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PROBLEMS CONFRONTING THE AIRLINES

EDGAR S. GORRELL*

I feel rather humble to stand before you when I see people here who know so much more about this subject than I do. However, I am delighted to be here today for two reasons. First, I feel that you, who are in this business, are in it because of a love for aviation, and that gives me the feeling of being a kindred spirit. Second, because I have heard rumors to the general effect that some of the members of your organization feel that the airlines are working against you. I have tried to find out how much truth there is in the latter thought. Never once, in traveling from two to ten thousand miles per week, have I heard a single word against any of you gentlemen or your organization. Everywhere you are praised and lauded for the work you are doing. The airlines are proud to be counted as your best friends. We are very grateful for your help for aiding us in building up the volume of our traffic and for likewise aiding us to formulate and carry out a practical plan of airway traffic control. You have helped in the national airport program. Everyone is grateful for your help in the laying out of this plan. In general, the things for which I came to thank you, I find in the booklet containing the speech of your president. May I say that it makes me rejoice to know that your organization, and every organization in aviation, are thinking along the same fundamental channels.

In your president’s speech, he rightly places safety in the air as point number one. There can be no argument on that subject. Point number two is the WPA airport project. The WPA is doing for this country a job that could not be done by any other governmental or commercial body. We can be duly thankful for the splendid work being accomplished by the Department of Commerce, the WPA and you gentlemen. Point number three is airway traffic control. There is no debate about that. We have just as much need of control of our airway traffic as has any other medium of transportation along its lanes. We hope and pray that the next session of Congress not only may grant a continuance of this airway control in the eight cities where it is now being estab-

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lished but will also include several others. Traffic in the air is becoming congested and this control will need to be extended. Point number four concerns a standing Committee for Aeronautics in both the Senate and the House. Aviation has been investigated at least once every year since the War. Whenever we appear before an investigating committee, the members thereof need education along aeronautical lines. One must educate and reeducate due to changing personnel. Only a small group of congressmen receive this education at any one time. Possibly those men are not reappointed to committees or reelected. There is, therefore, no continuity whatsoever in the committee education that we give from year to year. These representatives of the people should have overlapping committee terms, so that, as one group passes out, two-thirds will remain on a committee. A bill foreseeing this has been introduced into the House, and another of the same sort into the Senate. In point number five you have the laudable remarks concerning the recommendations of the Federal Aviation Commission.

There is still one point to be brought out. The airlines have reduced their losses about 50%. In the last fiscal year the airline losses were $4,000,000. This current year they are under $2,000,000. I am hoping that by December they may be at the rate of under $1,000,000 per annum. I believe financially the results should improve each year.

The shipping industry faced a problem similar to ours in 1916. The railways faced the same problem. I am referring to the anti-trust laws. In 1916, Congress passed the maritime act creating a Shipping Board. The shipping companies were thereby permitted to get together and submit their conclusions to the Shipping Board. If the Shipping Board believed the conclusions to be sound, and so wished, it could approve them and thus grant exemption from the anti-trust laws. The railways may file an intended action with the Interstate Commerce Commission, and thereby become exempt from the anti-trust laws when approval is granted. It was never intended by the Congress of this country that common carriers by air should be prohibited from reducing their overhead and eliminating useless waste. However, whenever we attempt to accomplish those same laudable purposes, as the railways and the shipping lines may accomplish, we come up against the anti-trust laws. We hear more complaints for not putting a stop to different destructive sales ideas than we do praise for the good things we have done. We hear questions as to why we do not alter this and that. The answer is, we do not dare unless we wish to face a term in jail. We hope if we
get the Federal Aviation Commission that it will be modeled along
the lines of the Shipping Board and that then we shall be able to
reduce our overhead. I do not see much hope of getting into the
black ink unless that can be done.

Last week, when I was in Cleveland before the Postmasters’
Convention, I was asked how large I felt this business might be-
come. I replied that aviation is larger than all of us. Our thoughts,
our hopes, our ambitions, and our dreams of what aviation may
become are still ahead of us. Marshall Joffre, when speaking of
aviation in 1917, urged, when making plans for aeronautical de-
velopments, that one should be sure to make them beyond one’s
wildest dreams and then multiply the results by ten, and that the
results would even then still be too small. For example, we have
today facing us the problem of hangars heretofore built large
enough to accommodate the planes as we saw them built a few
years ago. Yet, in 1938, they will not hold the planes which are
now being constructed. Laws should be made on broad terms so
that they will not handicap the growth of our industry.

This map before me shows the growth of scheduled aviation
throughout the world. Many, many other lines could be put on this
map, but they are not officially known as scheduled airlines. I
know of at least twenty-nine such lines in Alaska. And that is
what we find elsewhere. There are about one hundred and nine
air contracts in the United States, yet I know of only twenty-four
officially scheduled. The big thing to notice is that there are air-
lines being constructed everywhere—Asia, Australia, Alaska, Cana-
da, etc. Some go nearly to the North Pole. One outstanding
point in that map of the world’s airways is the great expansion
which is brought about by politics and for military reasons mainly
by European countries seeking to get a closer hook-up with their
colonies. Military reasons are the main ones for the expansion into
and through Siberia. There are 261,000 miles of airlines outside
of the United States. Of that number, about 40,000 are flown by
Pan-American and about 27,000 miles of these come under the
American flag, the balance being under corporate structures incor-
porated in the countries in which they operate. There are 104
foreign companies depicted on this map outside of the United
States, and three American companies. The scheduled airlines op-
erate under forty-seven different flags.

At the beginning of this century, the fastest possible means
of round-the-world transportation was 60 days, 13 hours and 29
minutes. Now one may go over the same route in 16½ days. One
starts from New York and goes to Europe by way of the German Zeppelin, then by a German line to Holland, then by Dutch line one arrives in Penang and makes an air connection to Hongkong. Thereafter one proceeds across a 700 mile gap of water to the Philippines, and takes the China Clipper to California and from there an American airline back to the starting point.

We are ready now to connect the United States with Europe by means of an heavier-than-air line. One certain person has delayed our doing so, but we are looking forward to flying on regular scheduled operation in the very near future. The only portion in this world trip not hooked up is the space between Macao and Manila. It seems as though we may shortly overcome that defect by having a Chinese line flying to Macao and connecting there with a regular Pan-American service.

As I looked over your program today, I noticed that much of it ties in with the first point mentioned, that is, safety in the air. A statement was made today that the function of any government is to govern. If that be true, then certainly the second duty of any government is to protect the lives of its nationals at home or abroad, on land, or water or in the air. If we have a number of wrecks of steamships, there is immediately a clamor for investigation. We had the Morro Castle and the Mohawk disasters investigated. The beneficial results of that investigation were embodied in the 1936 Maritime Act, which attempted to provide safety on board our ships. Congress has legislated to give us markers along the seacoast and for travel along inland waterways. In Chicago harbor there are more safety signals for motor boats than there are for airplanes. This whole result is based on marking water ways for shipping. One point that our Congress has failed to grasp is that the air is nothing but an ocean. It is the only ocean that is navigable to every point of the earth's surface, whether on land or on water. If we keep in mind that the air is an ocean, and apply theories marking that ocean just as we do to marking oceans made of water, we would have properly marked airways. Take horizontal types of marking and turn them to the vertical, and you have the same principle for marking traffic in that great ocean called air.

Our nation has been both interested and generous in the building and upkeep of highways for land traffic, that is land traffic in the way of automobiles and horse-drawn vehicles. Every congressman is familiar with highway problems in his district because of the interests of his constituents. However, but very few of our
representatives have ever realized that the highway in the air can and should be equally well defined as the highways on the ground. Those on the ground are made and marked with concrete, etc. The highways in the air are marked with radio energy. A man sees a concrete road and stays on it; in the air a man follows the radio road with his ears. The man on the road follows with one sense; and the man in the air follows with another. We have marks on concrete roads to show turns, where to slow up, soft shoulders, etc. We need marks in the air that will define equally well these air roads and show where the ground is.

We have 28,000 miles of federal highways. About 5,000 miles of these roads have no markers. In going over our needs a few months ago, we tried to put on this second map, what, in a general way, we need to make the airways as safe as a concrete road on the ground. Forgetting the question of airports, which the WPA is ably handling, it will require about $14,000,000 to bring the airways to normal construction. If we are not going to make them "bullet proof," and only take care of the spots we really cannot do without, we come to this other map, which would require approximately $5,000,000. Of that $4,750,000 is for radio. A small amount of it is for lights, and actual physical labor.

Incidentally, while on that same subject, I have here a map of Alaska. We have inquired into Alaska to see what airway aids our country needs for commerce and for national defense. This map shows the need for about $2,959,000 for Alaskan airway projects.

The question is, how to get the cash to construct these airways. The House committee wanted to make the airways safe. They publicly announced they were in favor of such an appropriation. The House Post Office Committee actually went so far as to say they were in favor of this $14,000,000 appropriation. The Senate Investigating Committee made this same comment. The Senate Appropriation Committee on April 8th went so far as to say they would bring the Budget Director into the meeting to put through this appropriation. Unfortunately, it failed to pass. The responsibility for this failure to pass Congress rests solely on one man.

If you will stop to think that these airways of ours go into forty-three states, and Alaska, Puerto Rico and other territories, you will realize that our needs for airway expansion follow our flag wherever it flies. You will also realize that they go into most congressional districts. This is not only a national problem, but it is a problem which fits in with the desire and needs of every sena-
tor, and the desire and needs of every congressional district. I am quite certain that no congressman and no senator, when educated to these needs, would be negligent enough to forget them. Even during this depression there was no controversy over appropriations for highway building. The last bill went through for $400,000,000. No representative voted against it because the roads went by every farm and village. The question of roads in the air is just as important as that of concrete roads. We should receive the same political reaction.

About 1890, the Secretary of Agriculture was getting so many requests concerning dirt roads that he did the best he could to encourage the building of them. Finally, inquiries became so numerous that he created, without any law of Congress, a Bureau of Enquiry Concerning Public Roads. It started with a staff of two men and one girl, and has since grown to become the tremendous Bureau of Public Roads, spending $400,000,000 a year. It has given us the finest system of surface roads anywhere in the world. I wish that those some inspirations, be they commercial or political, would inspire our congressmen and senators to take the same viewpoint, especially at the present time, when the question of appropriations for airways comes up. If they voted us only $14,000,000, it would represent but a four-day appropriation for surface highway construction. As time goes on, we will need more airways, and if we have a line-up such as for public roads, we will get the cash for necessary expansion.

Airways are needed for four reasons. One, of course, is safety. The second is efficiency. We are not saying to you that the airways are unsafe, because when weather conditions are unsafe, we try not to fly. But we do need them for efficiency. The scheduled airlines will never reach a point of perfection until we can depart and arrive on schedule regardless of weather. To do that, we need the aids to take off from and bring us down to the ground safely. The average traveler has but two fears—how he is going to get down, and whether or not the ship may fall to pieces. The question of how he is going to get down is a question of aids to get us down safely. Ships no longer fall to pieces.

Point number three is that the law says the outgo and income of the Post Office Department must be balanced by July 1, 1938. Some of our companies are running at a loss, and some at a profit to the government, but the composite financial result is still a loss of $3,000,000 a year to the Post Office Department. If the lines could only fly 100% instead of 95% of schedule, we would get
that extra volume of business which would more than tend to bring up the income to balance the outgo. All we are asking is a chance to make a normal profit. The so-called subsidy in the domestic airlines is about $3,000,000. Last year, I think it was $2,980,000. I believe the British get about $7,500,000, the French $9,000,000, and the Germans get $14,000,000. You can see the domestic lines are receiving comparatively little from our government.

The fourth reason we need these airways completed is for national defense. The first activity of our Association was not to try to make money for airlines. At the beginning of 1936, there was no mobilization plan for our airlines. Our first job was to help the government work out such a plan. Suppose now we had a splendid air force in this country, and we were attacked on both coasts. When the war starts the navy will be in one ocean or the other. The country will need to depend upon its air force for protection on at least the opposite coast. Such cannot be done from a military angle without a considerable perfection of our airways. We know from past experience that there must be certain military highways over which motor vehicles can go. In this modern day, we must likewise build air roads to carry out the different air activities of national defense.

We have twenty-two domestic scheduled lines, of which twenty carry the mail. Our domestic volume of business during the last fiscal year was $25,000,000, but our stockholders lost $4,000,000. So far this year, comparing the figures for the first six months, our mileage flown is 18% greater, and our passenger increase 29%. This year, it looks as if express may reach five million pounds. Our mail load is 36% over what it was last year. This increase has brought upon the airlines the need for an additional capital expenditure. We are planning to expend $15,000,000 additional for equipment. The demand for mail, express and passenger transportation is larger than we can handle in many cases because our planes are not large enough. We are air mail carriers, and if we have too much mail, we have to drop off passengers or drop off express. You may see an airplane going out of Newark to Chicago with six seats empty. More passengers are refused because of the heavy mail load. There is no way we can make any money on a proposition like that. Speaking of our loss for last year, we hope and we pray that you gentlemen, when studying the law, may see how unfair it is to have such a large percentage of the weight we can carry taken up with mail for which we receive no pay. The maximum rate for mail pay should be altered so that a company
can be paid for the service it actually renders. There is no reason why, as the airplane business is built up, the government should not pay for its legitimate increased use of it.

Incidentally, in speaking of the question of the help you can give, there is one point where you can help the War Department. There are probably more false rumors in aviation than in any other business you can mention. Many, many lies are told about our participation in the World War. There are only three books in which you can read the truth of our real wartime activities. One is an official history of what our Air Force did in Europe. We required a history of each unit to be written beginning the very day of the Armistice. That history went to the vaults of the War Department. Since then it has been more or less scattered. We are pouring out $80,000,000 or $90,000,000 a year to build up an air force. The studies of present day air officers are almost entirely theoretical. In the World War only one man saw everything happen. No one else had an all-round experience. Today, air officers are taught on the "theory" of what they thought might have happened. The War Department is going to ask Congress to publish that history. If you gentlemen testify before Congress, you can help considerably if you recommend this. We spent $594,000,000 to fight the war in the air in Europe. There is no reason why we should not know more about the history of this expenditure. What happened in Europe should be known, because the past is but a prologue to the future.