reciprocal executive agreements had been concluded by several countries which may result in the establishment of additional transatlantic services. Attention is also directed by Pan American to the Chicago International Air Transport Agreement, which may facilitate inauguration of international services between Europe and the United States.

Pan American contends that if our international air transportation is to be developed to its maximum potential, adherence to a policy of low cost mass transportation using extremely large, high-speed aircraft will be required.

It asserts that such a policy is possible only if United States operations are concentrated in one company.

Pan American submitted a plan for future transatlantic operations based upon a theory of mass transportation at low rates. The rates which it proposes for the transatlantic operations average 4 cents per mile, using large, fast equipment. Pan American's plans envisage the use of two types of planes, which it designated as types 9 and 10, accommodating a minimum of 79 passengers and 119 passengers, respectively. Pan American argues that aircraft of this capacity cannot be utilized if the available traffic is to be divided among several United States carriers and that its goal of a low cost service cannot be achieved unless it is the sole United States carrier.

Pan American's arguments, carefully analyzed, add up to the contention that there will not be sufficient traffic across the North Atlantic to justify the operation of more than one United States air carrier. The economic arguments which have been advanced by Pan American against the establishment of additional United States air carriers across the North Atlantic must receive very careful consideration. As heretofore pointed out, a prognostication of the volume of air traffic which may be anticipated for the post-war period cannot be measured with mathematical accuracy. We believe, however, that the future will show a very substantial increase in the volume of trade and traffic between this country and European points. In addition, such arguments must be weighed in the light of other factors bearing upon the establishment and maintenance of a system of international air transportation service by United States air carriers which will best meet the national public interest.

While we are here limited in our consideration to a question of the establishment of routes across the North Atlantic we cannot ignore the worldwide implications of our decision. The North Atlantic trade route is admittedly one of the best international traffic routes. In view of the fact that Pan American (including for this purpose Pan American-Grace Airways, which is 50 percent owned by Pan American) is the only air carrier holding permanent certificates authorizing international air transportation (except to Canada) and is presently authorized to conduct its operations into all major parts of the world, a decision here that only one air carrier is required across the North Atlantic would in effect constitute a finding that only one United States air carrier should be authorized to engage in international air service. The basic question would therefore appear to be whether the national policy of regulated competition in air commerce shall be abandoned for a policy of monopoly in the international field.

A reduction in travel costs to the American public which Pan American advances as an objective under its plan, of course, is earnestly desired

by the Board. In our opinion, however, the objective can be reached most surely through regulated competition between United States international air carriers rather than by relying upon a world-wide monopoly. The stimulus imparted to energetic management under a sound competitive system would ensure the establishment of a fare level for international service which would result in maximum development of the traffic potential.

We recognize it as probable that substantial reductions in seat mile operating costs can be made by using aircraft of greater capacity than are now available. The precise extent of such savings and the extent to which they will continue to accrue as aircraft become indefinitely larger are questions upon which there appear to be marked differences of opinion. Very large aircraft, of course, bear a certain handicap in that they require a sacrifice in flexibility of operation and in frequency of schedules. As the unit size of the aircraft used increases, a tendency to reduction of average load factor may ultimately be expected. If the economic benefit of the use of aircraft of extremely large size should prove to be as great as predicted by Pan American's witnesses, and if it should prove practicable to reduce rates to as low a level as Pan American proposed, the total volume of patronage of transatlantic service may be expected to increase to far above the general level of traffic estimates based on more conservative expectations of future cost reduction. The use of aircraft of very large payload capacity is therefore likely only in conjunction with a very large traffic, since the conditions that would justify such aircraft would also assure the large patronage.

We recognize that competition from foreign air carrier services will develop on important routes. Such foreign competition, however, is not an adequate reason for abandoning the present statutory policy of this Government. The greatest gain from competition whether actual or potential is the stimulus to devise and experiment with new operating techniques and new equipment, to develop new means of acquiring and promoting business, including the rendering of better service to the customer and to the country, and to afford the Government comparative yardsticks by which the performance of United States operators can be measured. No matter how many foreign competitors may be in the field their research and development will not be fully available to our industry. The technical advancement of aircraft that may be stimulated by competition, together with progressive and competitive engineering and research associated therewith, will contribute to the peacetime advancement and maintenance of the aircraft manufacturing industry.

We find no reason in the record to depart from the basic conclusions stated by us in the American Export decision, supra. The public interest as defined by the statute requires the operation of more than one United States international air carrier. To restrict international air transportation to one carrier would place upon one small managerial group responsibility for handling matters having tremendous national importance.

The vast extent of our future international air transportation operations and their economic and political significance is of great importance. To conclude that the public convenience and necessity require only one company in international air transportation would result in placing that company in a position of power which might enable it to interfere with public policies unacceptable to the management.

As in the domestic system, regulation might result in there being only one carrier in a particular traffic area, but to carry regulation to such an extreme as to place only one carrier in the entire European area would result in depriving the United States of the opportunity of attaining the maximum development of its foreign air transportation system. No effective substitute for healthy competition as a stimulus to progress and efficiency can be found in monopoly. The stimulus to an imaginative management that results from the competitive efforts of business rivals to secure patronage and trade cannot be matched as a motivating force for the public welfare even by the private profit incentive, for the latter might be satisfied with moderate traffic at high rates while public welfare would require mass transportation at lower fares and charges. The improvements which flow from a competitive service cannot be decreed by administrative fiat. <sup>3/</sup> The presence of more than one United States company in the European area should provide a broader and more intensive development of equipment, facilities, and services than would be achieved by one company.

It is our conclusion therefore that United States participation in international air service in the European area should not be restricted to one company. In this respect we reaffirm the principle laid down in the American Export case, supra.

International operations by domestic carriers. - Except for the extension of some domestic airlines into Canada and Mexico, there has been heretofore a separation between the sphere of operations of international air carriers and domestic air carriers. This separation developed partly as a result of governmental policy and partly because international over-ocean travel had historically terminated at our shore lines. In the present case the Board is called upon to determine whether this pattern will be followed or whether domestic air carriers will be permitted to engage in international service.

The use of flying boats resulted in terminating transoceanic flights at convenient ports of entry providing landing facilities for such aircraft. Technical advances in air transportation with the increase in speed and development of long-range aircraft have reduced the operating disadvantages which resulted in terminating over-ocean flights at shore

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<sup>3/</sup> Colonial Air, et al., Atlantic Seaboard Op., Docket No. 445,  
decided February 19, 1944.

lines. Air transportation transcends the natural barriers of mountains and oceans which have been a limiting factor in surface transportation. Since under the Act we are directed to recognize and preserve the inherent advantages of air transportation, no artificial barriers should be erected at our borders.

The granting of certificates to qualified domestic air carriers would permit this country to capitalize on the experience of the domestic airlines not only in carrying on their domestic operations but also in their contract operations for the Army Air Transport Command and the Naval Air Transport Service throughout the world. The new international operations would profit further by the utilization of experienced headquarters staffs, and trained operations crews, skilled workers, and shops for the maintenance and repair of aircraft.

In expanding our international air transport network, it is, of course, desirable to attain maximum development of that system. We believe therefore that full advantage should be taken of the existing facilities of our domestic air carriers to permit promotion and development of international air traffic at all points served by their systems.

Pan American contends that the international service should retain a separate identity from domestic service. It points out that the several domestic carriers seeking certificates in the instant case are authorized to operate in the major traffic centers of the United States. It asserts that if these carriers are permitted to extend their operations across the North Atlantic to Europe, Pan American will be at a serious disadvantage in competing for traffic. It also argues that if domestic air carriers are permitted to engage in international air traffic the competitive balance among the major transcontinental carriers will be seriously affected, unless all of them are permitted to extend their operations abroad.

The ability of a domestic carrier to provide single-carrier service between domestic points served on its system and foreign points to which it may be certificated offers a forceful sales argument. The fact that the domestic air carriers would be in a position to develop traffic at its source would give them a considerable advantage in competing with a carrier restricted to ports of entry at our shore lines. Domestic air carriers authorized to engage in international air traffic undoubtedly would have some advantage over Pan American in this respect if Pan American were restricted to the shore lines. This advantage, however, has been minimized by our authorization of that carrier to conduct its international operations to major traffic centers in the United States. These authorizations, coupled with the widespread character of Pan American's operations, and the fact that it is firmly rooted in international trade in various parts of the world, should enable it to compete effectively with the domestic carriers for a fair share of the available transatlantic traffic.

We recognize that a domestic air carrier authorized to engage in international air transportation might have some competitive advantage in the transportation of international traffic over some other domestic carrier not holding such authorization. However, the evidence of record indicates that the volume of international traffic moving over domestic lines would be relatively small as compared with the total volume carried. In addition, while it is possible that operation of an international route would provide a certain prestige having some advertising or publicity value, we do not believe that this factor would have any important bearing upon the movement of traffic over domestic routes. We are unable to find, therefore, that operation of an international service by one or more of the domestic air carriers would have any serious effect upon the operation of the domestic transportation system.

Weighing the foregoing considerations in the light of the entire record of this proceeding it is our conclusion that the public convenience and necessity would best be served by permitting a domestic air carrier to engage in international air transportation if that service is found required by the tests of public convenience and necessity prescribed by the Act.

#### NORTH ATLANTIC ROUTE PATTERN

Although many transport planes each day cross the North Atlantic in the prosecution of the war effort, permanent routes authorized for commercial operations are limited to those of Pan American between New York and London and between New York and Lisbon, with extensions to London and Marseille which are subject to certain frequency limitations. Export holds temporary certificates authorizing service between New York and Lisbon and between New York and Foynes.

Realizing the desirability of arriving at early conclusions with respect to international air routes the Board conducted a study of the problem and on June 14, 1944, announced the international air route pattern which it had tentatively concluded

would be desirable for post-war operation by United States air carriers.<sup>4/</sup> These tentative conclusions were available in the hearing in this case and much of the data considered in reaching them were incorporated in the present record. Further consideration in the light of facts adduced in the course of the hearing has led us to modify the tentative route pattern in certain respects. These conclusions have been reached after consideration of historical traffic data, estimates of the future for international air commerce, and other pertinent considerations contemplated by the Civil Aeronautics Act. None of the parties to the present proceeding disputed the need for a substantial expansion in the pre-war pattern.

Significance of historical data. - The historical record of overseas surface transportation affords valuable background for estimating future requirements. However, it has serious limitations. The historical overseas transportation pattern was necessarily oriented to deep water seaports and connecting sea lanes, a fact which resulted in the establishment of most of the world's principal international traffic centers at coastal points. While these traffic centers will continue to exert great influence on the future intercontinental pattern of both surface and air transportation, the development of international air transportation can be expected to establish new traffic centers

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<sup>4/</sup>These routes insofar as they relate to the present proceeding were as follows:

I. New York - a point in Newfoundland or Labrador - a point in Eire - London - Amsterdam - Berlin - Prague - Vienna - Budapest - Bucharest - Istanbul - Cairo

II. New York - a point in Newfoundland or Labrador - a point in Eire - Paris - a point in Switzerland - Rome - Athens - Cairo - Basra - Karachi - Calcutta

III. New York - points in Newfoundland or Labrador, Greenland and Iceland - Oslo - Stockholm - Helsinki - Leningrad - Moscow - Teheran - Basra

IV. New York - Bermuda - Azores - Lisbon  
(a) Lisbon - Madrid - Marseille - Rome  
(b) Lisbon - Algiers - Tunis - Tripoli -  
Cairo  
(c) Lisbon - London

in nonmaritime areas on both sides of the Atlantic with consequent major departures from the historical travel flow pattern.

Overseas air transportation introduces a time advantage not reflected in the historical record of overseas steamship transportation. By surface carrier the transatlantic round-trip journey involves minimum travel time of about 2 weeks. Historically, the majority of travelers devoted several months to such a trip, particularly where longer than average distances of travel were involved. Air transportation requires a much smaller portion of total trip time to actual movement from place to place than does surface transportation. By air a round trip to Europe covering a week's time would permit approximately three-fourths of the total elapsed time to be devoted to the purposes of the journey. It seems reasonable to assume that the historical surface travel figures reflect few transatlantic round trips involving less than a month, and that most of those trips represented cases of urgent necessity. The time advantage in air transportation should provide a powerful inducement to increase travel volume.

Transatlantic surface travel has been subject to extremely unfavorable seasonal fluctuations and to marked directional unbalance. The traditional travel flow pattern during the spring months shows a great surge of passengers from the United States to Europe, counterbalanced by only a thin trickle of reciprocal travel. The reverse of this situation occurs in the late summer and early fall. Total travel during December, January, and February averages only approximately one-half of the travel during July, August, and September. The weight of expert testimony, with which we agree, assumes that future transatlantic air transportation will not be handicapped by such extreme seasonal and directional variations. The principal factor relied upon to reduce these fluctuations is the development of very substantial short-term business travel and winter recreational and cultural travel.

Distribution of market potential. - Important considerations in selection of traffic centers to be served, both in the United States and in transatlantic areas, are the relative significance of these centers as traffic sources and as traffic terminals or interchange areas. The following table, condensed from appendix No. 2, compares the relative historical importance of such United States areas and a selected number of the principal European areas.

Percentage distribution of travelers outbound  
from United States to European-Mediterranean areas in 1938

Area of residence and origination-destination	Passenger departures	
	By area of residence	By area of origination- destination
	Percent	Percent <sup>1/</sup>
United States areas (aggregate)—	78.57	50.00
New England -----	9.45	6.01
Middle Atlantic -----	39.22	24.96
South Atlantic -----	2.24	1.43
North Central -----	18.63	11.86
South Central -----	1.83	1.16
Northwestern -----	1.30	0.82
Southwestern -----	5.90	3.76
Transatlantic areas (aggregate)—	21.43	50.00
British Isles -----	9.98	14.34
Belgium -----	0.28	1.95
Netherlands -----	0.77	2.62
Scandinavian countries -----	1.69	3.88
Germany -----	4.59	6.90
France -----	1.52	6.32
Switzerland -----	0.41	2.78
Italy -----	0.57	3.62
All other (18 countries) -----	1.62	7.59
Total -----	100.00	100.00

<sup>1/</sup> Transatlantic area percentages are in proportion to the relative number of visits made by United States resident travelers to the several countries.

As previously indicated, the full development of transatlantic air transportation will effect a substantial change in the distribution pattern of transatlantic travel flow. This should tend to increase the relative importance of interior areas as market sources and travel terminals both in the United States and in Europe. There seems no reason to conclude, however, that development of

air transportation will affect the relative importance of the total United States market as compared with the total transatlantic market. United States residents contributed 78.57 percent of all travel outbound from the United States to European-Mediterranean areas in 1938 as against contributions by foreign residents of 21.43 percent. The United States contribution to aggregate outbound and inbound travel during this year was 80 percent as contrasted to a 20-percent reciprocal contribution. The contribution of United States residents to total transatlantic travel has averaged approximately 83 percent during the 20 years from 1919 to 1938 inclusive. 5/ In combination with the inherent historical and cultural interest which the older countries have for United States residents the relatively great total and per capita wealth of the United States should serve to continue this relationship into the indefinite future.

The New England, Middle Atlantic, and North Central areas of the United States as the greatest source of traffic are not only in the best position to sustain service but should be served by the transatlantic United States routes. The British Isles represent an historical reciprocal market approximately equal only to the New England area market; and both of these markets are substantially smaller than either the Middle Atlantic or the North Central markets.

Approximately 85 percent of the United States resident overseas travelers reside in the New England, Middle Atlantic, and North Central areas of the country. Multiple coverage of these areas by the several United States flag transatlantic routes designated here and the extension of these routes, each to a separate group of overseas destinations in a manner to cover all important transatlantic areas, will furnish direct, through United States route transportation for nearly all United States resident travelers.

The record does not show that the volume and nature of market potentials represented by the great majority of foreign traffic centers here involved warrant direct service by more than a single United States flag route. The more important of these centers are included in a relatively small geographical area normally connected by extensive surface and air transport facilities. Further, transatlantic carriers of foreign nationality may be expected to share the traffic between these centers and the United States.

Travel purposes. -- A most important influence upon the anticipated development of transatlantic air transportation concerns the adaptability of air transportation to the purposes of travel. According to estimates based on surveys conducted by the Passport Division of

the Department of State, 47 percent of total overseas travel by United States citizens during the 4-year period from 1935 to 1938, inclusive, was for the purpose of recreation, and approximately 35 percent for family affairs and personal business. Other purposes of travel, representing 18 percent of the travelers, were reported in the following percentages:

	<u>Percent</u>
Educational -----	4.9
Commercial business -----	4.0
Professional business -----	2.2
Employment -----	2.7
Missionary -----	1.5
Official business -----	1.1
Health -----	0.9
Scientific -----	0.7
Miscellaneous -----	(Less than 0.05 percent)

It seems reasonable to anticipate that the speed, frequency, regularity, and year-around comfort of air service will encourage substantial growth in nearly all of the foregoing categories of overseas travel. These advantages will also tend to equalize the marked seasonal variations and directional unbalance which have characterized historical transatlantic surface travel.

It is the nonrecreational travel categories, however, which are most generally regarded as offering the greatest promise for expansion. Purpose-of-travel surveys conducted by domestic carriers prior to the war indicate that nonrecreational air travel ranges from 75 to 85 percent of total travel. The ultimate effect of the development of transatlantic overseas air transportation upon nonrecreational travel categories can only be conjectured. However, it seems probable that growth in these categories will be great compared to the growth of recreational travel, and that this travel will be well balanced both seasonally and directionally. It will be possible to accomplish journeys by air between principal traffic centers of the United States and Europe in 24 hours or less with a high degree of comfort and safety at any time which may suit the convenience of the traveler. Even travel between the eastern and western extremities of the service pattern here designated will ultimately require less time by air than is required by rail travel from Chicago, Ill., to the West Coast.

It is significant that 35 percent of transatlantic travel by United States residents was for purposes of family affairs and personal business during the 4 years, 1935 to 1938, inclusive. During this period passports issued to naturalized United States citizens constituted 36 percent of passports issued to all United States residents. There appears also to be a close relationship between the distribution by nationality of United States residents of foreign and mixed parentage and the distribution by nationality of foreign visitors to this country. This circumstance and the identification of family affairs and personal business as purposes of travel by foreign-born citizens of the United States leads to the conclusion that air transportation may be expected to increase travel between the United States and foreign areas related by ties of family and nationality.

Passenger and mail traffic. - Surface travel eastbound from the United States to the European-Mediterranean areas in 1938 comprised approximately 258,000 passengers of all classes, of which approximately 63,000 occupied first and cabin-class accommodations. During the same period outbound first-class mail totaled approximately 2,517,000 pounds. Reciprocal inbound movement of passengers approximately equaled the outbound movement, and inbound mail is estimated to have been approximately 80 percent of the outbound mail. In terms of aggregate daily traffic movement in both directions this represented an average of approximately 1,400 passengers, of which 350 were first and cabin-class passengers, and 14,000 pounds of mail. Transatlantic passenger volume during 1938 was 20 percent below the 16-year average from 1923 to 1938, inclusive. Mail volume was approximately 11 percent below the 16-year average for this period.

Applicants' estimates of aggregate airmail traffic outbound from the United States to European-Mediterranean areas, received in the record in this proceeding, range from approximately 2,000,000 pounds to approximately 2,700,000 pounds per year. Estimates of total eastbound and westbound air travel ranged from 194,000 to 550,000 passengers annually. Future periods of time indicated for the realization of these estimates range from the third or fourth post-war year to the tenth post-war year. In instances where the estimated traffic was distributed seasonally and directionally, distributions were made upon assumptions of favorable seasonal and directional characteristics.<sup>6/</sup>

Express and freight. - Data covering the historical movement of transatlantic cargo are wholly inadequate as a basis for projecting future transatlantic air cargo volume. Historically, only a few

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<sup>6/</sup> For reference purposes see appendix No. 4 which shows the historical seasonal and directional indexes and the results of applying these indexes to an assumed annual flow of 100,000 transatlantic travelers in each direction.

hundred tons of seaborne freight moved annually over the North Atlantic at rates which fall within the probable future range of air transport rates. This circumstance cannot be regarded as indicative of future transatlantic commercial air cargo service possibilities. Transatlantic air cargo service, even on a "when space is available" basis, would involve only a fraction of the transport time by the most expedited surface handling. The offering of such service to the international shipper should develop a large volume of premium rate cargo.

Estimates of probable express, freight, and other cargo volume by applicant carriers ranged from 5 to 15 percent of their estimated total payloads. One applicant indicated the belief that approximately half of this business would be on a deferred, or "when space is available", basis. Transatlantic air transportation, involving, as it does, transit distances ranging from 3,500 to 10,000 miles, would appear to offer exceptional opportunity for development of the deferred-acceptance type of business. The carriers should find it financially advantageous to handle this traffic at much lower rates than their regular express rates in order to secure income from capacity which might otherwise remain unused. A degree of directional traffic unbalance, of course, is inevitable. It is typical of all scheduled transportation that loads vary from schedule to schedule and from day to day.

We share the conclusion, implicit in the estimates of applicant carriers, that passenger traffic in general will constitute the principal source of commercial revenue for the transatlantic air carriers during the first post-war decade. Estimates of the carriers with respect to the proportion of cargo to total loads appear to have been largely influenced by historical experience on the domestic and Latin American trunk lines.

Revenues and costs. - Revenue and cost estimates introduced in the record by the several applicants represent a variety of statistical approaches and assumptions. Some related assumed traffic volumes to costs predicated on the use of existing types of aircraft and from this base constructed rates of charge per traffic unit. Others rely heavily upon the low payload cost forecast for certain large capacity transport aircraft, which they indicate will become available after the war, to establish rates of charge per traffic unit relatively much lower than could be predicated on existing types of equipment. These low rates in combination with background traffic data are used to forecast substantially heavier traffic volume than could be reasonably predicated on the use of smaller equipment involving relatively higher costs per traffic unit.

The types of aircraft used as a basis for the several revenue and cost estimates vary widely in gross tonnage, flight radius, operating cost characteristics, and passenger capacity. Estimates of passenger capacity range from rated daytime capacities of 40 to 50 persons for currently operated aircraft types to well over 100 persons for types in process of development. In general, plane-mile revenue and cost estimates vary upward in proportion to the size of aircraft selected and ton-mile traffic revenues and costs vary in an inverse ratio to plane-mile costs and revenues.

Estimates of plane-mile revenues range from approximately \$1.20 per mile to approximately \$3.25 per mile. Corresponding plane-mile cost estimates range from approximately \$1.20 to approximately \$2.65. Traffic ton-mile revenue estimates range inversely to plane revenues and costs from approximately 68 cents per ton mile for the smaller planes to 38 cents per ton mile for the larger planes. Each of the applicants contends that the service which it proposes can be conducted without Government subsidy, and in general the total estimated revenues include mail revenue estimates on the basis of the carriage of varying amounts of United States mail at a rate of 0.5 mill per pound mile.

It is not possible at this time to foresee the final effect which the currently changing and momentous world events will have upon the volume and distribution of air traffic between the United States and transatlantic areas. Further, new route traffic predictions are from their nature necessarily subject to errors even when made upon a stable, economic and political background and with ample analogous experience upon which to draw. Therefore, while we give thoughtful consideration to all estimates of record we cannot place great reliance upon detailed station-to-station forecasts of future traffic to be exchanged between the United States and transatlantic areas, identified as to specific periods of time either by year or by a number of years which have elapsed after the close of the war. Much less can we accept, without strong reservations, estimates of revenues and costs predicated upon such forecasts since they are subject to their own added speculative hazards.

Conclusion as to routes. - As we have heretofore noted, the record shows that it is not possible at this time to predict the volume of traffic to Europe; the relative importance of the traffic generating areas of Europe; the precise pattern of operating rights through the countries of Europe, including the duration and extent of such rights; or the whole course of international relations which may affect the future of international air transportation in this part of the world. These considerations demand that the plan of operations by United States carriers should be subject to review and to changes which may be dictated by the shifting of the many elements involved. This conclusion requires in turn that the certificates issued in this proceeding should not be of a fixed and inflexible nature but should be of such character as to permit necessary revisions and at the same time provide a framework which will allow a proper development of American international air transportation to Europe. These considerations and the data of record lead us to the conclusion that the certificates should be limited to a period of 7 years from their effective date. This period of time should allow for the needed development without eliminating the desired flexibility.

Although most of the applicants in this proceeding have requested permanent certificates, the time limitation which we have concluded as desirable in the certificates to be issued herein is authorized by the provisions of the Civil Aeronautics Act. We have previously indicated the application of the Act to the issuance of certificates of public convenience and necessity in cases involving international air transportation where considerations of national interest require that the issuance of such certificate be limited to a terminable period of time. <sup>7/</sup> On that point we have declared:

"In view of the enormous importance of air transportation in future international relations, whatever general reconsideration of basic international aviation policy which this Government may be called upon to undertake in the immediate post-war period should not be hampered by a decision of the Board granting an unlimited authorization in this proceeding. This is especially desirable in view of the fact that all other certificates involving foreign air transportation issued by the Board during the present emergency have been granted on a terminable basis and thus are subject to reconsideration in the post-war period. We shall issue therefore a certificate of convenience and necessity in this case limited to a period of 3 years from the effective date of this order and opinion."

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<sup>7/</sup> Pan Am. Airways et al., New Orleans-Guatemala, 4 C.A.B. 161  
(1943).

The considerations which led to the issuance of a temporary certificate to Pan American in that case are amplified manyfold in the present proceeding and they are clearly distinguishable from the considerations applicable to those domestic cases in which we have indicated a different application of the Act. 8/ The demands of public interest for the issuance of certificates in foreign air transportation limited in terms of their duration are so impelling that they cannot be ignored. In section 401 of the Act Congress recognized the problems inherent in the certification of routes for international air transportation by permitting a wide flexibility in the designation of such routes. Further, international certificates unlike domestic certificates are subject to the approval of the President under section 801 of the Act and can only be operated after obtaining landing rights in foreign countries which are frequently of limited duration. Equal flexibility is required in the formulation of certificates to be issued for transportation to areas subject to rapid and ever-changing political and economic conditions during periods when such changes are particularly accentuated. A 7-year limitation such as we have here determined to be desirable is clearly a reasonable condition of the certificate required by the public interest.

Our decision herein does not involve any problem of due process in so far as the hearing accorded the applicants in the instant case is concerned. The facts submitted by all applicants were subject to cross-examination, briefs were submitted, and oral argument was held. As the evidence submitted to support the whole (a permanent certificate) would clearly be applicable to support a part (a temporary certificate), the full hearing accorded for the whole would appear to be equally sufficient for any of its parts. This is particularly true in the instant case due to the fact that the evidence offered and arguments advanced in support of the permanent certificate are equally applicable in support of a temporary certificate. Indeed, little effort was made to introduce evidence relating to potential traffic, costs, foreign competition, technical progress, etc., for any period other than the one immediately following the present war. No new issues upon which proof might be submitted are involved, and no new evidence is required; our decision is merely one reflecting the weight to be given the evidence in support of the length of time for which the certificate should be authorized.

The political and economic uncertainties of the future also make extremely difficult the designation of particular points to be served in the proposed new operations. The considerations which led us to conclude that authorizations for new service in this case be limited to a term of years apply with equal force to the points to be served. In view of the rapidly changing conditions in Europe it is almost certain that changes in points and types of service will be necessary after the operations are developed.

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8/ Continental A.L., et al., Texas Air Service, 4 C.A.B. 215 (1943); Eastern A.L., Autogiro Service, 2 C.A.B. 54, 61 (1940),

In the issuance of certificates to engage in foreign air transportation the Board is not required in all cases to designate specific points without the United States to be served. The Act recognizes and contemplates the need in particular cases of an authorization to serve areas constituting a general route rather than designated points composing a specific route. Under section 401(f) of the Act, we must specify the terminal and intermediate points to be served without the United States in foreign air transportation only insofar as we "shall deem practicable, and otherwise shall designate only the general route or routes to be followed." 9/ The record in the present proceedings shows this to be a proper instance for the exercise of the statutory discretion conferred upon us. The need for flexibility in the face of rapidly changing conditions is best accommodated within a service pattern defined by areas along general routes in the foreign air transportation here involved, instead of the usual point-to-point pattern for domestic carriers. No exclusive rights are granted any carrier by the area concept. We have also indicated the initial service plan designating the specific points to be served by the holders of such certificates. It is contemplated that changes in such service plan may be initiated within the area assigned to a particular carrier upon compliance with the provisions of the applicable economic regulation.

Developments subsequent to our decision in the American Export case, supra, have required a reappraisal of the future potentialities of air transportation. The wartime developments in transoceanic air transportation, demonstrating its feasibility as a safe, reliable, and rapid mode of transportation, have resulted in a substantial upward revision of the traffic estimates which were deemed liberal when presented in the original case. Increases in world trade, the need for frequent intercourse between the countries of Europe and this country, and the business travel which will be involved in the rehabilitation of war-torn areas will bring a tremendous growth in the volume of travel and trade between this country and the countries of Europe. We are further of the opinion that closer relationships with the people of Soviet Russia will open up heretofore undeveloped trade and travel markets and will in time result in a substantial flow of trade and travel between that nation and the United States.

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9/ The pertinent part of this section reads as follows: "A certificate issued under this section to engage in foreign air transportation shall, insofar as the operation is to take place without the United States, designate the terminal and intermediate points only insofar as the Authority shall deem practicable, and otherwise shall designate only the general route or routes to be followed."

On the basis of a consideration of all of the facts of record including historical data relating to flow of traffic across the North Atlantic, future prospects for development of commerce and trade in this area, and other pertinent statutory considerations we find that the public convenience and necessity require the establishment of service by separate United States air carriers. These general routes which are shown on the map which accompanies this opinion are fully described in terms of three distinct areas as follows: (For purposes of area identification the political boundaries as of January 1, 1937 are used.)

Northern route  
composing the following area:

Newfoundland  
Labrador  
Greenland  
Iceland  
Shannon Airport or other airport  
serving the Shannon estuary  
United Kingdom, including  
northern Ireland  
Netherlands  
Denmark  
Norway  
Sweden  
Finland  
Estonia  
Latvia  
Lithuania  
that portion of Germany which  
lies north of the 50th parallel  
Poland  
intermediate point Leningrad and the  
terminal point Moscow in the Union  
of Socialist Soviet Republics.

Central route,  
composing the following area:

Belgium  
that portion of Germany which lies south  
of the 50th parallel  
Czechoslovakia  
Austria  
Hungary

Yugoslavia  
Rumania  
Bulgaria  
Turkey  
Lebanon  
Iraq  
Iran  
Afghanistan

and intermediate and terminal  
points within that portion of  
India which lies north of the  
20th parallel

Southern route  
composing the following area:

- (1) Newfoundland  
Eire  
France, except Marseille  
Switzerland  
Italy  
Greece  
Egypt  
Palestine  
Trans-Jordan  
Iraq  
Saudi Arabia  
Yemen  
Oman

and intermediate and terminal points within  
Ceylon and that portion of India which  
lies south of the 20th parallel

- (2) Portugal  
and (a) beyond Portugal, intermediate  
points within the following areas:

Spain, except Barcelona  
Italy

and (b) beyond Portugal, intermediate points  
within the following areas:

Algeria  
Tunisia  
Libya  
Egypt.

Our conclusions that three general routes are required in the public interest take account of the traffic potentialities and distances involved in the area to be served; the probability of foreign competition and the existence of routes of Pan American to London and Lisbon, two of the principal gateways into the European area. The record clearly shows that foreign competition can be expected in many of the European areas which will be the source of international traffic. If the traffic potentialities were to be divided into more than three areas, such areas would not offer the present opportunity for sound growth and development which we believe to be essential. On the other hand, the three general routes described offer that degree of competition which we believe necessary to assure the sound development of United States air transportation in that part of the world considered here.

The pattern set forth above would limit directly duplicating United States air carrier competition to the major gateway points of London and Lisbon, and would, in our opinion, form a sound basis for the establishment and maintenance of service by separate United States carriers. The record supports the finding that the entire route pattern with the exception of certain segments should develop commercial traffic of sufficient volume and character to support its operation fully and economically. This objective, of course, would not be reached in the immediate post-war period but can be expected only after a development of the traffic potential. The points which will be initially designated for rendering service within the general route areas above described shall be as follows and as indicated on the map referred to hereinbefore:

#### Northern route

Between the co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass.; a point in Newfoundland; a point in Labrador; a point in Greenland; a point in Iceland; Foynes, Eire; Glasgow, Scotland; London, England; Amsterdam, Holland; Copenhagen, Denmark; Stavanger, Norway; Stockholm, Sweden; Berlin, Germany; Warsaw, Poland; Helsinki, Finland; Leningrad, U.S.S.R.; and the terminal point Moscow, U.S.S.R.

#### Central route

Between the co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass.; a point in Newfoundland; the intermediate points Foynes,

Eire; London, England; Brussels, Belgium; Prague, Czechoslovakia; Vienna, Austria; and (a) beyond Vienna, the intermediate points Budapest, Hungary; Bucharest, Rumania; Istanbul, Turkey; Ankara, Turkey; Tehran, Iran; Karachi, India; and the terminal point Calcutta, India; and (b) beyond Vienna, the intermediate points Belgrade, Yugoslavia; Istanbul, Turkey; Ankara, Turkey; Beirut, Lebanon; Baghdad, Iraq; Karachi, India; and the terminal point Calcutta, India.

Southern route

- (1) Between the co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa.; New York, N. Y.; and Boston, Mass.; a point in Newfoundland; the intermediate points Foynes, Eire; Paris, France; Berne, Switzerland; Rome, Italy; Athens, Greece; Cairo, Egypt; Jerusalem, Palestine, Basra, Iraq; Dhahran, Saudi Arabia; and the terminal point Bombay, India.
- (2) Between the co-terminal points Chicago, Ill., Detroit, Mich.; Washington, D. C.; Philadelphia, Pa.; New York, N. Y.; and Boston, Mass.; a point in Newfoundland; the intermediate point Lisbon, Portugal; and (a) beyond Lisbon, the intermediate point Madrid, Spain; and the terminal point Rome, Italy; and (b) beyond Lisbon, the intermediate points Algiers, Algeria; Tunis, Tunisia; Tripoli, Libya; Bengasi, Libya; and the terminal point Cairo, Egypt.

As hereinbefore pointed out, changes in pattern within the framework of the described routes would be effected by compliance with the provisions of the Board's applicable economic regulation.

The extension of international operations from important traffic centers in this country represents a desirable objective in our international air transportation picture. Facts of record bearing upon movement of overseas traffic leads us to conclude that Chicago, Detroit, Boston, New York, Philadelphia, and Washington should be designated as co-terminal points for international services. In authorizing service to these cities we recognize the fact that the traffic potentialities are as yet unproved and that the demands for service to some of these points may not prove sufficient to warrant their continuous use as terminals for transatlantic flights. Accordingly, in the event that service to one or more of these cities in the international operation proves unfeasible economically or from an operational standpoint, the carrier may, under

appropriate regulation of the Board, be relieved from the requirement of providing such service upon an appropriate showing to us that the public interest would not be adversely affected.

Pan American requested the designation of Montreal, Canada, as an intermediate point in lieu of its presently certificated base at Shediac, New Brunswick. Clearly each of the international carriers should be authorized to make fuel stops at points in Canada and passengers on flights at such points should be afforded stopover privileges in accordance with the existing agreement between this country and Canada. The certificates authorized herein will include appropriate authority. We are unable to find, however, that there is any need for designated points in Canada as traffic stops in the international service of United States carriers, and there is no provision for such stops in the present intergovernmental agreements.

Other cities in the East, including Baltimore, Md., Norfolk, Va., and Miami, Fla., urged that they be designated as terminal points for flights across the North Atlantic. Traffic originating at Baltimore could be conveniently served through the nearby Washington terminal or through Philadelphia. The record fails to substantiate that a volume of international traffic comparable to that developed at the points we have designated as co-terminals would be developed at either Miami or Norfolk for transportation across the North Atlantic or that any operational advantage would be derived from the inclusion of either point.

Under the circumstances we find that the public convenience and necessity do not require the designation of Baltimore, Norfolk, or Miami as terminal points for transatlantic service.

Designation of carriers. - In the selection of the carriers to perform the three services which we have found to be required by public convenience and necessity we are confronted with a problem of comparative public interest. As heretofore pointed out, Pan American presently holds certificates of public convenience and necessity authorizing operations between the United States and Lisbon and between the United States and London. Both of these points are important gateways in the international services which the Board has found required by the public convenience and necessity for United States air carrier operation. Until the entry of Export into the international field Pan American was the only United States air carrier engaged in this type of operation on a large scale. Its history dates back to 1927 when its first international air service

was inaugurated between Key West, Fla., and Havana, Cuba. Since that time it has extended its service to all major areas in the world and its achievements in the field of international air transportation have been noteworthy. In extending United States air carrier operations into Europe and Asia it is in the public interest to utilize the experience and organization of the United States pioneer in this field. Clearly, therefore, Pan American should be selected as one of the United States air carriers whose operations are to be extended to new traffic centers in the present proceeding.

The two remaining carriers to be selected will be operating over the most important international trade route in the world in competition to some extent with Pan American but more directly with foreign flag carriers. It is therefore essential that the additional United States air carriers selected be strong in organization, experience, financial position, and executive ability. If we select carriers whose strength and ability to operate on an economically sound basis are established, there will be greater assurance that the objectives of the Act will be realized. The carriers authorized to operate in this area should have established sales organizations for the development of traffic since any new and untried management would be at a serious disadvantage in competing with established operators.

In reaching this decision we are called upon to select the carriers best qualified among the applicants in this case. Such applicants include three corporations which have not as yet engaged in air transportation; one which has been conducting international air service under temporary authorization from the Board; three domestic air carriers whose operations are confined to the eastern section of the United States; and two transcontinental domestic carriers.

As previously pointed out, Export holds a temporary certificate authorizing operations between New York and Lisbon. Because of certain limitations Export has never conducted service over that route. It has, however, conducted commercial service to Foynes and has engaged in extensive international operations under contract with the Navy.

Five of the applicants are domestic air carriers conducting operations within the continental limits of the United States. One of them operates to Mexico and two of them operate to Canada under certificates issued by the Board. Under Northeast's certificates, service is authorized in the New England area extending from New York to Moncton, N. B., and Montreal. American, the largest of

the domestic air carriers, operates the so-called southern trans-continental route, serving cities throughout the country with a total metropolitan population of approximately 43,000,000. Its operations extend to Toronto, Canada, and to Monterrey and Mexico City under a temporary certificate. PCA's operations are conducted in the eastern part of the United States and provide service to New York and Washington and to a number of major industrial cities. TWA operates a transcontinental air service under certificates authorizing it to serve cities with a total metropolitan population of about 32,300,000. National's operations are conducted between New Orleans, La., and Jacksonville, Fla., between Miami and Key West, and between Miami and New York via cities along the Atlantic coast.

There are three applicants in this proceeding which do not hold certificates authorizing air transportation and are not presently engaged in such transportation. Mooremack is a United States flag steamship carrier which before the war conducted steamship service under the trade names of The American Scantic Line, the Pacific Republics Line, and The American Republics Line. The operations of The American Scantic Line were conducted between the North Atlantic ports and Scandinavian and Baltic ports. Mooremack's routes were operated with the benefit of an operating differential subsidy covered by an agreement with the United States Maritime Commission. Since the outbreak of the war Mooremack's vessels have been chartered by the Government either on a bareboat or time charter basis, the company acting as general agent for the War Shipping Administration in such operations.

Likewise, Midnight Sun and Trans-Oceanic have not engaged in air transport operations. Neither has an operating organization, both having been organized for the purpose of seeking a certificate authorizing the service herein sought. Midnight Sun is a New Jersey organization founded by Thor Solberg. He has had long experience in aviation and was the first person to make a flight from the United States to Norway. Its vice president and chief engineer also has had extensive experience in aviation both here and abroad. Mr. Solberg is at present engaged in the operation of an airport and flying school in the State of New Jersey. The initial investment of \$5,000,000, which Midnight Sun contemplates would be required for its proposed operation, would be obtained through advances by Mr. Solberg and his associates without public participation.

Trans-Oceanic is a Delaware corporation whose officers and stockholders are for the most part personnel engaged in ferry flight operations for the Royal Air Force Transport Command. Trans-Oceanic contemplates that \$2,000,000 of a \$6,000,000 required capital would be obtained through the issuance of stock to members of its organization with the remainder to be raised through equipment trust notes. Its key personnel have conducted or participated in numerous overseas flights and there can be no doubt as to the individual ability of its members to engage in the actual conduct of flights over the North Atlantic.

It is the contention of Trans-Oceanic and Midnight Sun that existing carriers, particularly transcontinental operators, should not be permitted to engage in international air operations because of the adverse effect which such operations would have upon the competitive balance existing between the transcontinental carriers. These applicants contend that authorization of an independent operator to engage in transatlantic operations would best develop the national air transportation system by placing such an operator in a position to offer impartial connecting service to the domestic air carriers. While these contentions have some merit, other considerations of national interest outweigh them.

Neither Midnight Sun nor Trans-Oceanic has an operating organization or management experienced in the operation of air transportation on a large scale. These companies would not be in a position to operate in the competitive North Atlantic trade route without considerable delay in obtaining and training operating and traffic organizations, and it is important that there be an early inauguration of international air service to and from additional points in Europe. Clearly, neither of these applicants would be in a position to provide such a service. We conclude that Midnight Sun and Trans-Oceanic would not be in as good a position to conduct international air transportation services of the size and scope necessary to compete effectively and to maintain a strong position in the North Atlantic area as would other applicants in this case.

As heretofore set out, Mooremack is a steamship company authorized to conduct steamship operations to the countries which it now proposes to serve by air. It contends that as an American steamship company now operating under the program of the Maritime Commission it should be permitted to engage in air transportation in order to further the development of the Merchant Marine. It asserts that air service over the route it now serves by steamship will make heavy inroads into its passenger service and that its growth and revenues will be impeded and seriously impaired unless it is permitted to inaugurate air service as an integral part of its transportation service over its route. It further contends that foreign shipping companies will be granted rights to participate in air transportation which will give them a competitive advantage unless United States flag shipping companies are given the same privilege.

Mooremack has been primarily engaged in cargo service across the North Atlantic. Its exhibits show that its vessels used in the transatlantic trade are freighters having limited passenger capacities ranging from 4 to 12 passengers. For the period 1936 to 1939 it carried an average of about 2,000 passengers per year. In view of these facts its argument with respect to the damage that it will suffer by diversion to air transportation loses much of its force. While the evidence indicates that Mooremack has an excellent record

of service in its field, it cannot be termed the best qualified applicant to meet the prerequisites heretofore set forth as necessary for a United States air carrier in transatlantic operation. Considerable attention was devoted to the applicability of section 408 of the Act to the application of Mooremack. It is not necessary to go into that question in view of the conclusions heretofore reached with respect to the additional United States air carriers which should be certificated. Although Mooremack has access to financial resources necessary for its proposed air service and is presently a going steamship transportation organization engaged in North Atlantic trade, it is without operating experience in the field of air transportation and its development of an organization to conduct the proposed service is dependent upon obtaining capable administrative, executive, and operating personnel experienced in air transportation services.

The applications of Northeast, PCA, and National are based primarily on the theory that as carriers whose operations are limited to the eastern section of the United States, they will be able in a fair and equitable manner to collect outbound traffic from, and deliver incoming traffic to, the domestic systems connecting with international operation and thereby preserve the present domestic competitive balance and furnish the best service to the public. Each of these companies has an excellent operating record in the domestic field and each has conducted extensive operations within the continental United States for the armed forces under contract. In addition, Northeast has conducted transatlantic operations across the North Atlantic for the army and, of course, has obtained considerable experience in over-ocean flights during the course of this operation.

As a result of the developments of the past few years over-ocean flights, once considered an undertaking of great magnitude, have now become largely routine. We have no doubt as to the ability of Northeast, PCA, or National to conduct operations across the North Atlantic trade route; but public interest here has a relative implication and calls for a comparative appraisal. We recognize also the point advanced by these companies with respect to the maintenance of balanced competition in our domestic air transportation system. We believe, however, that there are considerations of national interest in the establishment of a sound system of international air service which outweigh this consideration.

By reason of their present facilities both American and TWA are in a better position economically to develop international traffic than are Northeast, PCA, or National. Similarly, none of the latter companies maintains technical staffs comparable to those of the transcontinental carriers which are necessary to the proper development of international service. Therefore, we conclude that operation by Northeast, PCA, or National would not serve the public interest as well as would that of American, Export, or TWA.

The applications of American and Export for certificates in this proceeding must be considered in the light of the fact that American is seeking approval of a contract under which it would acquire a controlling interest in Export. Thus, the Board is afforded a choice of alternatives in fixing a pattern for transatlantic service insofar as these two companies are concerned. It could authorize either of these companies to conduct the proposed service as independent entities or it could grant a certificate to Export and at the same time approve the control of that company by American.

American is the largest of the domestic air carriers and has an excellent record for operating efficiency in its air transportation service. With the outbreak of the war American along with other domestic air carriers extended war contract operations to numerous foreign points in furtherance of the war effort. In this operation it has acquired important experience and has developed a well-trained operating organization capable of conducting transatlantic service. American enjoys a strong financial position. Its operations in the continental United States are presently conducted on a profitable basis so that it does not require governmental subsidy. As of December 31, 1944, American's net worth was \$25,918,000.

Export was incorporated in April 1937 as the subsidiary of American Export Lines, Inc., a steamship company, for the purpose of engaging in air transportation across the North Atlantic. As of May 9, 1939 it filed an application for a certificate of public convenience and necessity authorizing such service, and in our opinion of July 12, 1940, 10/ we found that the public convenience and necessity required the proposed service and issued a temporary certificate to Export to operate between the United States and Lisbon. In this opinion it was made quite clear that our decision to grant Export only a temporary authorization to Lisbon was governed by limitations arising out of wartime emergency conditions which prevented operations of a more extended nature. Subsequently, Export was issued a temporary certificate authorizing operations between the United States and Foynes because of wartime requirements. 11/ Export performed considerable experimental and developmental work before and after receiving its certificate. No commercial service has been conducted over Export's Lisbon route. However, since 1942 service has been operated between the United States and Foynes and, in addition, Export has provided, and is still providing, service between this country and European points under a contract with the armed services. This carrier has made extensive investments in the transatlantic service, aggregating \$1,500,000 as of the date of the hearing. It has developed and trained an extensive organization of about 1,700 persons,

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10/ American Export Air., Trans-Atlantic Service, supra.

11/ American Export Air., Temporary New York-Foynes Ser., 3 C.A.B. 294 (1941).

and the record shows that in the course of its commercial and war contract operations through July 1944 it carried 9,900 passengers; about 1,500,000 pounds of United States mail; 64,000 pounds of foreign mail, and 2,500,000 pounds of air cargo.

Although Export has no legally enforceable claim to a permanent certificate to operate across the North Atlantic we believe that the company has a strong claim to consideration in the present proceeding. Aside from the other considerations of public interest we believe that this company's investment, experimental and developmental work, and trained organization would entitle it to serious consideration in a proceeding in which we are required to consider as being in the public interest the maintenance of sound economic conditions and promotion and development of civil aeronautics. In this connection it may be noted that the temporary certificate issued to Export differs from other temporary authorizations in that its temporary nature represents a war-imposed limitation whereas the objective of the other temporary certificates was the establishment of a service to meet a wartime need.

The grant of authority to strong domestic air carriers to engage in international air service would be in furtherance of the public interest. The plan presented by American and Export would permit the utilization of the combined strength of these two companies, making use of the operating organization and experience and traffic generating facilities of American in this country and the experience and organization gained by Export through its affiliation with American Export Lines, Inc., in its international service. On such a basis one strong organization would be established and capable of providing the highest standards in international air service. For these reasons we conclude that Export should be issued a certificate authorizing it to engage in air transportation service between the United States and European points and that American should be authorized to acquire control of this company. In an opinion issued concurrently herewith we are approving that company's application for such acquisition of control. 12/

TWA, one of this country's transcontinental air carriers, has an excellent record for operating efficiency in its services. Its routes serve many major metropolitan cities of the United States. Like American it would be in a strong position to promote and develop international traffic at generating centers. The company is in a good financial position. As of December 31, 1944, its net worth was approximately \$16,571,000. In addition to its domestic operations TWA has engaged in extensive international operations under special contracts with the armed services. During the course of these operations it has developed and trained a large staff whose experience and knowledge would be of value in commercial transatlantic service. TWA has shown exceptional

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12/ Docket Nos. 1345 and 1346. American Air., Control of American Export Air.

initiative in the development of new types of aircraft and operating procedures and has been a pioneer in the domestic operation of long-range 4-engine airplanes. In connection with its proposed international service this carrier has entered upon an extensive program of study and planning and has energetically sought to lay a sound foundation for the operation of a successful international service. We find on the basis of the foregoing considerations and all the facts of record that TWA is well qualified to conduct service in the North Atlantic and should therefore be granted a certificate in this proceeding.

We believe that any one of the three carriers selected above could provide satisfactorily the service found required in the public interest over any one of the three routes. There is no clear-cut basis upon which to allocate the three areas and our decision must therefore represent an exercise of judgment based upon such facts as are of record. Pan American, as the country's international pioneer air carrier, is the only carrier presently authorized to serve London under a permanent certificate for service to that point. An extension of its system to Calcutta, we believe, would represent a logical extension and would constitute a recognition of its achievements in the field of international air transportation. We find, therefore, that Pan American should be authorized to conduct operations on the central route. Pan American, of course, would continue to perform the service to Lisbon for which it is certificated. One segment of that route extends to Marseille and in view of the importance of Barcelona we find that Pan American should be authorized to serve that city on its route to Marseille. Its certificate will therefore be amended to provide for such service on a temporary basis, similar to that upon which we are authorizing other routes in this proceeding.

While Export filed an application for, and presented evidence in support of, an extensive service, its proposals must be considered in the light of the fact that with American's acquisition of control its operations and policies will be determined by the latter company. American's application specifically proposes service to London and Paris and during the course of the proceeding it indicated quite clearly that its primary interest is in providing service between the United States, the British Isles, and the populous centers of northern Europe. TWA, on the other hand, presented a case of much wider scope. In addition to proposing service through the channel ports and Middle Europe, its application and evidence in support thereof contemplated operations to points where traffic heretofore has been more limited. In support of its application it contends that as the present conflict unfolds there will be commercial realignments resulting in the development of a substantial volume of traffic to areas not heretofore served. TWA seeks the right to share in the development of such traffic.

After full consideration of the foregoing facts and in the light of the entire record we are of the opinion that the public interest would best be served by authorizing Export to operate the general northern route and TWA to operate the general southern route.

Some question was raised on brief and in the course of oral argument as to the extent to which the certificates issued in this proceeding may vary from the routes specifically designated in the applications.

In Docket No. 1172, filed with the Board November 15, 1943, Export applied for (1) a route between the United States and Karachi, India, via points now on Board Route II, (2) between the United States and Foynes, and (3) between Athens and Sevastopol. In Docket No. 238, amendment No. 1, filed on August 12, 1944, the applicant sought to have its temporary certificate to Lisbon made permanent, and requested new routes similar to those in Docket No. 1172, with an extension beyond Karachi to Singapore.

In addition to the designated points the carrier in both applications requested authority to operate within the general area involved as follows:

"Between any terminal points and via any intermediate points within the same general area so proposed to be served, which the Board may find to be required by the public convenience and necessity; or, if the Board shall deem the designation of terminal and intermediate points without the United States to be impracticable, over such general route or routes in this area as the Board may find to be required by the public convenience and necessity."

It is clear from the record in this proceeding that the requests of Export, as set forth in Dockets Nos. 238 and 1172, properly may be found to constitute an application within the meaning of the Act for authorization to serve Moscow via London-Berlin-Warsaw and via Scandinavia providing the Board should so determine. Both Docket No. 238 and Docket No. 1172 include a specific application for service to London and Eire. To the extent that there may be points beyond London on the routes to Moscow which are not specifically named in the applications, it would appear that these points are included in the request of Export for a route or routes "in the general area so proposed to be served." Such an interpretation is supported both by reference to the record with respect to the origin and use of the phrase "within the general area" in this proceeding, and to the nature of the application itself.

The record shows that the phrase "within the general area", as applied to the present proceeding, encompasses the whole of the European area covered by the Board's press release of June 14, 1944, and that the parties were on notice of this interpretation. That release set forth a tentative international air route pattern and announced that applications for international

air transportation services would be brought to hearing; and that the proceedings thus contemplated would involve considerations of the utmost concern to the national interest.

In the instant proceeding, for example, we are faced with the responsibility and opportunity of selecting air routes and carriers to serve the most important foreign trade area in the world. In discharging our responsibility to the public interest we should be as free as possible to decide the case on the basis of broad considerations of national policy and without being restricted by the condition that particular applicants may have applied only for those routes and points which to them seemed the more lucrative and desirable. Accordingly, in our press release, it was stated that the Board believes that the consideration of the need for new services should be subject to a minimum of restrictions and that applicants may therefore wish to amend or to include in any new applications a general provision which would permit an application to be considered as one applying for any new route which the Board may find to be required by the public convenience and necessity within the general area the applicant desires to serve.

The Chief Examiner's letter of June 22, 1944, to all applicants for certificates to engage in international air transportation stated that such applications would be separated into five general areas for prehearing conferences of which one was the North Atlantic area. The letter also suggested that applicants include in their applications "a proviso that the applicant will serve any point within the general area covered by its application to which the Board finds service required by the public convenience and necessity." Of necessity this referred to the five areas outlined in the letter. A prehearing conference report covering the "North Atlantic Area" was served on August 10, 1944. This proceeding encompassed Board Routes I, II, III, and IV in the June 14, 1944, release, and all applications proposing service to and from the United States, via the North Atlantic ocean; points in Europe; the Mediterranean coast of Africa; and Asia. The Board's order No. 3150, dated September 20, 1944, consolidating the applications heard in this proceeding specified one "North Atlantic Area" for service between the United States and Europe and Asia.

Export's application requesting authorization to serve any points "within the same general area proposed to be served" was intended to enlarge the scope of its request, and to include points other than those specifically enumerated. Otherwise, this language has no purpose or meaning. The scope of this enlarged request was not restricted to a narrow band following the route of listed points. Reference was made only to one "general area". If this is related solely to the particular route spelled out by the carrier, the area would stretch from the United States to London and Singapore, a distance half way around the world, but would not reach out to include Stavanger or Moscow within the European area traversed by such route. The legal definition of the words "general area" refutes such a restrictive interpretation. The word "area" standing alone means an extent of space. 13/

The word "general" means "universal or unbounded; as opposed to limited. Comprehending the whole; as distinguished from anything applying to or designed for a portion only." <sup>14/</sup> When this definition is applied to the interpretation of the phrase "within the general area" as used in the present proceeding, it is clear that the phrase encompasses the whole of the area between the United States and Europe via the North Atlantic covered by the Board's press release of June 14, 1944.

Thus, it is clear that the phrase "within the general area" encompassed the whole of Europe and Asia for consideration in the proceedings, and that it was not limited to a restricted area immediately adjacent to the specific routes set forth in the application in which the phrase was included.

The examiners recommended that Export be certificated for service over Board Routes I and III as defined in the June 14, 1944, release. This recommendation gave all parties concerned an opportunity to present argument against the certification of Export, and to take such other procedural steps as they may have deemed necessary to protect their positions. We have considered such arguments as have been presented for and against the certification of Export, and for the reasons we have previously set forth, conclude that the route should be served by Export.

In Docket No. 1506, Pan American filed application with the Board on July 31, 1944, for an amendment of its existing certificate of public convenience and necessity so as to request, among other things, the inclusion of Madrid, Spain, as an intermediate point between Lisbon, Portugal, and Marseille, France, and for an amendment of its New York-London route to authorize service to Paris, France, and to extend the route beyond London, England, and/or Paris, France: (1) to Berlin, Germany, and Moscow, U.S.S.R.; and (2) to Geneva, Switzerland; Rome, Italy; Athens, Greece; Cairo, Egypt; Basra, Iraq; Karachi, India; and Calcutta, India.

By amendment to this latter application, filed with the Board on September 29, 1944, Pan American requested service to the following additional points:

"IV. The designation of the additional international gateways of Chicago, Illinois, and Baltimore, Maryland, as co-terminal points in the United States, and of Detroit, Michigan, and Boston, Massachusetts, as intermediate points, and the substitution of the land-plane airport at Montreal, Canada, as an intermediate point on the Chicago service for the seaplane airport at Shediac, Canada, as an intermediate point on the New York service, but without the right to carry traffic originating at one point and destined to another point in the continental United States or traffic originating in the continental United States and destined to Montreal or originating in Montreal and destined to the continental United States."

The application in Docket No. 1506 contained a general provision which read as follows:

"This application is made pursuant to the Board's release of June 14, 1944, and the letter of the Chief Examiner dated June 22, 1944. In pursuance of the suggestion made in said release, there is incorporated herein a general provision which will permit this application to be considered as an application for any new route or any amendment or extension of an existing route or for any additional point or points within the general area covered by this application which the Board may find to be required by the public convenience and necessity."

It is clear from the record in this proceeding that the request of Pan American, as set forth in Docket No. 1506, may properly be found to constitute an application within the meaning of the Act for an authorization to provide service beyond London to India by general areas in Central Europe and for the other amendments specified in this opinion.

Pan American requested an amendment of its existing certificate in part by the addition of a route from London to Calcutta either via the points specified in its application or by other points "within the general area". This fact is emphasized by the testimony of its principal witness. In response to a question of Pan American's counsel as to the points chosen in its route pattern, the manager of that carrier's Atlantic Division stated that they had "picked places in Europe set down in our exhibit as our stops. It does not mean if the Board considers otherwise for reasons known to them, we would be unable or unwilling to comply with their decision." <sup>15/</sup> The route proposed herein for Pan American embraces countries adjacent to the pattern set up by the carrier in its exhibits. In Europe it falls between the specific points requested beyond London to Moscow and the specific points requested beyond London to Calcutta, and clearly lies within the "general area" of Central Europe covered by the route pattern set up in the application. <sup>16/</sup> In the

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<sup>15/</sup> Counsel made this intent clear beyond doubt with the following question and answer (Tr. 1202): "Q. Speaking generally, is it correct to say the discussion of the difference between Pan American's study and the routes laid out by the Board is not to be taken as qualifying in any way the provision inserted in Pan American's application which expresses its willingness to serve any route designated by the Board in the general area covered by the application that the Board may find required by public convenience and necessity: A. No, that statement is not qualified."

<sup>16/</sup> Counsel at p. 31 of Pan American's brief on exceptions to the report of the examiners filed with the Board February 28, 1945, suggested the inclusion of Brussels on a route to be served by that carrier.

Middle East it embraces Karachi and Calcutta, both of which were requested, and Iraq, in which a point was requested. Between Europe and India the route lies slightly north of and adjacent to the Cairo-Calcutta pattern used in Pan American's exhibits.

On the New York-Marseille route, the inclusion of Barcelona in place of Madrid (the point specified in the application) would be fully covered by the statement of the witness that Pan American intended the points named to be subject to change by the Board.

The scope of Pan American's application is further indicated by the fact that it specifically applied for authorization to serve all areas of Europe through all the major gateways, and argued that it should be the sole United States air carrier. This position, interpreted in the light of the provision in the application that its requests be considered for any route "within the general area" covered by the application, and the declarations of its witness<sup>17/</sup>, must be taken to mean that Pan American sought and is willing to serve any route to Europe and Asia via the North Atlantic that the Board deems required by the public convenience and necessity.

Finally, as we have set forth more fully in connection with Export's application, the record shows that the phrase "within the general area", as applied to the present proceedings, encompasses the whole of the area between Europe and Asia via the North Atlantic as covered by the Board's press release of June 14, 1944, and that the parties were on notice thereof.

In Docket No. 1060, TWA filed application with the Board on September 20, 1943, as amended October 29, 1943, and June 10, 1944, for a route to and from the United States via "(a) The two sets of co-terminal points (i) Washington, D. C., New York, N.Y., and Boston, Mass., and (ii) Chicago, Ill., Detroit, Mich., and Boston; (b) Intermediate points in Newfoundland, Labrador, Greenland and Iceland (including, but not limited to, Botwood, Northwest River, Julianehaab, Godthaab, and Reykjavik); (c) intermediate points in the traffic-producing areas in The British Isles described in Exhibit B-1; (d) intermediate points in the traffic-producing areas in Central Europe described in Exhibit B-2; (e) intermediate points in the traffic-producing area in the Near East described in Exhibit B-3; (f) intermediate points in the traffic-producing area in the Middle East described in Exhibit B-4; (g) intermediate points in the traffic-producing area in Northeast India described in Exhibit B-5."

On August 10, 1944, the application was further amended by addition of the following paragraph:

"The applicant will serve any point within the general area covered by this application to which the Civil Aeronautics Board finds service required by the public convenience and necessity and requests that this application be considered as one applying for any new route which the Board may find to be required by the public convenience and necessity within the general area the Applicant desires to serve."

The portion of the application relating to service in the North Atlantic area was severed from Docket No. 1060 by Board Order No. 3150, dated September 20, 1944, and was assigned Docket No. 1598.

As we have set forth more fully in connection with Export's application, the legal definition of the phrase "within the general area" and the record show that the phrase, as applied to the present proceedings, encompasses the whole of the European area covered by the Board's press release of June 14, 1944, and that the parties were on notice thereof.

In addition, the nature of TWA's application and the testimony of its witnesses support such an interpretation of its request.<sup>18/</sup> Unlike the other applications for service to Europe, that of TWA embraced routes involving traffic-generating areas. The areas so specifically enumerated in the application included all of the points of the proposed service except Foynes, Lisbon, Madrid, Rome, Karachi, Bombay, and the North African points in Algeria, Tunisia, and Libya. The traffic-generating area of "Central Europe" set forth in Exhibit B-2 of TWA's application included such widely separated cities as Brussels, Hamburg, Berlin, Budapest, Bucharest, Athens, Bari, and Lyon. As in the case of Export, it is clear that TWA's amendment No. 3 requesting authorization to serve any point "within the general area" covered by the application was intended to enlarge the scope of its request to include a "general area" adjacent to the "traffic-generating areas". The points involved in the proposed operation are all in the general area immediately adjacent to the "Central Europe" area named in the application. Since TWA named such large traffic-generating areas as "United Kingdom", "Central Europe", "Near East", "Middle East", etc., it is reasonable to conclude that a central Europe area large enough to extend from Hamburg to Brussels to Athens, and from Lyon to Berlin, would include Lisbon, Madrid, Rome, and the North African cities between Lisbon and Cairo in the general area adjacent thereto. It is also reasonable to conclude that the "British Isles" area would include Foynes, and that the "North-east India" area would include Karachi and Bombay.

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<sup>18/</sup> Tr. pp. 767, 768, 769, 770.

The president of TWA, on cross-examination, stated that "we applied for areas and I believe we filed with the Board a statement that we of course would operate such routes as they granted and in such fashion as they granted."<sup>19/</sup> Counsel for TWA, when requested at the hearing to clarify the scope of the application, stated that the carrier in its application had "followed the language suggested by the Chief Examiner", and wished "to rely upon as broad an interpretation as the Chief Examiner meant."<sup>20/</sup> Following counsel's statement the president of TWA was asked on cross-examination whether TWA had indicated in any way a willingness to serve Route IV if certificated. His answer was that the position of TWA with respect to Route IV was the same as with respect to Route III. He had already indicated that TWA could be considered an applicant for, and willing to serve, Route III.

It is clear therefore that the parties to the proceeding were put on notice that, unless a certificate were issued in such form or subject to such conditions as to be unacceptable to TWA, that carrier was an applicant for and would accept a certificate for Route IV. None of the parties was refused opportunity at the hearing to examine witnesses and to introduce evidence on this issue; nor were they denied an opportunity to obtain further clarification of TWA's position. A full and fair hearing was given, and operation of the proposed service by TWA was an issue of which the parties had ample notice.

The evidence of record shows that Pan American, Export, American, and TWA are citizens of the United States within the meaning of that term as defined in section (1)(13) of the Act, and we so find. On the basis of the evidence of record and the successful operation of Pan American, Export, American, and TWA we further find that these carriers are fit, willing, and able properly to perform the transportation covered by their applications, insofar as we have granted them; that they conform to the provisions of the Act, and to the rules, regulations, and requirements of the Board thereunder.

Based upon the foregoing considerations and all the evidence of record we find:

1. That the public convenience and necessity require that American Export Airlines, Inc., be authorized to engage in foreign air transportation of persons, property, and mail, for a period of 7 years from the effective date of the certificate issued herein, between the co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C.,

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<sup>19/</sup> Tr. p. 768.

<sup>20/</sup> Tr. p. 770.

Philadelphia, Pa., New York, N.Y., and Boston, Mass.; intermediate points within the following route areas: Newfoundland; Labrador; Greenland; Iceland; Shannon Airport, Eire, or other airport serving the Shannon Estuary; United Kingdom, including Northern Ireland; Netherlands; Denmark; Norway; Sweden; Finland; Estonia; Latvia; Lithuania; that portion of Germany which lies north of the 50th parallel; and Poland; and the intermediate point Leningrad, U.S.S.R.; and the terminal point Moscow, U.S.S.R.; and that American Export Airlines, Inc., is a citizen of the United States within the meaning of the Civil Aeronautics Act, as amended; and is fit, willing, and able properly to perform the foreign air transportation herein authorized; and to conform to the provisions of the Act, and to the rules, regulations, and requirements of the Board thereunder; and

2. That the public convenience and necessity require that the amended certificate of public convenience and necessity issued to Pan American Airways, Inc., in Docket No. 713, be further amended (a) so that Part I will authorize Pan American Airways, Inc., to engage in foreign air transportation of persons, property, and mail to Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass., as co-terminals in the United States (authorization to all co-terminals, other than New York, N. Y., to expire 7 years from the effective date of the certificate, as amended); to include Barcelona, Spain, as an intermediate point between the terminal point Marseille, France, and the intermediate point Lisbon, Portugal (authorization to serve Barcelona to expire 7 years after the effective date of the amended certificate); and (b) so that Part II of such amended certificate will authorize Pan American Airways, Inc., to engage in foreign air transportation of persons, property, and mail between the terminal point London, England; the intermediate points within the following countries: Belgium; that portion of Germany which lies south of the 50th parallel; Czechoslovakia; Austria; Hungary; Yugoslavia; Rumania; Bulgaria; Turkey; Lebanon; Iraq; Iran; and Afghanistan; and intermediate and terminal points within the portion of India which lies north of the 20th parallel; and that Part II of such certificate shall cease to be effective 7 years from the effective date thereof; and that Pan American Airways, Inc., is a citizen of the United States within the meaning of the Civil Aeronautics Act, as amended; and is fit, willing, and able properly to perform the foreign air transportation herein authorized, and to conform to the provisions of the Act, and to the rules, regulations, and requirements of the Board thereunder; and

3. That Transcontinental & Western Air, Inc., be authorized to engage in foreign air transportation of persons, property, and mail

for a period of 7 years from the effective date of the certificate issued herein between (1) the co-terminal points Chicago, Ill., Detroit, Mich., Washington, D. C., Philadelphia, Pa., New York, N. Y., and Boston, Mass.; intermediate points in the following route areas: Newfoundland; Eire; France, except Marseille; Switzerland; Italy; Greece; Egypt, Palestine; Trans-Jordan; Iraq; Saudi Arabia; Yemen; and Oman; and the intermediate and terminal points within Ceylon, and that portion of India which lies south of the 20th parallel; and (2) between the same United States co-terminal points; intermediate points within the following route areas: Newfoundland; Portugal; and (a) beyond Portugal, intermediate points within Spain, except Barcelona; and Italy; and (b) beyond Portugal, intermediate points within the following route areas: Algeria; Tunisia; Libya; and Egypt; and that Transcontinental & Western Air, Inc., is a citizen of the United States within the meaning of the Civil Aeronautics Act, as amended; and is fit, willing, and able properly to perform the foreign air transportation authorized herein, and to conform to the provisions of the Act, the rules, regulations, and requirements of the Board thereunder; and

4. That the applications of Northeast Airlines, Inc., Docket No. 855; American Airlines, Inc., Docket No. 996; Pennsylvania-Central Airlines Corporation, Docket Nos. 1005 and 1599; U. S. Midnight Sun Air Line, Inc., Docket No. 1376; Trans-Oceanic Air Lines, Inc., Docket No. 1493; Moore-McCormack Lines, Inc., Docket No. 1517; National Airlines, Inc., Docket No. 1538; U. N. Airships, Inc., Docket No. 1600; and of American Export Airlines, Inc., Docket Nos. 238 and 1172, except as herein granted; of Pan American Airways, Inc., Docket Nos. 1505 and 1506, except as herein granted; and of Transcontinental & Western Air, Inc., Docket No. 1598, except as herein granted, should be denied.

An appropriate order will be entered.

Pogue, Chairman, Warner, Ryan and Lee, Members of the Board, concurred in the above opinion. Branch, Member, concurred and dissented and filed the attached separate opinion.

BRANCH, MEMBER, CONCURRING AND DISSENTING:

I am dissenting from the action of the majority extending the so-called Southern route, which TWA is being authorized to operate, beyond Cairo, Egypt, to Bombay, India.

In all other respects I am in full agreement with the majority,

Not only in my opinion do the facts of record fail to support the public convenience and necessity of a Cairo-Bombay route segment, but as a matter of policy I believe the extension of the so-called Central route, which Pan American is being authorized to operate, into Calcutta, India, will adequately serve all the needs of United States air transportation into the India area at this time.

After the elapse of the seven-year development period we have provided for or at any time prior thereto, if the traffic to India appears to justify an extension from Cairo to Bombay such segment could then be appropriately added to the Southern route operated by TWA. Otherwise, we would today be adding to an international route system which will require diligent managerial effort on the part of TWA to remain free from governmental subsidy, a route segment which may require substantial subsidy itself and thus become a financial burden on TWA's entire international route system.

It may be mentioned that Bombay as a terminal point was not in the record in this case. This is not mentioned to imply any limitation upon the Board's power to authorize the extension from Cairo to Bombay in this proceeding but to reflect the applicants' appraisal of Bombay's potential as a traffic center and to explain the paucity of data which would support the public convenience and necessity for a Cairo-Bombay segment. In considering traffic potential for the segment we are compelled, therefore, to look at historic travel and traffic estimates to the whole of India.

The historical flow of traffic between the United States and India has never been extensive. In 1938 the seaborne traffic from both the east and west coasts of the United States to India amounted to only 156 passengers, or an average of less than one-half passenger per day. The thinness of this historic traffic from the whole of the United States must be appraised in the light of the fact that we are in this proceeding considering service to India only through Atlantic Coast and certain interior United States gateway points. In a subsequent proceeding we will have before us service to India from Pacific coast and other United States gateway points.

The record contains traffic estimates by both TWA and American Export to the India area. TWA estimated annual traffic between the United States and India at 6,074 passengers, but the estimate is not

broken down among individual traffic points in India. American Export estimated total traffic to India at 2,370 passengers per year, 1,843 of whom would travel to Calcutta and 527 to Karachi. These estimates are obviously speculative and nebulous, and depend upon assumptions concerning the commercial and industrial growth of this area and its community of interest with the United States. But even if reliance could be placed upon these estimates, they add little if anything to support service to Bombay via Cairo.

In addition to estimates of traffic between United States and India, TWA also estimated it would carry inter-country traffic between the various European and Asiatic countries. It should be noted, however, that considerable uncertainty exists today concerning the extent to which United States air carriers will be permitted to transport such traffic. This is, of course, a matter upon which the nations must reach agreement but uncertainty concerning the final outcome cautions against using estimates of such traffic to support and justify the public convenience and necessity of a route segment otherwise unjustified.

While no estimates were made by any of the applicants in this proceeding regarding the cost of operation over the Cairo-Bombay segment, an approximation of such cost can be gained from TWA's own estimate of operating cost between Cairo and Calcutta. Assuming the use of a 30 passenger 4-engine Boeing Stratoliner, TWA estimated total operating cost on this segment to be \$2.16 per revenue mile, and assuming the use of 36-passenger 4-engine Lockheed Constellations, total operating cost was estimated by TWA at \$1.61 per revenue mile. The distance between Cairo and Bombay is 2,863 miles. Using Stratoliners the estimated cost per trip one way, therefore, would be \$6,184 or \$12,368 round trip. Using Constellations the estimated cost per trip would be reduced to \$4,609 one way, or \$9,218 round trip.

Considering these costs in connection with the light traffic potential over the Cairo-Bombay route it can be readily seen that considerable financial support would have to be rendered by the Government in order to operate it successfully.

A further consideration which in my opinion argues strongly against extending the so-called Southern route beyond Cairo to Bombay is that this weak traffic segment would tend to burden and weaken that segment of the Southern route from Lisbon through Algiers, Tunis, Tripoli, and Bengasi to Cairo, which itself is a marginal route segment from a traffic point of view. Although the evidence of record appears to justify authorization of the Lisbon-Cairo segment at this time, no sound reason appears why it should be extended from Cairo to Bombay.

Since in my judgment the so-called Central route to Calcutta will be adequate to meet the present needs of United States air transportation to India, and since the Cairo-Bombay segment appears to hold such poor traffic prospects, with the definite possibility that it might

result in weakening the remainder of the international system which TWA is being authorized to operate, I must dissent from the decision of the majority of the Board to extend the Southern route from Cairo to Bombay.

/s/ HARLEE BRANCH

## Appendix No. 1

### Description of routes proposed

This proceeding includes Docket No. 855, the application of Northeast Airlines, Inc., for authority to operate between (a) the co-terminal points of Boston, Mass., New York, N.Y., Newark, N.J., Philadelphia, Pa., Baltimore, Md., and Washington, D. C., in the United States and the co-terminals, London, England, and Paris, France; (b) U. S. co-terminals and Moscow, U.S.S.R., via Azores, London, Paris, and beyond London, Amsterdam, Netherlands, Copenhagen, Denmark, Stockholm, Sweden, Leningrad, U.S.S.R.; (c) U. S. co-terminals and London, via Newfoundland and Glasgow, Scotland; (d) Boston and London, via Newfoundland; Reykjavik, Iceland; the Faeroes; and Glasgow; (e) U. S. co-terminals, Reykjavik, the Faeroes, and Oslo, Norway, and beyond Oslo to Copenhagen and Prague, Czechoslovakia, and to Stockholm, Leningrad, and Moscow; (f) U. S. co-terminals and Basra, Iraq, via Newfoundland; Greenland; Iceland; Oslo; Stockholm; Helsinki, Finland; Leningrad; Moscow, and Teheran, Iran; (g) U. S. co-terminals and the terminal point in Eire which the Board may designate; (h) any additional intermediate points which the Board may designate. All routes sought were requested on the basis of either a permanent or temporary certificate.

Dockets Nos. 238 and 1172, the applications of American Export Airlines, Inc., for (1) the alteration, amendment, or modification of the temporary certificate of public convenience and necessity issued to American Export Airlines authorizing air transportation of persons, property, and mail between New York and Lisbon, Portugal, so as to make such certificate a permanent certificate of public convenience and necessity; and (2) for authority to operate between the U. S. co-terminals New York, Washington, Chicago, Ill., and Boston, and the terminal point of Foynes, Eire, and between the U. S. co-terminal points and Foynes via the intermediate point Hamilton, Bermuda; and beyond the terminal point Foynes to the terminal point London and the terminal point Singapore, British Malaya, via the intermediate points Paris; Zurich, Switzerland; Rome, Italy; Athens, Greece; Cairo, Egypt; Basra; Karachi, India; Calcutta, India; Rangoon, Burma; Bangkok, Thai; and Panang, British Malaya; and between the intermediate point Athens, and the terminal point Sevastopol, U.S.S.R., via Istanbul, Turkey, and Bucharest, Rumania.

Docket No. 996, the application of American Airlines, Inc., for authority to operate from New York via Boston and from Chicago via Detroit, Mich., and Boston to London and Paris via regular service points located in Newfoundland and Labrador, and a point in Eire; and beyond London and Paris, such additional points as were named by the Board in identifying its tentative routes Nos. 1 and 2, and as the Board shall determine to be required by the public convenience and necessity.

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Dockets Nos. 1005 and 1599, the applications of Pennsylvania-Central Airlines Corporation for authority to operate (1) between such cities on the eastern seaboard of the United States as may be designated by the Board as points of origin and entry and such ports of entry in Great Britain as may be designated via seadromes; (2) (a) temporary or permanent certificate between the co-terminals Washington and New York and the terminal point Teheran via a point in Newfoundland, a point in Greenland, a point in Iceland, Oslo, Stockholm, Helsinki, Leningrad, and Moscow, (b) between the co-terminals Washington and New York and the terminal point Cairo via Newfoundland, a point in Eire; London; Berlin, Germany; Prague; Vienna, Austria; and Istanbul; (c) between the co-terminals Washington and New York and the terminal point Calcutta, via a point in Newfoundland or Labrador, a point in Eire; Paris; a point in Switzerland; Rome, Athens; Cairo; Basra; and Karachi.

Docket No. 1598, the application of Transcontinental & Western Air, Inc., for authority to operate from two sets of co-terminal points, Washington, New York, and Boston, and Chicago, Detroit, and Boston, via (a) intermediate points in Newfoundland, Labrador, Greenland, and Iceland (including but not limited to Botwood, Newfoundland; Northwest River, Labrador; Julianehaab and Godthaab, Greenland; and Reykjavik); (b) intermediate points in traffic producing areas in the British Isles; (c) intermediate points in the traffic producing areas in Central Europe; (d) intermediate points in the traffic producing areas in the Middle East; (e) intermediate points in the traffic producing areas in the Near East; (f) intermediate points in the traffic producing areas in North-east India (this application was filed on a round-the-world route between the two sets of co-terminal points in the United States, but was severed by the Board at Calcutta for the purpose of this proceeding. The U. S. to Calcutta portion is involved in this proceeding; the Calcutta to the U. S. via Pacific areas will be considered in another proceeding).

Docket No. 1376, the application of U. S. Midnight Sun Air Line, Inc., for authority to operate (a) between New York and Moscow; (b) between New York and Moscow via Montreal, Canada; Fort Chimo and Frobisher Bay, Labrador; Stromsfjord, Greenland; Reykjavik; Trondheim, Norway; Oslo; Stockholm; Helsinki; and Leningrad; (c) between New York and Moscow via Bermuda; Azores; Madrid, Spain; Amsterdam; Oslo; Stockholm; Helsinki; and Leningrad.

Docket No. 1493, the application of Trans-Oceanic Air Lines, Inc., for authority to operate between (1) New York and/or Washington and Moscow via Hamilton; Azores; Lisbon; Madrid; Rome; Salonika, Greece; Istanbul; Sevastopol; Kharkov, and Orel, U.S.S.R.; (2) Charleston, S.C., and/or Norfolk, Va., to Moscow, via Hamilton; Azores; Lisbon; Paris; Berlin; and Warsaw, Poland; (3) New York-Washington to New Delhi, India, via Hamilton; Azores; Lisbon; Madrid; Rome; Ankara, Turkey; and Teheran, with an alternate route from Ankara to Baghdad, Iraq; and Karachi to New Delhi; (4) Lisbon to London with alternate stop at Paris; (5) New

York-Washington to Newfoundland; Labrador; Dublin, Eire; and Prestwick, Scotland; (6) New York-Washington to London via Montreal; Goose Bay, Labrador; Julianehaab; Reykjavik; Dublin; and Prestwick; (7) Chicago to London via Goose Bay and Prestwick, alternate Goose Bay to Azores.

Docket No. 1505, the application of Pan American Airways, Inc., for authority to operate between New York and Moscow via Goose Bay or other point in Labrador (with the right to utilize Botwood or other point in Newfoundland as an alternate), a point in Iceland, Oslo, Stockholm, and Leningrad.

Docket No. 1506, the application of Pan American for I. amendment of its presently certificated route No. 1 between New York and England, France, Eire, and Portugal as follows: (a) when the route is operated by land aircraft to authorize service to the Azores via any adequate land airport; (b) to authorize the inclusion of Botwood or other point in Newfoundland as an alternate intermediate point; (c) to include Paris as a point to be served; (d) to include Madrid as an intermediate point between Lisbon and Marseilles, France; (3) to extend the route beyond Marseilles to Rome; II. amendment of its presently certificated route No. 2 between New York and England, France, Eire, and Portugal, as follows: (a) when the route is operated by land aircraft to authorize an intermediate stop at a suitable point in northeast Canada; (b) to authorize an intermediate stop at Goose Bay or other point in Labrador as an alternate point to Botwood; (c) to authorize service to Paris; (d) to extend the route beyond London and/or Paris (1) to Berlin and Moscow, (2) to Geneva, Switzerland; Rome; Athens; Cairo; Basra; Karachi; and Calcutta where connection is proposed to be made with an extension of one or more of Pan American's certificates for operation in the Pacific area; III. the designation of Chicago and Baltimore as co-terminal points in the United States and of Detroit and Boston as intermediate points, and the substitution of the landplane airport at Montreal as an intermediate point on the Chicago service for the seaplane airport at Shediac, Canada, as an intermediate point on the New York service, but without the right to carry traffic originating at one point and destined to another point in the continental United States or traffic originating in the continental United States destined to Montreal or originating in Montreal and destined to the continental United States.

Docket No. 1517, the application of Moore-McCormack Lines, Inc., for authority to operate between (a) the terminal points New York and Basra, via Botwood; Frederikstadt, Greenland; Reykjavik; Oslo; Stockholm; Helsinki; Leningrad; Moscow; and Teheran; (b) New York and Basra, via Hamilton, Horta, Paris, Amsterdam, Hamburg, Germany, Copenhagen, Stockholm, Helsinki, Leningrad, Moscow, and Teheran, with the right to use Foynes and Botwood as alternates for Horta and Hamilton on westbound flights over this route.

Docket No. 1538, the application of National Airlines, Inc., for authority to operate from the terminal points New York or Washington or Charleston or Jacksonville, Fla., or Miami, Fla., via Bermuda, to the intermediate point Azores; and (a) beyond Azores to the terminal point Cairo via Lisbon, Madrid, Marseilles, Rome, and Athens; (b) beyond Azores to Casablanca, Morocco; (c) beyond Casablanca to Lisbon; (d) beyond Casablanca to the intermediate point Tunis, Algeria, via Oran and Algiers, Algeria; (e) beyond Tunis to the intermediate point Rome; (f) beyond the intermediate point Tunis to the terminal point Cairo via Tripoli, Bengasi, and Tobruk, Libya; (g) between the intermediate point Casablanca and the intermediate point Lisbon.

Docket No. 1600, the application of U. N. Airships, Inc., for authority to operate between Washington and Moscow.

## Appendix No. 2

UNITED STATES RESIDENT AND ALIEN VISITOR DEPARTURES FROM UNITED STATES  
IN 1938 ALLOCATED TO PRINCIPAL TRANS-ATLANTIC DESTINATIONS

Destination (1)	U.S. residents		Alien visitors		Total travelers	
	Number (2)	Percent of total travelers (3)	Number (4)	Percent of total travelers (5)	Number (6)	Percent (7)
Austria	7,134	2.86	284	0.12	7,418 <sup>a/</sup>	2.98
Belgium	9,018	3.62	691	0.28	9,709	3.90
Bulgaria	118	0.05	46	0.02	164	0.07
Czechoslovakia	4,020	1.61	468	0.19	4,488	1.80
Denmark	5,200	2.09	872	0.35	6,072	2.44
Estonia	187	0.08	35	0.01	222	0.09
Finland	1,175	0.47	313	0.13	1,488	0.60
France	27,723	11.12	3,784	1.52	31,507	12.64
Germany	22,970	9.21	11,440	4.59	34,410	13.80
Greece	1,377	0.55	188	0.08	1,565	0.63
Hungary	4,020	1.61	283	0.12	4,303	1.73
Italy (incl. Albania)	16,663	6.68	1,411	0.57	18,074	7.25
Latvia	187	0.08	39	0.01	226	0.09
Lithuania	393	0.16	49	0.02	442	0.18
Netherlands	11,155	4.48	1,920	0.77	13,075	5.25
Norway	4,617	1.85	1,634	0.65	6,251	2.50
Poland	2,264	0.91	556	0.22	2,820	1.13
Portugal	1,577	0.63	87	0.03	1,664	0.66
Rumania	687	0.28	231	0.08	918	0.36
Spain	5,415	2.17	600	0.24	6,015 <sup>a/</sup>	2.41
Sweden	5,308	2.13	1,701	0.68	7,009	2.81
Switzerland	12,822	5.14	1,023	0.41	13,845	5.55
Turkey	509	0.20	69	0.03	578	0.23
U.S.S.R.	687	0.28	293	0.11	980	0.39
Yugoslavia	1,371	0.55	141	0.06	1,512	0.61
British Isles						
Eire	6,774	2.72	818	0.33	7,592	3.05
England and Wales	30,373	12.18	23,098	9.27	53,471	21.45
Scotland	9,418	3.78	975 <sup>b/</sup>	0.39	10,393	4.17
Near East						
Egypt	1,017	0.41	81	0.03	1,098	0.44
Palestine	1,175	0.47	214	0.09	1,389	0.56
Syria	509	0.20	62	0.03	571	0.23
Total	195,863	78.57	53,406	21.43	249,269	100.00

<sup>a/</sup> Totals are adjusted to compensate for the unduly low passenger travel resulting from (1) political disturbances in Austria and (2) civil war in Spain.

<sup>b/</sup> "Alien visitors" total was not available for Scotland. The total shown above is an estimate approximately comparable with the proportion of alien visitors departing for Eire.

Note: Allocations of United States resident departures for 1938 are derived by means of the ratios of total visits to European countries by United States citizen travelers during 1938. The overall ratio indicates that the average resident traveler historically visits about three countries during his European trip. Data covering visits by United States residents were compiled from questionnaire returns reported in Table 8, Overseas Travel and Travel Expenditures in the Balance of International Payments of the United States, 1919-1938, published by the Bureau of Foreign and Domestic Commerce.

Source: Exhibit PC-5.

Appendix No. 3

TOTAL PASSENGER TRAFFIC INTERCHANGED BETWEEN  
UNITED STATES AND EUROPE - MEDITERRANEAN AREAS

(20-year period 1919-1938)

Year	Citizen and alien residents		Alien visitors		Total	
	Index (1938=100.0)	Percent of total	Index (1938=100.0)	Percent of total	Index (1938=100.0)	Percent of total
1919	39.6	1.6	65.7	0.7	45.4	2.3
1920	78.6	3.1	76.9	0.9	78.2	4.0
1921	90.3	2.9	75.3	0.8	74.9	3.7
1922	89.2	3.4	58.0	0.7	82.3	4.1
1923	86.1	3.4	67.4	0.8	82.0	4.2
1924	100.0	3.9	68.7	0.8	93.1	4.7
1925	116.3	4.6	62.4	0.7	104.4	5.3
1926	125.2	5.0	74.2	0.8	113.9	5.8
1927	138.3	5.4	70.6	0.8	123.3	6.2
1928	146.9	5.8	78.8	0.9	131.8	6.7
1929	154.9	6.1	81.7	0.9	138.7	7.0
1930	154.3	6.1	81.6	0.9	138.2	7.0
1931	122.1	4.8	66.9	0.8	109.9	5.6
1932	107.8	4.2	51.8	0.6	95.4	4.8
1933	85.5	3.4	56.5	0.6	79.1	4.0
1934	83.3	3.4	69.0	0.7	80.1	4.1
1935	88.2	3.5	79.5	0.9	86.3	4.4
1936	101.4	4.0	99.1	1.1	100.9	5.1
1937	119.3	4.7	109.7	1.2	117.2	5.9
1938	100.0	4.0	100.0	1.1	100.0	5.1
Total		83.3		16.7		100.0

Source: Exhibit PC-5.

Appendix No. 4

ESTIMATED SEASONAL VOLUME OF DAILY TRAFFIC BETWEEN UNITED STATES  
AND EUROPE

<u>Month</u>	<u>Seasonal indexes</u>			<u>Number of travelers daily based on annual flow of 100,000 in each direction</u>		
	<u>Outbound</u>	<u>Inbound</u>	<u>Average</u>	<u>Outbound</u>	<u>Inbound</u>	<u>Average</u>
January	62.9	41.2	51.2	172	113	140
February	61.8	44.9	52.7	169	123	144
March	74.9	49.5	61.2	205	136	168
April	110.2	73.5	90.4	302	201	248
May	158.7	89.8	121.6	435	246	333
June	207.7	75.0	136.3	569	205	373
July	192.9	92.4	138.8	528	253	380
August	107.0	189.1	151.2	293	518	414
September	61.6	250.3	163.2	169	686	447
October	61.3	153.6	111.0	168	421	304
November	55.9	68.3	62.6	153	187	172
December	45.1	72.4	59.8	124	198	164
High	207.7	250.3	163.2	569	686	447
Low	45.1	41.2	51.2	124	113	140
Range	162.6	209.1	112.0	445	573	307
Average deviation	46.1	48.9	37.0	126	134	101

Source: Exhibit PG-5