

questions...

“Our Federal debt is today over \$250 billion... With the importance of the management of the public debt so great...you and all other citizens with common sense and interest in economic questions should do all in your power to create public sentiment for a steady reduction of the total debt and for the gradual refunding of the short term debt and its shifting out of the banks into the hands of permanent investors... The process can only be a long one continuing not only through our generation but long after...”

“I do not doubt I would have interested you much more if I had made prophecies of what is in store for business and the economy of our country and the world in the next few years, or even in the next few months. But I am no prophet and I do not know what is coming. Neither have I faith in prophets, in these days of uncertainties, and I can only advise you to beware of them. First ascertain the facts and then apply your own common sense and thinking to them.”

**William A. Patterson:  
Flying Over the Pacific**

*William A. Patterson was president of United Air Lines, Inc. when he addressed The Economic Club of Chicago on May 2, 1944 on the subject of transoceanic passenger service.*



“A few months following Pearl Harbor, we received a phone call from Washington asking if we were willing and able to conduct regularly scheduled flight operations across the Pacific. We had no previous experience in that type of operation.

However, our answer was similar to that of all industries when requested to do a job for the

successful prosecution of the war and we agreed to undertake the responsibility.

“We were given five weeks in which to make our preparations. There was no such classification of skill and experience in our organization as that of navigator. We couldn’t go out and hire a number of navigators to fill the quota. We had a training department which fortunately was equipped to teach celestial and other simplified methods of navigation. We employed 25 sophomore and junior students of Purdue, taught them navigation, taught our pilots navigation, developed flight mechanics and in five weeks we were ready. Our organization naturally was tense about the first flight but as evidence of its success and of the simplicity of ocean flying, the first two trips that left 24 hours apart were separated by a minute and one-half at their first mid-Pacific stop, which showed extremely accurate navigation.

“Such transocean operations for the Air Transport Command are not peculiar to our company. Every major airline in the United States is flying some ocean—and to virtually every important place on the globe. It is obvious today that transocean flying is routine. Not just the airlines are performing this job...All this illustrates one thing—that global flying is routine and that its practicability is without question. Such activity has aroused great interest regarding the potential growth and effect of international flying...”

“Global maps became the subject of much public discussion. They stirred the public imagination as to the proximity of nations and the shrinkage of the world which the airplane would make possible. Some advanced the theory that this closer intimacy would make the world a more comfortable place in which to live. Others went so far as to state that we would be one world—happy, contented and with good feeling everywhere.

“The combination of all these factors started our industry boiling with international plans. The ambitions of our operating personnel were aroused to tackle a job of this kind in peacetime—with

great confidence of their ability to perfect it. Our sales personnel began dreaming of conquering new fields when peace should come again. United Air Lines is not unlike any other airline. We were prepared to file applications for new routes to London, Berlin, Moscow and Tokyo. These routes were all drawn up on maps. Such international map drawing was just as popular in United Air Lines as in any other airline. But we reach a time when our enthusiasm has to be tempered with some sound judgment...

“We in United asked ourselves a few questions. We asked what was the predominate thing that caused us to be so enthusiastic for rapid and uncontrolled international expansion. We came to the conclusion it was our professional ambition. It was the ambition of pilots, mechanics, sales people and others of our organization to conquer new worlds.

“In analyzing our responsibility to our stockholders, we asked ourselves: ‘Have we been provided with capital to satisfy our individual whims and ambitions?’ We concluded that we had not—that the incentive for profit was a factor in which our stockholders were interested... We had to find out what our international market might be and who our competitors were likely to be. We had to determine the character of our potential competition and ascertain how we were to cope with that problem...

“Our first investigation was in the cargo field and we found by comparison that a Liberty ship which carries 6,400 tons a distance of 7,500 miles in 30 days can be operated at a cost of \$210,000. On comparing, we found that it would require 144 large four-engined planes to move an equal amount of cargo in 30 days at a cost of \$29 million. Obviously, that observation alone eliminated any enthusiasm for immediate post-war cargo development.

“In the first class passenger travel market, we believe we can carry passengers over the ocean at approximately five cents a mile, which is equivalent to our present domestic rate. But we must

remember that our market in the international field is the same as the domestic first class market. In the domestic field, we anticipate a five times growth over a four-year period after the war. We are willing to concede that, with greater savings in time possible on long, over-water flights, our penetration into the transocean field should be faster than in the domestic field. We allowed for that in our studies, estimating twice as rapid a penetration of the North Atlantic market as we had experienced domestically.

“These things are nothing new. We submitted our cases to the Civil Aeronautics Board over eight months ago. Not one single letter has been submitted to discredit the logic of our conclusions. The only answer has been that worn-out bugaboo, the viciousness of monopoly. The only two charges of our opponents have been monopoly and lack of imagination. It seems we can’t visualize that the Irish of Boston will be spending their weekends in Ireland after the war. We can’t visualize the fact that every boy who has fought on Guadalcanal will, in the future, want to spend his vacation there. To me such imagination is ridiculous...

“...We can reasonably assume that each effort to obtain a U.S.-flag landing right immediately will create a foreign flag request to parallel that operation. In other words, this is all going to be done on the basis of reciprocal rights. Great Britain has already announced a policy of a government-owned airline. Other countries which, it appears, will have either government-owned or government-controlled airlines are Canada, France, Germany, Russia, Holland and Sweden. Looking this over, we have at least seven countries with seven companies which will come into the field following the creation of U.S.-flag operations...

“It may be that foreign countries are going to insist on some equal distribution of traffic. If we have such equal distribution of traffic, we might just as well have no competition. How can we compete with ourselves and at the same time compete with the general character of foreign competition?

“...When we boil all this down we cannot help but come to the conclusion that there is a more basic and fundamental question involved which is more important than the ambitions of United Air Lines or American Airlines. I feel that we have a threat of government ownership to match the form and character of our foreign competition. I feel that the U.S.-flag position in aviation will be threatened if we are going to compete with ourselves rather than with our real competition, the foreign countries.

“Our interests...must be private enterprise and the position of our flag on the post-war airways. We must determine how we best can serve this country rather than our own individual selfish interests. We are inclined to feel that one company, in which all aviation companies might have an interest, should represent this government, privately financed and privately owned.

“There are evils in any monopoly. On the other hand there are ways and means of guarding against those evils. Physical as well as financial participation of the domestic airlines could be contributed to this chosen instrument. It would appear to me that United Air Lines, American Airlines and other companies could well operate portions or segments of this international carrier under the guidance of a parent management, and thereby inject their technical skills and ingenuity into this one organization...

“Here is an opportunity for companies operating under private enterprise to give evidence that they can cooperate and make a valuable contribution to honest, fair competition. In so doing, they can keep U.S.-flag aviation in the number one position and, above all, maintain their operations under private enterprise.”

## **Elmer T. Stevens: Twenty Years Later**

*Elmer T. Stevens was president of Charles A. Stevens & Co., when he addressed The Economic Club of Chicago on June 5, 1947, on the occasion of the Club's twentieth anniversary.*



“Mr. President, I am very appreciative of this opportunity to speak again to The Economic Club of Chicago. It gives me a chance to right a wrong which I did the Club twenty years ago... To return to that evening of twenty years ago, I was only a little older, actually, than I am today and very nervous... I had a perfectly proper speech ready, fairly short and dull. As I started to talk, I was astonished to hear myself ad libbing with a story which I had used on a much lighter yacht-club occasion a short time before. It wasn't a good story. It started like this: 'Mr. President, gentlemen of The Economic Club. You have heard of the old maid who, when answering the telephone, heard this masculine voice, 'Will you marry me?' 'Yes,' she said, 'Who is it?'...”

“And now I have the opportunity to present my apologies direct to the membership of The Economic Club on this twentieth birthday, for, as you have heard so often tonight, it is twenty years ago that we gathered in this room 400 strong to inspect, consider, and discuss this new organization just completed from blueprints...”

“The obvious objective was a series of meetings each year of such interest and importance that they would draw together audiences of the type of men who, through their ability, intellectual desires, and energy, seemed destined to become some of Chicago's business leaders... The speakers were to be men of prominence in industry and commerce, or in associated fields, and the topics to be those