

## THE CHOSEN INSTRUMENT? RECONSIDERING THE EARLY RELATIONSHIP BETWEEN PAN AMERICAN AIRWAYS AND THE U.S. GOVERNMENT.

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### ABSTRACT

During the late 1920s and early 1930s, Pan American Airways became known as the U.S. "chosen instrument" for international commercial aviation. Most scholarly work about the U.S. government/Pan Am relationship presents the airline as the government's instrument. This article challenges this traditional perspective. In certain ways Pan Am was an "instrument," yet in others it defied such categorization. Thus, any notion that Pan Am was a "chosen instrument" merits qualification. Drawing upon the "corporatist" historical model, this study will present a more sophisticated account of this relationship, one that considers the role of business elites in shaping U.S. policy.

During the late 1920s and early 1930s, Pan American Airways built a vast airline network that dominated the western hemisphere. It did so with the exclusive financial and diplomatic support of the U.S. government. As a result, it became known as the U.S. chosen instrument for international commercial aviation. This relationship has been the subject of significant scholarly work, most notably Wesley Phillips Newton's *The Perilous Sky: U.S. Aviation Diplomacy and Latin America, 1919-1931*.<sup>1</sup> In this and other works, Pan Am has appeared as an instrument of the U.S. government.<sup>2</sup> The implication, of course, is that U.S. officials exercised firm control over the airline and all policy concerning it.

This article seeks to challenge and refine this traditional perspective of the Pan Am/U.S. government relationship during this period. In certain ways Pan Am was a "chosen instrument," most notably in being the sole beneficiary of the government's support in international commercial aviation. Yet in other ways it defied such simple categorization. It enjoyed much greater independence than many of its European counterparts, whose governments exercised much tighter control over their chosen instruments. In fact, the airline seized the initiative in its relationship with the U.S. government and shaped U.S. policy to meet its needs. While this arrangement largely promoted U.S. interests, it placed the interests of the airline first, even at the expense of those of the government. Thus, any notion that Pan Am was an "instrument" merits qualification.

This new perspective draws upon the corporatist model of American political economy. Historians have employed this model for decades. It has been particularly useful to diplomatic historians, most notably Joan Hoff, Melvyn P. Leffler, and Michael Hogan. Using corporatist insights, these scholars have focused upon the role of functional elites in foreign policy making. While still giving due consideration to influential

parties within the government, they also examine how those outside of government contributed to the formation of foreign policy. Of particular interest are figures such as American businessman Charles Dawes, who traveled to Europe in 1924 to deal with the economic and political crisis surrounding Germany's default on World War One reparation payments. While the State Department encouraged the mission, Dawes was not an official representative of the U.S. government. Moreover, his solution to the crisis, the Dawes Plan, provided loans to Germany from private American sources, most notably J.P. Morgan. In sum, parties outside the government directed the U.S. response to this crisis.<sup>3</sup> In this and other instances, the corporatist approach has proven valuable to scholars. Using this approach, this article will address how functional elites (in this case Pan Am) shaped U.S. policy for international commercial aviation in the late 1920s and early 1930s. In so doing, it will present a more sophisticated account of this subject, one that takes into consideration the role of business elites in shaping U.S. policy.

Wesley Phillips Newton states that World War One "was the background for aviation's growth from childhood to early adolescence." During the great conflict, technical advances and operational experience made airplanes more reliable and useful. While far from maturity as a mode of transport, aviation now held some commercial potential. In addition to improving the quality of aviation, the war produced a glut of aircraft, pilots and support personnel. These factors fueled an interest in the development of commercial airlines. For many of the world's leading aviation powers, Latin America was a particularly attractive setting for such ventures. The nations there lacked their own aviation resources. Yet the potential demand for air travel was evident. The soaring mountains, vast deserts, and impenetrable jungles of Latin America divided and isolated nations both inter- and intra-nationally. The airplane could overcome these topographical barriers and improve the speed and regularity of communication and transportation, thereby uniting the peoples of Latin America. Commercial aviation held much promise for both the region and the companies who chose to explore the possibilities.<sup>4</sup>

This promise was not overlooked. Various European aviation interests moved quickly into Latin America after the war. They dispatched men and materiel on publicity flights, sales trips, and training missions to promote their goods and services. Soon, they established commercial airlines in the region. These ventures received extensive backing from their respective governments in Europe. This was in keeping with the practice of most European governments, which exercised close control over their airlines. This was most evident in their reliance on chosen instruments in international commercial aviation. Under this arrangement, the government designated one airline to handle its international airline traffic, with the state owning and/or directly administering the enterprise. In the case of Britain's Imperial Airways, for example, private shareholders held company stock, but the government appointed the airline's administrators, oversaw its operations, and heavily subsidized its finances. Thus, the European governments held great sway over their nations' airline ventures in Latin America.<sup>5</sup>

American efforts in Latin American aviation were few during these years. There were several individuals and groups that tried to encourage American involvement in the

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field. One of the foremost was the Aero Club of America. In 1919 it named the famous Brazilian flier Alberto Santos-Dumont chair of its "Committee on Pan American Aeronautics" and sent him on a tour of Latin America.<sup>6</sup> Santos-Dumont returned brimming with enthusiasm about the possibilities aviation offered the continent. Mindful of the desired ties between the United States and Latin America, he asserted that the "Pan American Aeronautic movement...is making gigantic strides." This and other appeals emphasized the potential demand in Latin America for U.S. equipment, personnel, and investment. If Pan-American unity and profit were not enough to motivate American business interests, there was always the threat of European influence. At a luncheon hosted by the Manufacturers Aircraft Association in 1920, the Assistant Director General of the Pan American Union warned that European interests "were bending all their efforts to get the Latin American market," and declared that if the Americans did not want to be shut out, they had better act quickly. One American representative of the Curtiss aircraft company reported that he faced European competitors whose governments had "plentifully supplied" them with money and equipment in Latin America. Still, he claimed that Latin Americans preferred American equipment, and he was certain that American interests could "capture a great deal of business" if they took advantage of the opportunity.<sup>7</sup>

Such appeals produced few results. Unlike their European counterparts, American aviation interests received little support from their government, which rebuffed suggestions to send special missions to drum up business, and even blocked sales of some American equipment to Latin America. There were various reasons for this, from bureaucratic inertia to military concerns. Ultimately, there was simply a lack of interest. Few U.S. officials saw much benefit in promoting American aviation in Latin America. This indifference manifested itself in a communiqué from the U.S. consul in Buenos Aires to the State Department in 1919. The consul urged American aviation companies not to waste his staff's time with requests for diplomatic assistance since the Argentines were committed to French aviation interests.<sup>8</sup> In sum, the U.S. government seemed to have little concern for Latin America's airways.

This complacency soon ended. In 1919, German émigrés in Colombia founded La Sociedad Colombo-Alemana de Transportes Aereos (SCADTA). According to Newton, this would be the first "enduring" airline in the Western hemisphere. Its survival was anything but certain in its infancy, as the enterprise struggled financially. Then, in 1921, an Austrian by the name of Peter Paul von Bauer joined the company. Using his own money, he paid off the airline's debts, upgraded its equipment with Junker aircraft, and established a scientific branch that greatly advanced its operations. Under von Bauer's control, SCADTA flourished, becoming a financial success and expanding throughout Colombia. Despite its foreign ownership, the Colombian people embraced the airline and claimed it as their own. To them, SCADTA was a symbol of Colombian progress. The company cultivated this sentiment by developing close ties with the government, performing various duties for the country, and employing Colombian personnel.<sup>9</sup>

Expansion outside the borders of Colombia was a logical step, and SCADTA looked northward. In 1923, the airline began laying the groundwork for a prestigious and prof-

itable service running from Colombia to the United States through Central America and the Caribbean. This required that von Bauer ask U.S. authorities for permission to fly over and land in the Canal Zone. This request touched a sensitive nerve in the U.S. government. The Panama Canal was a primary strategic concern of the United States. There was growing unease amongst U.S. military officials regarding the canal's vulnerability to air attack. Some worried that commercial aircraft could be fitted with bombs and cripple the canal in a sudden strike. Thus, the strategic implications of a German-controlled airline operating in the Canal Zone disturbed many U.S. officials. This prodded the U.S. government to action. It opened negotiations with Panama in order to establish regulations governing commercial aviation in and around the canal. It sponsored the "Central American Flight," a goodwill tour of U.S. military aircraft through Central America during 1924. In that same year, Cabinet officials instructed the U.S. Post Office to investigate the possibility of establishing an American airline in the region. However, this initiative was short-lived. Post Office officials quickly dismissed the idea of an airline, citing issues of expense and jurisdiction. (In their minds, the concern over the canal was a military, not postal, matter.) This did not satisfy many officials in Washington, and several began casting about for an American airline to counter the German threat.<sup>10</sup>

SCADTA persisted in its appeals for permission to conduct a survey flight through the Canal Zone. In April 1925, von Bauer journeyed to Washington, where he presented a plan for an airmail service between Colombia and Key West. While some officials had misgivings, others were impressed. The Commerce Department was very supportive of the proposal, and even the Post Office was open to the idea. However, the Postmaster General insisted that any such service would have to be operated by a company incorporated in the United States, with U.S. capital backing, and employing American equipment and personnel. If such arrangements were made, he informed von Bauer, he would "be glad to encourage it and I could give it a good deal of business." The Austrian proved responsive to these concerns. He informed the Commerce Department that he was securing a charter in the state of Delaware for a new company to be called "Inter-American Airways," which would meet U.S. qualifications. He soon received U.S. permission to conduct a survey flight for the proposed route between Colombia and the United States.<sup>11</sup> SCADTA seemed to be making progress toward its goal.

Matters soon took a decided turn. Upon von Bauer's return to Colombia, reports soon circulated in the Colombian press that U.S. interests would be taking over SCADTA under the auspices of the newly created Inter-American Airways. Realizing that the Colombians would not receive this news well, von Bauer quickly issued a denial. Meanwhile, the SCADTA survey flight proceeded to Central America, with von Bauer and other company representatives aboard. U.S. officials in the region soon reported that SCADTA's representatives were meeting with various Central American officials to discuss possible contracts. According to some, von Bauer and company were acting as though SCADTA itself would be handling the airline service in Central America. Soon a copy of a proposed SCADTA contract with Guatemala made its way to Washington. It bore von

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Bauer's signature, as a representative of the "Condor Syndicate." U.S. investigations revealed this to be a Berlin-based company. The specter of German influence, coupled with von Bauer's maneuverings, raised concerns in Washington. While several U.S. officials remained supportive of the service, military officials successfully lobbied the Post Office to withhold any airmail contract for SCADTA. Meanwhile, Major Henry "Hap" Arnold of the Air Service drew up a plan for an American airline, "Pan-American Airways," which he offered to Cabinet officials as a counterweight to SCADTA.<sup>12</sup> His plan soon became a reality.

The year 1927 would prove decisive for American aviation interests. There was, of course, Charles Lindbergh's solo flight across the Atlantic. Yet for American aviation interests in Latin America, more significant was the founding of Pan American Airways. Arnold had shared his vision with several influential figures outside the government, including John K. Montgomery, who in March of 1927 obtained a charter for Pan Am. Montgomery and company urged Arnold to quit the military and join the company, which he almost did. However, circumstances soon changed. There were others who were interested in a Latin American air service, including a cunning and determined Juan Trippe. A Yale graduate from a well-known New York family, Trippe had connections both on Wall Street and in Washington. In June he chartered the Aviation Corporation of America. He learned that the Post Office would be awarding an airmail contract for a route between Key West and Havana. Montgomery and company secured this contract in the summer of 1927, but Trippe made a brilliant move. He secured landing rights from the Cuban government, in effect trumping any airmail contract. Faced with this reality, Montgomery and company had little choice but to give way to Trippe and his associates, who soon took control of Pan Am. They inaugurated a regular service between Key West and Havana in October.<sup>13</sup> Private interests had hijacked what had begun as a government initiative. Still, the government had a champion for its cause in Latin America.

So was born a partnership that blossomed in the following years. The government would sustain Pan Am with financial and diplomatic assistance, and thereby create a *de facto* monopoly of international commercial aviation. The company would advance American commercial interests in Latin America while containing the economic and strategic threat of European competitors. Yet the government would neither control nor build Pan Am's empire. The company's growth would result from private initiative and profit motive. While Pan Am would promote American interests, it did so because they were consistent with its own. Moreover, the airline would wield great influence in the shaping of government policy. It also would handle such matters as negotiating with foreign governments; usually, the U.S. government would step in only at the behest and direction of the airline. Thus, while Pan Am would serve U.S. interests well, the government would serve Pan Am's just as well. In fact, as one examines the relationship between the company and the government during the late 1920s and early 1930s, it is apparent that much of the initiative and control was in the hands of the former, with the latter serving as its instrument for commercial advancement.

Trippe's influence over the government was, in the words of Newton, "evident early in the game." In 1927, Cabinet officials organized an inter-departmental committee to draw up a list of recommendations for Congress concerning foreign airmail legislation. In effect, this would shape U.S. policy for international airlines. The committee indicated that it was predisposed to back one company. This boded well for Pan Am, then the only airline in operation. However, W. Irving Glover, the influential assistant to the Postmaster General, was committed to a modest subsidy for airmail services, one that Pan Am found a bit too modest. Trippe met with Glover and explained to him that a higher subsidy was necessary to sustain an air service. Trippe proved quite persuasive; when the foreign airmail bill came before Congress, Glover supported a higher subsidy. Congress passed the Foreign Air Mail Act in early 1928, as well as a sizable allocation of funds. The act mirrored many of the interdepartmental committee's proposals. Most notably, it gave the Postmaster General the discretion to grant contracts to "the lowest responsible bidders that can satisfactorily perform the service required to the best advantage of the Government." This provision would greatly benefit Pan Am in the coming years, as postal officials often used it to justify giving the company contracts for which it was not the lowest bidder.<sup>14</sup> Pan Am benefited from a favorably disposed government; however, it also had greatly aided its own cause.

Postmaster General Henry New quickly put two Caribbean routes up for bidding, including one to the all-important Canal Zone. Pan Am easily secured them, but soon encountered a significant problem. The lack of uniform customs procedures in both the United States and Latin America was creating costly delays in service. Trippe contacted Assistant Secretary William McCracken, Jr. of the Commerce Department. Explaining Pan Am's problem, Trippe proposed that the U.S. government adopt simplified customs procedures and encourage the other nations to do likewise. He even outlined a list of simplified procedures. His importuning got results. McCracken formed a department committee to address the problem, and brought it to the attention of other Cabinet officials. Although the difficulties remained unresolved for some time, Trippe's influence was evident.<sup>15</sup>

Meanwhile, Pan Am encountered another difficulty. It had arranged with local Mexican authorities in the Yucatan to conduct a survey flight in their jurisdiction. However, final approval for this had to come from Mexico City. According to Newton, Trippe developed a "minutely packaged" plan for the State Department to get this. The department obliged, and made an official request to the Mexican government to obtain permission for the survey. This proved successful, as the Mexican government soon assented.<sup>16</sup>

These episodes clearly indicate that Trippe held great sway in Washington. Newton comments that they are instances "in which the tail seemed to wag the dog." He notes that Trippe was "so bold as to tell the government how to conduct its business."<sup>17</sup> Without doubt, Trippe was bold. However, he could afford to be. Pan Am was not a government operation, and it was not simply playing the role of an instrument. Rather, it had taken the initiative in shaping U.S. policy. This was in keeping with the mood of the time, in which "the business of government is business." In this era of the "Associative State," government did not control business; it cooperated with it.<sup>18</sup> Thus, the analogy of

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the "tail and the dog" is hardly fitting. In this relationship, the airline was not a mere instrument; it was a partner.

SCADTA did not sit idly as these developments took place. It continued to seek permission for a permanent service through the Canal Zone, with von Bauer making another visit to Washington in 1927. He found the Americans unresponsive. His earlier activities, coupled with Pan Am's establishment, had undermined support for SCADTA in U.S. circles. Desperate, SCADTA now launched a concerted campaign to pressure the U.S. government to relent. The Colombian press, already critical of the U.S. government for stonewalling SCADTA, now incited the Colombian populace with reports of the poor treatment of "their" airline. SCADTA reportedly ran newspaper advertisements and stamped Colombian airmail with nationalist slogans designed to arouse anti-American sentiment. It even convinced some American businessmen in Colombia to sign a petition supporting its plans. Such activity only stiffened the U.S. government's opposition to SCADTA.<sup>19</sup>

Meanwhile, Pan Am launched its campaign to claim Latin America's skies. It deployed agents throughout the Caribbean, Central America, and South America. In its initial negotiations with governments in these areas, Pan Am proffered a standardized contract proposal for consideration. This sought not only air and landing rights, but also mail subsidies, tax exemptions, land expropriation rights, and unfettered access to government facilities. While such demands were fairly typical for U.S. companies operating in Latin America, by the 1920s, after years of American "gunboat diplomacy," Latin Americans were proving much more resentful of and resistant to such impositions. Pan Am's one-sided proposals were not well received and led to stalled negotiations. The airline might have avoided this had it bothered to consult with U.S. diplomats. W.S. Culbertson, U.S. Ambassador to Chile, cautioned the company to curb its demands in negotiating with the Chilean government. Unfortunately, his admonition did not reach Pan Am until after it had submitted its proposal (with the predictable results). In a couple of instances, American officials were able to advise the airline to moderate its demands, but in many cases the airline had to learn its lesson the hard way. This experience demonstrated the lack of coordination, let alone control, which the State Department exercised in regard to Pan Am's activities. In fact, Culbertson's involvement in this matter began when he asked the State Department what U.S. plans were for establishing an airmail service in Chile. The department immediately asked Pan Am what its plans were. The airline replied that the answer would have to wait until Trippe returned from a visit to Europe. In effect, Pan Am (and more specifically Trippe) was making U.S. airline policy.<sup>20</sup>

This is not to say that the State Department was uninvolved. In early 1929, the department's chief of Latin American affairs noted in a memo, "we have moved heaven and earth to help Pan American Airways." He then added, "this company is in an exceptional position in that the Department is very seriously and vitally interested in the success of its undertaking." Company officials, particularly Trippe, were well aware of their position, and used it to their advantage. They repeatedly reminded U.S. officials that Pan Am was "100% American owned," and played upon fears of the German bo-

geyman. When the Cuban government hesitated to grant Pan Am a mail contract in 1928, Trippe turned to Assistant Secretary of State Francis White for help. In relating the situation, the airline chief conveniently mentioned that the Germans were showing interest in Cuba as well. White's response revealed that Trippe's comment had hit home. The secretary stated that the department was "most anxious" to see "Pan American Airways...rather than the Germans" in possession of the Cuban mail contracts. In this and other instances, Trippe proved quite adept at pushing the right buttons to get U.S. officials to do his bidding. This gift was invaluable in light of their extraordinary efforts on Pan Am's behalf.<sup>21</sup>

Nowhere would Trippe's hold over the government be more evident than in the matter of SCADTA. By now, the conflict between American and Colombian aviation interests had spilled into the diplomatic arena. The Colombian government clashed with the U.S. government in 1927 at the Inter-American Aviation Commission, when U.S. officials tried to pass a measure that would have reserved the Canal Zone for U.S. airlines. This diplomatic contest continued a year later at the Sixth International Conference of American States, when delegates met to consider a commercial aviation convention. The United States proposed an amendment that in effect would allow it to bar SCADTA from the Canal Zone and possibly the entire Caribbean region. Despite strenuous Colombian objections, the U.S. delegation was able to get the amendment added to the Havana Air Convention of 1928 with only inconsequential alterations. The State Department regarded this as one of its key accomplishments at the conference.<sup>22</sup> Yet soon it performed an about-face.

As 1928 progressed, it became increasingly apparent that the conflict with Colombia was hurting American aviation interests. Colombia retaliated for the U.S. stonewalling of SCADTA by denying Pan Am permission to operate in its territory, blocking any service along the west coast of Latin America. This jeopardized a potential source of revenue for Pan Am, which was planning to bid for an airmail contract for this service. Moreover, there were reports of American competitors trying to establish operations in the same region. Desirous of revenue and desperate to head off any competition, Trippe decided to accommodate Colombian interests. He met with SCADTA officials to arrange a truce between the airlines. He then pressed the State Department to seek a reciprocal agreement with Colombia. He submitted a memorandum to department officials outlining a plan for arranging a *quid pro quo* with the Colombians. This would allow Pan Am to land in Colombia three times per week for maintenance, refueling, and discharging cargo and passengers. SCADTA was to receive the same privileges in the Canal Zone. In the words of Newton, "in a seeming display of unpatriotic self-interest," the airline chief demanded that the Germans be allowed to fly "within target range" of the Panama Canal.<sup>23</sup>

The department's response was to jump. Time was of the essence since Pan Am had to establish the service by March 1, 1929 to bid for the airmail contract. Without an agreement, there would be no service, and the Post Office would withdraw the contract. Following its marching orders, the State Department first asked the Colombians to per-



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mit a Pan Am survey flight over their territory. It then submitted a proposal for reciprocal air rights. Kellogg, mindful of Pan Am's deadline, pressed the U.S. minister in Colombia to "obtain [an] agreement as soon as possible." Much to Kellogg's pleasure, the two sides reached an understanding in mid-February; once again, his department had come through for Pan Am. As Newton notes, the whole affair had "revealed how persuasive [Trippe] had been." After all, he had proposed to allow a "conceivable Trojan horse inside the sacred walls" of the Canal Zone. For the U.S. government to comply after it had battled SCADTA for so many years required "someone's most persuasive powers." That someone was Trippe. As Newton acknowledges, this was evident in the fact that the draft agreement the State Department submitted to the Colombians for consideration was almost identical to that Trippe had drawn up.<sup>24</sup> It is difficult to view Pan Am as the "tail" in this relationship. This episode clearly demonstrated the control that Pan Am exercised in its relationship with the government. It also revealed U.S. priorities at the time; the drive for commercial hegemony outweighed security interests in these years of Republican rule, as earlier concerns about the Panama Canal seemed to fade from memory. Thanks to Trippe, the winged Teutons were now free to cross the Canal Zone, and Pan Am was free to ply the west coast of South America.

Throughout 1929, Pan Am shored up its position by reaching agreements with various Central American nations. Yet as it tightened its hold on one region in Latin America, an American challenger emerged in another. Ralph A. O'Neill, an ex-army ace, founded the New York, Rio, and Buenos Aires airline (NYRBA) to operate along the Atlantic coast of the Americas. This enterprise was no small threat to Pan Am. O'Neill had purchased six large flying boats from one of his powerful financial backers, Consolidated Aircraft Company. Among his other backers were several well-to-do and well-connected figures, including John K. Montgomery, one of Pan Am's ousted founders. O'Neill was the driving force behind the company, and he moved decisively to build his network. He arranged for surveys and services, and negotiated a contract with the Argentines to carry their mail to the United States. He then made plans to bid for a U.S. airmail contract for the east coast of Latin America. In sum, NYRBA was an energetic, well-financed, well-equipped American company with key figures who were ready to "buck" Pan Am.<sup>25</sup>

Pan Am and Trippe did not appreciate the competition. The airline even claimed that the U.S. embassy in Buenos Aires was showing "favoritism" to the newcomer. Yet this was an empty charge, as Trippe must have known. Pan Am had the Postmaster General and the State Department solidly behind it, as a July 1929 memo from White to the new Secretary of State, Henry Stimson, made clear. White proposed that the State Department give diplomatic "preference" to those airlines that had received U.S. postal contracts. Acknowledging the Postmaster General's commitment to sponsoring one American company (Pan Am) in the face of European competition, he admitted that this meant that the department would be supporting a "monopoly." Yet the undersecretary clearly advocated a "chosen instrument" policy. Stimson quickly adopted White's position, placing the department solidly behind Pan Am.<sup>26</sup> Of course, the airline had enjoyed

such favor long before this decision. It was not a passive beneficiary, however; it had lobbied intensively on its behalf for over two years.

Pan Am would not be a passive beneficiary in the contest for the east coast routes. While O'Neill labored on the front line in Latin America, Trippe devoted his energies to the home front. Because of its efforts elsewhere, Pan Am had not been able to develop a service on the east coast. To negate NYRBA's head start, Pan Am used its Washington connections. For one thing, it sought to discredit its competitor in the eyes of U.S. officials. Pan Am informed the State Department that Montgomery was negotiating with SCADTA, clearly implying that any government support of NYRBA might in fact benefit German interests. Pan Am also relayed reports that NYRBA was dealing with the French airline Aeropostale. With American commercial hegemony at stake, any European connections were damning in the eyes of U.S. officials. Pan Am also repeated rumors that NYRBA officials had criticized the State Department in the Argentine press. Meanwhile, as it was denigrating its competitor, Pan Am tried to forestall any official action that might aid NYRBA. Trippe asked the State Department to instruct its embassy in Buenos Aires to delay any action there regarding services to the Caribbean or the United States until Pan Am could implement its plans. Such instructions clearly would be prejudiced against NYRBA, so the department modified them by telling the embassy to delay any final decision on pertinent matters. Still, this bought Pan Am some time. Trippe then went to work lobbying the new Postmaster General, Walter Brown. Reminding Brown that the existing mail contracts gave the Post Office a vested interest in Pan Am's success, he argued that NYRBA's competition did not merely threaten Pan Am's growth, but undermined the government's position in Latin America. He urged Brown to delay bidding on the new contract until Pan Am could establish itself in the region. The Postmaster General agreed, a decision that prompted White to author his memo of July 1929.<sup>27</sup>

Despite having some supporters in U.S. government circles (including, perhaps ironically, Herbert Hoover), NYRBA faltered. The general disfavor of the U.S. government, dissension within NYRBA's ranks, and the Depression all served to undermine O'Neill's enterprise. Pan Am remained unrelenting in its drive to be the sole U.S. airline in the region. It reiterated to U.S. officials that two competing American airlines would only serve to weaken American aviation interests in the face of European competition. In sum, a "chosen instrument" would best serve U.S. interests. Brown was quite open to such arguments. He was determined to "rationalize" the airline industry by eliminating wasteful competition. He would do so on the domestic and, in this instance, international fronts.<sup>28</sup> However, in an unusual move, he informed Pan Am and NYRBA that he would award the east coast airmail contract only if they merged. The two airlines had in fact been discussing a merger for some time. Brown now compelled both to strike a deal. This was an example of the government directing Pan Am to do something. After all, Trippe and company simply could have waited for the competition to crumble under the onslaught of the Depression. However, Pan Am still held a great advantage in the bargaining, as NYRBA had incurred a large debt. Its investors, made desperate by the De-

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pression, were anxious to make any arrangement that promised a return. Trippe took full advantage of the situation, buying out NYRBA with highly inflated shares of Pan Am stock. The deal, completed in mid-1930, gave Pan Am several large planes, numerous developed routes, and one less competitor. Pan Am's domain now encompassed the whole of Latin America's coast.<sup>29</sup> It had eliminated its American competition and secured its status as the "chosen instrument," thanks in part to a supportive government, but also to its own maneuverings.

Pan Am also dealt with SCADTA. Having realized that he could do little to check the growing American giant, von Bauer decided to deal with it. In October 1929, he signed an agreement with Pan Am that relinquished the international market to the U.S. airline while reserving Colombia's domestic traffic for SCADTA. Further negotiations produced Pan Am's crowning achievement in 1931, when it purchased 84% of SCADTA's stock from its German owners. Yet the coronation was not a public affair. With SCADTA the pride and joy of Colombia, von Bauer urged Trippe to keep the deal a secret, lest the Colombians turn on "their" airline. Trippe agreed, explaining the reasoning to the State Department while making vague promises of "Americanizing" the company at a later date. In the end, only a few U.S. officials knew about the arrangement or Trippe's assurances, and most of these soon left their posts. As the years passed, the German personnel remained in place, and the true ownership of the company became obscured. The government's "instrument" to eliminate the threat of SCADTA reaped dividends from the flying Teutons while much of Washington remained in the dark.<sup>30</sup> Trippe had managed to circumvent U.S. strategic interests and, as always, place the interests of his airline first.

By the end of 1931, Pan Am dominated Latin American aviation, accounting for over half the commercial miles flown in the region.<sup>31</sup> It had benefited greatly from the favor of the U.S. government, whose diplomatic assistance and mail subsidies proved invaluable in opening doors and financing expansion. Yet the airline had plotted much of the course. It performed much of the diplomatic work while directing the State Department in its role. In many instances, the department might as well have declared itself a subsidiary of the company. While Pan Am accomplished much of what the government wanted in establishing American commercial hegemony in the region, it did so largely because this benefited its own interests. Clearly, the government played a key role in establishing American commercial aviation in the region, and thus contributed to Pan Am's success. However, Newton and others have so focused on the role of the government that they have misrepresented the development of American commercial aviation in the western hemisphere. Initially, the government directed policy making and in fact played a key role in the founding of Pan Am. However, private elements quickly assumed control of the airline and eventually hijacked U.S. policy for international airlines. In time, Trippe and company came to direct not only the development of the "instrument," but also all policy relating to it. This is most evident in the case of SCADTA, where the focus of U.S. policy shifted from U.S. strategic concerns toward Pan Am's economic interests. Certainly, the government still influenced the airline, as exemplified in the

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merger with NYRBA. But by and large, the initiative in the relationship lay with Pan Am. Thus, to characterize it as a “dog and tail” arrangement is inaccurate. Therefore, any application of the term “chosen instrument” to Pan Am must be carefully qualified. Pan Am did serve U.S. purposes in the region, and it did so as the sole beneficiary of the U.S. government. However, it acted as an independent agent, enjoying a mutually beneficial partnership with the U.S. government.

Of course, such an arrangement was in keeping with the 1920s, when the attitude of the U.S. government was decidedly committed to partnering with business. The corporatist approach makes the historian more aware of this, and permits a more sophisticated examination of the Pan Am/U.S. government relationship. However, one must be careful in applying historical approaches to the study of any subject, for there are often limits to their efficacy. In the case of corporatism, John L. Gaddis has noted that while it seems useful for certain periods in U.S. history, in others it is less so.<sup>32</sup> This is evident in the story of Pan Am. While the 1920s would witness a close working relationship between the U.S. government and Pan Am, the 1930s brought the Depression. This discredited the business-loving Republicans and brought to the White House an administration with a less amicable attitude. Moreover, the Depression fostered a distrust of big business and its influence over the U.S. government. Thus, the Roosevelt administration would take a more assertive regulatory approach to commercial aviation and also look to detach itself from the airline that had excelled at influencing the government: Pan Am. Furthermore, as the international arena became more threatening, strategic interests displaced commercial interests as the primary U.S. concern. Pan Am's Teutonic connections would be rediscovered, and its commitment to its commercial advancement would prove out of step with government interests. The cooperation of the 1920s gave way to conflict in the 1930s and 1940s. Eventually, the government would move to free itself of Pan Am's clutches.<sup>33</sup> Thus, while the corporatist approach helps us to better understand the relationship between Pan Am and the U.S. government in its early years, there are limitations to its usefulness. The “Republican decade” provided Juan Trippe and company with a fleeting and unique opportunity, one that they used to good advantage in establishing their enterprise.

### Notes

1. Wesley Phillips Newton, *The Perilous Sky: U.S. Aviation Diplomacy and Latin America, 1919-1931* (Coral Gables, FL: University of Miami Press, 1978).

2. Other works include: Wesley Phillips Newton, “International Aviation Rivalry in Latin America, 1919-1927,” *Journal of Inter-American Studies* 7 (July 1965), 345-356; Stephen J. Randall, “Colombia, the United States, and Interamerican Aviation Rivalry, 1927-1940,” *The Journal of Interamerican Studies and World Affairs* 14 (August 1972), 297-324.

3. For a more complete account of Dawes' mission to Europe, consult: Joan Hoff Wilson, *American Business and Foreign Policy, 1920-1933* (Lexington: University Press of Kentucky, 1971).

4. William A.M. Burden, *The Struggle for Airways in Latin America* (New York: Arno Press, 1977), 3-6, 20; Newton, *The Perilous Sky*, 9-19.

5. Burden, *The Struggle for Airways*, 11-13; Newton, *The Perilous Sky*, 9-28; Alan P. Dobson, *Peaceful Air Warfare: The United States, Britain, and the Politics of International Aviation* (Oxford: Clarendon Press,

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1991), 36-42; A.S. Jackson, *Imperial Airways and the First British Airlines* (London: Terence Dalton Ltd., 1995), 9-24.

6. Santos-Dumont was an early experimenter in the realm of flight. In fact, many in his native Brazil and elsewhere have argued that he made the first documented heavier-than-air flight.

7. "Santos-Dumont Returns," *New York Times*, 21 August 1919, p. 8; "Aircraft Needed in Latin America," *New York Times*, 8 March 1920, p. 12; "Ready Market for Planes," *New York Times*, 25 April 1920, p. 11.

8. Newton, *The Perilous Sky*, 29-40; Henry Robertson (U.S. Consul, Buenos Aires) to Robert Lansing (U.S. Secretary of State), 15 February 1919, *Records of the Department of State Relating to the Internal Affairs of Argentina, 1910-1929*, 835.796. All subsequent references to State Department files on the internal affairs of Latin American nations will provide the specific document information, name of the nation and file number.

9. Newton, *The Perilous Sky*, 25-27.

10. *Ibid.*, 41-59.

11. *Ibid.*, 61-66; "Plan New Air Mail to Link Americas," *New York Times*, 24 May 1925, p. 2.

12. Newton, *The Perilous Sky*, 66-75.

13. Marylin Bender and Selig Altschul, *The Chosen Instrument: Pan Am, Juan Trippe, the Rise and Fall of an American Entrepreneur* (New York: Simon and Schuster, 1982), 83-88, 111; Newton, *The Perilous Sky*, 109-114.

14. Bender, *The Chosen Instrument*, 91-96; Newton *The Perilous Sky*, 119-123, 160-162.

15. Bender, *The Chosen Instrument*, 98-101; Newton, *The Perilous Sky*, 162-163.

16. Newton, *The Perilous Sky*, 164-165.

17. *Ibid.*, 164.

18. There are many works that address the "Associative State" and the ideas, attitudes, and policies related to it. These include: Joan Hoff Wilson, *Herbert Hoover, Forgotten Progressive* (Boston: Little, Brown, and Co., 1975); Ellis W. Hawley, "Herbert Hoover, the Commerce Secretariat and the Vision of an 'Associative State,' 1921-1928," *Journal of American History* 61:1 (June 1974), 116-140.

19. Newton, *The Perilous Sky*, 75-77, 108-122, 199-200; Randall, "Interamerican Aviation Rivalry," 300-302.

20. Bender, *The Chosen Instrument*, 129; Newton, *The Perilous Sky*, 168-195; "Coolidge Watching Air Mail Project," *New York Times*, 10 January 1928, p. 8; W.S. Culbertson (U.S. Ambassador, Chile) to Frank Kellogg (U.S. Secretary of State), 21 December 1928, Chile, 825.796/32; Benjamin Shaw (Acting Chief, Division of Latin American Affairs) to Pan American Airways, 19 February 1929, Chile, 825.796/35.

21. Bender, *The Chosen Instrument*, 124-125.

22. Newton, *The Perilous Sky*, 104-106; Randall, "Interamerican Aviation Rivalry," 303-306.

23. Newton, *The Perilous Sky*, 199-211.

24. Newton, *The Perilous Sky*, 211-224; Randall, "Interamerican Aviation Rivalry," 306-310; Kellogg to Jefferson Caffery (U.S. Minister, Colombia), 9 February 1929, *Foreign Relations of the United States, 1929* vol. II, 879-880; Kellogg to Caffery, 15 February 1929, *FRUS, 1929* vol. II, 880; Kellogg to Caffery, 16 February 1929, *FRUS, 1929* vol. II, 881.

25. Newton, *The Perilous Sky*, 195-198.

26. Bender, *The Chosen Instrument*, 140; Francis White (U.S. Undersecretary of State) to Henry Stimson (U.S. Secretary of State), 6 July 1929, *FRUS, 1929* vol. I, 542-544; Stimson to White, 12 July 1929, *FRUS, 1929* vol. I, 544.

27. Bender, *The Chosen Instrument*, 166-175; Newton, *The Perilous Sky*, 240-252, 273.

28. For a more complete account of Brown's rationalization of the airmail system, consult: F. Robert Van der Linden, *Airlines and Air Mail: the Post Office and the Birth of the Commercial Aviation Industry* (Lexington: the University Press of Kentucky, 2002).

29. Bender, *The Chosen Instrument*, 166-175; Newton, *The Perilous Sky*, 271-275; Lauren D. Lyman, "Plane Lines Approach Merger," *New York Times*, 3 August 1929, p. 8.

30. Bender, *The Chosen Instrument*, 144-145, 307-310; Newton, *The Perilous Sky*, 260-263; Randall, "Interamerican Aviation Rivalry," 313-314; David G. Haglund, "'De-Lousing' Scadta: the Role of Pan American Airways in U.S. Aviation Diplomacy in Colombia, 1939-1940," *Aerospace Historian* 30:3 (September 1983), 177-190.

31. Burden, *The Struggle for Airways*, 26.

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32. John L. Gaddis, "The Corporatist Synthesis: A Skeptical View," *Diplomatic History* 10:4 (Fall 1986), 357-362.

33. For a more complete account of the relationship between Pan Am and the U.S. government during the Roosevelt years, please consult: Erik Benson, "Flying Down to Rio: American Commercial Aviation, the Good Neighbor Policy, and World War Two, 1939-1945," *Essays in Economic and Business History* 19 (2001), 61-73.