

# AVIATOR OF FORTUNE: LOWELL YEREX AND THE ANGLO-AMERICAN COMMERCIAL AVIATION RIVALRY, 1931–46

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*Lowell Yerex was a legendary New Zealand-born entrepreneur who established an airline empire in the Caribbean Basin during the 1930s and 1940s. Yerex sought to make his enterprises into a great international airline. This ambition entangled him in the Anglo-American aviation rivalry of the period. Employing ties he had on both sides of the Atlantic, Yerex tried to forge an Anglo-American aviation concern under his control. Unfortunately for him, both sides doubted his allegiances. After a long and tumultuous courtship, they rejected him, and forced him from the field altogether.*

In many ways, the 1930s represented a “golden age” in commercial aviation. It was a time of adventure, romance, and intrigue, when aviation pioneers roamed the skies. One such pioneer was Lowell Yerex, a New Zealand-born entrepreneur who, starting with one plane in Honduras, built an aviation empire in the Caribbean Basin. In the process, he composed a story unmatched in the annals of aviation history. As historian R.E.G. Davies puts it, “Yerex became a legend in his own time.”<sup>1</sup> Yet Yerex wanted more. He sought to build an international airline that would cover the hemisphere and stand with the giants in the field. This ambition would require the support of a great power, and thus Yerex made overtures to the British and Americans. However, his initiative would place him in a difficult situation. The two powers had developed an intense commercial aviation rivalry during the interwar years, battling for routes, landing rights, and prestige. Even in the midst of their wartime alliance, they remained very suspicious of each other. Yerex was in a unique position to deal with both, being a nominal British subject, yet having lived in the United States for much of his life. His background allowed him access to both camps, and led him to pursue a vision of an Anglo-American enterprise. Yet doubts arose on both sides regarding his loyalties. The British regarded him as American, while the Americans

viewed him as British. Both ultimately suspected that his loyalties lay only with himself, making him even less desirable. Eventually, they forced him out of his airlines, ending a legendary career.

Yerex's story is unique, engaging, and important. It is an account of an enterprising entrepreneur who built a very successful venture. Yet, while his is a "rags-to-riches" tale, it is also a tragedy, the story of a man who ultimately would fail, running afoul of political intrigue and international rivalry. Moreover, his experience would signify the end of an era. After World War II individual entrepreneurs like Yerex, who had built many of the early airlines, would give way to corporate structures; governments and international bodies would assert greater control over the business, ending the freewheeling frontier days of flight. The golden age of the aviation pioneer had passed.

Lowell Yerex was born in 1895 in the British dominion of New Zealand. His father, while a British subject, ardently admired all things American. In fact, he named several of his children after leading American figures. As a result, his neighbors referred to them as "the American kids." (This was not a compliment in the ardently pro-British New Zealand of the day.) Lowell attended college in the United States and earned a degree. During World War I, he joined the Royal Flying Corps as a pilot and served in France. He recorded some kills before being shot down and captured.<sup>2</sup>

After the war, Yerex returned to the United States and joined a "flying circus." He flew under demanding conditions and managed the outfit's business affairs. Yerex left barnstorming in the mid-1920s, but his subsequent business venture failed during the Depression, so he joined a Honduran airline as a pilot. When the financially inept owners failed to pay his salary, Yerex took ownership of the company's only aircraft, using it to start "Transportes Aéreos Centro Americanos," or TACA, in 1931. From these humble origins he built the region's most important airline.<sup>3</sup>

Central America was hardly the ideal setting for an airline. It had some of the world's most forbidding topography and lacked any infrastructure for commercial aviation. However, the topography also limited the efficiency of alternative means of transport, which were slow and precarious. Airplanes could leap the mountains and jungles, reaching areas with valuable economic resources. A bonanza was waiting for the person who could overcome the obstacles and establish an air network.

Yerex did just that. He displayed a natural aptitude for negotiating Central America's difficult political terrain. Soon after he founded TACA, a revolution broke out in Honduras. Yerex assisted the government by ferrying supplies, scouting and, some accounts claim, attacking rebel forces. On one flight Yerex's airplane came under fire and he lost an eye to a bullet. Still, he gained, as a grateful and victorious Honduran government granted him a mail contract and other privileges. This windfall allowed him to establish TACA on a firm footing and expand into neighboring countries.<sup>4</sup>

Yerex coupled this political aptitude with remarkable business acumen. For example, he developed a "deferred freight" system. For a lower fee, TACA stored materials for transport until it had a sufficient load to make a flight profitable. Flying was so much faster than the other available forms of transport; materials still arrived at their destination sooner and at a lower cost.<sup>5</sup>

The airline's success also rested on a willingness to fly just about anything to any place

with a landing strip. As one author notes, it carried “anything which was part of the normal trade of the country.”<sup>6</sup> TACA often bent the rules of air transport. It overloaded aircraft, operated from treacherous airstrips, and flew in demanding conditions. Still, there was a method to its madness, and it suffered no accidents between 1935 and 1943. In part, this reflected the airline’s growing sophistication. A radio network was established that provided pilots with up-to-date information on weather and landing conditions. It also bought more multi-engine aircraft, which offered greater safety and reliability.<sup>7</sup>

TACA was a vibrant enterprise. From its humble origins in Honduras, it soon spread to El Salvador, Nicaragua, and Guatemala. By 1939, TACA had 23 pilots, 36 aircraft, and 550 employees. It offered scheduled services to 118 sites throughout Central America and carried 22 million pounds of freight, 65,000 passengers, and 354,000 pounds of mail. According to Davies, it was the world’s largest freight-carrying airline.<sup>8</sup>

Yerex, however, wanted more than a regional freight-hauling business. He aspired to build a “first-rate” international airline that covered the entire hemisphere. This vision would require new air routes and landing rights, as well as capital and aircraft. To obtain these, he needed the help of either the Americans or the British. This raised significant issues for both powers, as they had to consider how to work with Yerex in light of their aviation policies and rivalry. During the interwar period, the two had advanced their international aviation interests by means of “chosen instruments,” (government designated flag carriers) with Pan American Airways serving in this role for the United States, and Imperial Airways for Britain. During the 1930s, the two became fierce rivals as they clashed over routes and services.<sup>9</sup>

Yerex was not unknown to either side. U.S. officials had tracked his progress since the early 1930s. The rise of a potential rival to the U.S. chosen instrument concerned some. For its part, Pan American moved to eliminate the upstart, resulting in a series of political skirmishes in Central America. Remarkably, Yerex survived, and the conflict abated in the mid-1930s as he focused on local operations and Pan American turned its attention to other matters. As Yerex built his network of local and limited international services, he won the admiration of some U.S. officials in the region.<sup>10</sup>

Yerex’s renewed interest in international services caused some uncertainty in U.S. circles. It did resurrect the issue of competition with Pan American, but some U.S. officials argued that his services would not compete directly with Pan American, the U.S. chosen instrument, and in fact would fill a notable need in the region. Pan American added to the uncertainty when it launched a concerted and ruthless “dirty tricks” campaign against TACA. This disgusted many in the U.S. government, and raised fears that the chosen instrument would besmirch the reputation of its benefactor. As the indictments against the giant airline mounted, Assistant Secretary of State Adolf Berle declared, “I want some competition.” This decision would prove momentous in the coming years, as Berle assumed the lead role in shaping U.S. aviation policy. However, when in August 1940, Yerex asked U.S. officials to call off their instrument, they responded that they could not help him because he was not an American and was competing with a U.S. airline. They did suggest that if he “Americanized” his operations they might be able to do something.<sup>11</sup>

Yerex instead tried to forge a working relationship with the British. He had a devoted and vocal ally in J.H. Leche, the new British Minister to Central America. Leche urged

London to support TACA, which he believed could become a “great network of British Lines in Latin America and the West Indies.” He emphasized that Yerex was an “honourable gentleman” who possessed many admirable qualities.<sup>12</sup>

In May 1940, Yerex sent a letter to Clive Pearson, head of the British Overseas Airways Corporation (BOAC). Stating that he had “the best interests of the Empire” in mind, he presented a summary of his vibrant airline, and explained that he had decided to issue \$1 million in stock to finance further expansion. He preferred that the company remain in British hands, and thus was asking if BOAC wanted to purchase this stock.<sup>13</sup>

British officials faced a momentous decision. TACA impressed them; as one Air Ministry official put it, its history read “like a romance of the pioneer days of the last century.” Still, they had several concerns. One Foreign Office official wondered whether Yerex was indeed “an honourable gentleman.” Moreover, British officials worried about the American response to any British interest in TACA. As one put it, U.S. officials likely would think that “we are poaching on their preserves.” Finally, there was the matter of Yerex’s ambition. As one official saw it, Yerex wanted a large regional network, which meant “we may therefore...be deciding the whole question of British air transport in the West Indies by encouraging TACA to open up this service.”<sup>14</sup>

In September, the Foreign Office, Air Ministry, Colonial Office, and other interested agencies met to discuss the matter. By this time, British caution had only grown. With the fall of France, the British needed U.S. help to survive; as a result, they no longer could compete openly with the Americans in commercial aviation. Concerns about U.S. sensibilities, coupled with the limited nature of British resources, resulted in a decision to explore the possibility of a joint West Indian service with Yerex, but no more.<sup>15</sup>

Yerex had little choice but to “Americanize.” In August 1940, officials from the newly-formed American Export Airlines informed the U.S. State Department that their company was interested in TACA. The department welcomed this development, and actively encouraged American Export while pressuring Yerex to strike a deal. In October, the two parties reached an agreement that, pending the approval of the U.S. Civil Aeronautics Board (CAB), American Export would have controlling interest in TACA.<sup>16</sup>

For Yerex, this deal would prove to be a disaster. While promised American capital and support, he now faced Pan American’s full wrath, for TACA posed a real threat to the giant monopoly. Pan American commenced with an all-out offensive. It established subsidiaries throughout Central America, subsidizing them so that they could undercut TACA’s rates. Its political tactics were even more insidious. In Guatemala, a Pan American operative reportedly used bribes and slander to convince the government to terminate TACA’s franchise.<sup>17</sup> Yerex was paying a heavy price for “Americanizing.”

The State Department did try to intercede with the Guatemalan government on TACA’s behalf, but its efforts would prove counterproductive. The department promptly informed the Guatemalans of the American Export buyout, believing that this news would lead them to renew TACA’s franchise. However, Pan American’s operative had already convinced the Guatemalans to ground TACA. The American Export deal gave them an excuse to do so. Their contract with Yerex stated that TACA could not be sold to foreign interests without Guatemalan approval. Citing the American Export buyout as a violation of this condition, they canceled the contract. As TACA’s position in Guatemala quickly

deteriorated, department officials washed their hands of the matter, hoping that the situation would heal itself. Of course, this sudden withdrawal did not help Yerex.<sup>18</sup>

In the end, the American Export oasis would prove to be a mirage. In December 1941, only days before Pearl Harbor, the CAB nullified TACA's sale to American Export. This was the coup de grâce for a union that many in the State Department now viewed as a tragic mistake. One official, Thomas Burke, lamented that TACA had been a "victim" in the American Export/Pan American struggle.<sup>19</sup> Of course, such sympathy did not repair the damage done to TACA.

The demise of the American Export/TACA union had two significant results. First, some U.S. officials recognized the need for a review of the government's international aviation policy.<sup>20</sup> Fierce debates would result in the following months, with Yerex at the crux of many. Second, Yerex was once again an independent agent.

Meanwhile, J.L. Leche had continued to argue that Yerex might still be a useful British instrument. During this time his voluminous advocacy of Yerex began to undermine Leche's credibility in London, which did the New Zealander little good. Still, the British did encourage Yerex to found British West Indian Airways (BWIA) in late 1940. Yet from the beginning, the two sides differed over this new venture. The British envisioned a small-scale operation within the British West Indies. Yerex, on the other hand, clearly had greater things in mind. His friend Leche began lobbying London to consider the possibility of a hemispheric network. British officials were incredulous. They did not want to provoke the Americans with such grandiose designs. Then, in early 1942, Yerex informed them that he was going to ask the Americans for landing rights in Miami. British officials flatly rejected the idea, certain that this would arouse the Americans. Nevertheless, he applied for the rights.<sup>21</sup>

As the British feared, BWIA did arouse the Americans, but not in the way they anticipated. In late 1942, Yerex was lobbying the colonial governments in the British West Indies for approval of an operating contract for the airline. U.S. officials obtained a copy of his proposed contract and promptly raised an objection. It would give BWIA a regional monopoly, which, the Americans intoned, would threaten existing Pan American services. They insisted that the British drop this provision. This demand both concerned and angered the British. While they did not want to challenge the Americans in their own "backyard," the idea that U.S. officials would dictate policy regarding an internal imperial matter upset them. They stood firm, and the Americans grudgingly acquiesced. While relieved, the British increasingly worried about Yerex's initiatives. They were provoking the Americans, which made him appear to be less the loyal subject that Leche had portrayed, and more a man of, as one official put it, "intense ambition."<sup>22</sup>

In Washington, Yerex was becoming the subject of furious debate. The U.S. entry into World War II had helped him greatly. As German U-boats ravaged the waters of the western hemisphere, the U.S. government turned to TACA and BWIA to transport vital persons and material. Yerex also benefited from wartime Anglo-American cooperation, which muted the prewar commercial rivalry. Yet this rivalry lay simmering, waiting to resurface. Among U.S. officials, arguments arose regarding the appropriate measure of U.S. support, if any, that Yerex deserved.

In the summer of 1942, TACA began making charter flights into Miami. However, the U.S. Civil Aeronautics Authority (CAA) halted these flights on the grounds that TACA had

violated its permit. A dispute soon erupted in the State Department over the matter. On the one side was Burke, whose earlier sympathy for Yerex had given way to suspicion about his British ties. On the other side was Berle, who wanted to curb Pan American. Seeking to circumvent the CAA, Berle drafted a letter to the CAB asking it to grant Yerex's airline "temporary" access to Miami. Burke promptly objected, arguing that the government could not support a foreign carrier against its "own" airline. This protest did not sway Berle. In a memo to Burke, he declared that there had been enough discussion about the matter. In the margins of this memo Burke penciled a note stating that the debate had been insufficient. He clearly resented what he perceived to be an arbitrary decision by Berle.<sup>23</sup>

Meanwhile, Yerex tried to address the matter of "Americanization." Working with the New York investment group of Schroder, Rockefeller and Company, he devised a scheme in which he would place TACA's stock into a "voting trust," of which American investors would hold a majority interest. Ostensibly, TACA would be American-owned. Berle endorsed the plan, but Burke declared that Yerex would have to yield both financial and operational control of his airline to American interests in order to properly "Americanize" it. Berle was much less stringent. He only expected that Americans hold a majority interest in the company and that the rest of the stock be in "Allied" hands. Operational control was not an issue for him.<sup>24</sup>

However, Yerex himself would undermine the plan. In September 1942, he founded Empresa de Transportes Aerovias Brasil, and immediately applied for landing rights in Miami for a service from Rio de Janeiro. While ostensibly Brazilian, the State Department suspected that the airline was a British front. Moreover, the department now viewed BWIA and TACA as commercial services with "non-hemispheric potentialities." To make matters worse, an investigation of the Schroder group revealed that one of the "American" holding companies was in fact British-controlled. The department subsequently announced that it did not support this latest "Americanization" plan.<sup>25</sup>

Despite this unhappy episode, the two parties continued to flirt. As the summer of 1943 passed, Berle's thinking on the matter of Yerex evolved. In an August memo, he posed some questions that went to the heart of U.S. aviation policy. While Yerex was a foreigner, what about the Americans who held stock in his companies? Also, what about American aircraft manufacturers who wanted to sell to him? Would the State Department best serve U.S. interests by supporting an American airline at their expense?<sup>26</sup>

These questions were significant not only with regard to Yerex, but for commercial aviation as a whole. By this time, Berle had taken the lead role in devising a new U.S. policy for the field. The above questions reflected his thinking on the matter. He realized that U.S. aviation interests included not only airlines, but manufacturers and investors as well. If the United States helped to establish a more open international system, it would benefit these two groups by increasing the demand for airplanes and capital. In fact, in an open contest, American aircraft and money were likely to dominate the world's air routes. Realizing this, Berle developed the "open skies" policy, which would eliminate exclusive spheres of influence in international aviation and allow the duly designated airlines of any nation to operate anywhere on the globe.<sup>27</sup> It is difficult to quantify TACA's role in the evolution of this policy, but the above questions demonstrate that Yerex and his airline provided a catalyst for thought and discussion.

If Yerex awakened Berle to the possibilities, he also awakened the British to the dangers. They realized that they were falling behind the Americans in commercial aviation. They concluded that to protect BOAC, they would have to bar U.S. airlines from the empire. As one official noted, this would be difficult to do if the British, through Yerex, were “muscling in ourselves in the U.S. private area in the Caribbean.”<sup>28</sup>

Still, many officials in London were fascinated by Yerex, whom they had not met. At Leche’s behest, the British welcomed him to London in the summer of 1943. Yerex apparently made a good impression, for while the British made it clear that they still could not invest in TACA, they did proffer some used bombers that he could convert to airliners. Yerex asked for twenty-five aircraft. Mindful of Lend-Lease restrictions and American sensibilities, the British offered him five.<sup>29</sup>

The British offer was simply not enough. Soon after his return to the Americas, Yerex made a fateful decision. In October, he sold over half of his Inter-American shares to several different American companies, most notably Transcontinental and Western Air (TWA). However, no one U.S. investor held a majority of the stock; Yerex remained the company’s largest stockholder and operational head. In sum, the arrangement represented his ideal: an Anglo-American hybrid that, under his leadership, tapped into American capital and, he hoped, material resources and political influence.<sup>30</sup>

The British did not applaud this move. In fact, officials in the West Indies claimed that Yerex had betrayed British interests and took action. In his absence, BWIA’s other directors voted to issue new shares of stock, rendering him a minority partner. An outraged Yerex demanded that they approve his sale of BWIA stock to the Americans. The board refused, and informed him that his days as managing director were numbered. Yerex warned that the Americans would halt delivery of needed aircraft and supplies. He coupled this threat with action by cutting off all assistance from TACA. His relationship with BWIA would sour, and he resigned his post the following year.<sup>31</sup>

Yerex’s reaction upset many in London. It seemed to confirm their worst fears about his lack of loyalty to the British cause and his self-centered ambition. An official in the Washington embassy acknowledged that Yerex had “kept the British flag for many years in a part of the world where British influence is very difficult to maintain.” However, it was “generally agreed” that Yerex was “primarily a very skillful promoter in the American manner” and that he simply would have used the British to drive up the price for the Americans to buy his airline. Moreover, his “conduct of his private affairs did not make him the most desirable person to represent British influence in Central America.” Leche provided a spirited defense of his friend, but could not prevent the Foreign Office from concluding, “neither [Yerex] nor his agents can...be regarded as dependable representatives of British interests in South America.”<sup>32</sup>

The British now tried to “go it alone” in the Americas. In the spring of 1944, they informed the Americans that BOAC would be starting a service between Britain and South America. This did not sit well in Washington. Berle commented, “you don’t transport men and munitions to the Far East across the widest part of the Pacific.” He viewed this as “the first major move for expansion of commercial air services since the beginning of the war.” However, he did not reject the offer out of hand. Instead, he suggested a quid pro quo to the British. If they would allow the U.S. Army Transport Command to “commercialize” its

Mediterranean operations and not block the Americans from obtaining landing rights in that region, the U.S. government would accede to a South American route for BOAC. The offer stunned and dismayed the British. It would force BOAC to compete with American airlines in what had been a British preserve. As one Foreign Office official noted, such an arrangement was undesirable in light of the disparity between British and American aviation resources. Faced with this stark reality, the British withdrew the request and dropped the matter.<sup>33</sup>

Berle's growing suspicion of the British would greatly affect his attitude toward Yerex. In an August meeting with Jack Frye, president of TWA, the assistant secretary suggested that a deal between TACA and Pan American might be desirable. The reason he would wed TACA to his old nemesis was that the British, not Pan American, now represented the greatest threat to his plans, and he doubted Yerex's loyalties. In a meeting with Yerex that same month, Berle inquired about future plans for TACA, clearly implying that he suspected that British influences were at work.<sup>34</sup> At this juncture in his planning, anything was better than having TACA fall under British sway, even if a deal had to be made with the devil himself, Pan American's Juan Trippe.

Ironically, Berle's determination to implement his "open skies" program would lead him to contravene its provisions. In their August meeting, Yerex informed the assistant secretary that four Central American nations had already designated TACA as their international airline. He asked whether these designations gave TACA the right to transport passengers between these countries and the United States. Berle answered that they did not guarantee TACA a share of the "American-originated traffic."<sup>35</sup> This line of reasoning completely contravened the "open skies" policy, which explicitly granted all nations the right to designate international airlines to carry traffic to and from other nations. The reason for Berle's inconsistent interpretation can be found in his quid pro quo offer to the British. In making the offer, Berle was operating on the assumption that the United States held the same control over Latin America that the British held over the Mediterranean. For this to be valid, the United States had to monopolize the airways of the western hemisphere. Thus, he had to be certain that Yerex's operations did not fall under British sway. If they did, his bilateral offer would be worthless. More importantly, Yerex's operations posed a threat to Berle's multilateral program. If the New Zealander gained unrestricted U.S. landing rights, the British could use him as the key to the American door. With access to the United States, they would have little reason to agree to any multilateral plan. In essence, Berle needed to keep the skies of the western hemisphere closed in order to safeguard his "open skies" policy.

The mounting tension in Anglo-American relations over the issue of commercial aviation led the two nations to call an international conference in November 1944. This did not resolve the dispute. The Americans, led by Berle, presented their "open skies" plan for consideration. The British, of course, strongly opposed this, and lobbied for a more restrictive system. The conference soon turned into a battleground between the two allies. When it closed a month later, it had accomplished little.<sup>36</sup>

The conference certainly offered Yerex little hope for the future. During the proceedings, the U.S. delegation proposed a resolution mandating that any designated international airline must be under "national" ownership. In essence, for Nicaragua to



designate an airline as its international carrier, Nicaraguans would have to be its majority owners. As one British official commented, this measure was "clearly aimed at the destruction of T.A.C.A."<sup>37</sup>

Yerex once again turned to the British. He told them frankly that the Americans were not proving helpful and that for the first time in TACA's history it was losing money. Yet he had good news. One of the American investors wanted to sell out. If British interests bought this stock, Yerex stated, he would enter into a voting agreement with them and effectively return control of the company to British hands.<sup>38</sup>

The British response was hardly enthusiastic. They had a myriad of concerns, the greatest being Yerex. As one official put it, in light of his "past history," his "loyalty to the British cause in South America is anybody's guess but nobody's certainty." Still, British officials encouraged a group of private investors to pursue the matter.<sup>39</sup>

Meanwhile, a related issue came up. Since Yerex's departure from BWIA, the airline had become an embarrassment to the British. It had failed to maintain several services and was losing money. In fact, by early 1945, the Colonial Office had spent £200,000 keeping the company afloat. This was an astronomical subsidy for such a small airline. It had become, in the words of one British official, "a poor joke." To some officials, the obvious solution was to reinstate Yerex. Yet critics successfully argued that he would not be a satisfactory manager for a British enterprise, since he "was something of a free-booter in airline operations, and conducted his operations, and secured his results with standards of safety that were open to question."<sup>40</sup> In the end, the British distrust of Yerex undermined any reconciliation.

On the other side of the Atlantic, U.S. officials decided to inform Frye that it would be "much easier" for them to support TACA if "American control could be made much more definite and convincing." On the other hand, if "persons who are not citizens of the American Republics" gained further control, it would "increase the difficulty" of such support. This message doubtless led TACA's American investors to conclude that Yerex had to go. Facing mounting pressure, Yerex finally relented in December, resigning his post and selling all but 200,000 shares of TACA stock. He held on to these, hoping to garner a higher price. They would prove to be a shackle, compelling him to linger for one last scene in the tragedy.<sup>41</sup>

TACA's American owners proved to be incompetent. By the fall of 1946, the airline was millions of dollars in debt and losing \$500,000 per month. Its stock had dropped from \$10 per share to a dismal \$3.50 during the previous year. Endeavoring to salvage his investment, Yerex once again asked the British if they might be interested in the airline. They declined. In part they cited TACA's poor condition. Yet the scorn for Yerex remained paramount. One official complained, "Mr. Yerex has wasted more man hours of this Department than any living man." In perhaps the most telling comment, another condemned him as "an individualist who likes to play his own hand."<sup>42</sup> This view justified the British rejection of him as the quintessential "American."

Yerex could not reverse the decline of TACA, and gave up the struggle. In the summer of 1948, he boarded his personal aircraft and flew to Buenos Aires, leaving behind the Americans, the British, and commercial aviation.<sup>43</sup> Thus ended the career of one of the world's most colorful airline entrepreneurs, a true aviator of fortune.

## NOTES

1. R.E.G. Davies, *Rebels and Reformers of the Airways* (Washington, D.C.: Smithsonian Institution Press, 1987), 331.
2. David Yerex, *Yerex of TACA: A Kiwi Conquistador* (Carterton, New Zealand: Ampersand Publishing Associates, Ltd., 1985), 17-29.
3. Ibid., 31-47; R.E.G. Davies, *Airlines of Latin America Since 1919* (Washington, D.C.: Smithsonian Institution Press, 1984), 87-88, 117-118.
4. Yerex, *Yerex*, 52-66; Davies, *Airlines of Latin America*, 118.
5. Davies, *Airlines of Latin America*, 118, 129.
6. Yerex, *Yerex*, 74.
7. Yerex, *Yerex*, 53-109; Davies, *Airlines of Latin America*, 121-30.
8. Davies, *Airlines of Latin America*, 118-30; Fred K. Salter to Cordell Hull, 21 September 1939, Records of the Department of State Relating to the Internal Affairs of Central America, 1939-1949, 815.796/161; LaVerne Baldwin to Hull, 10 October 1939, 817.796/75. All State Department records referenced in this article are housed in the U.S. National Archives. All subsequent references to these records will provide the specific document information and file number.
9. For a more complete account of these developments, consult: Erik Benson, "Suspicious Allies: Wartime Aviation Developments and the Anglo-American International Airline Rivalry, 1939-45," *History and Technology* 17 (2000): 23-8.
10. Yerex, *Yerex*, 78; Erik Benson, "An Impecunious Pilot: British Business Culture and the Case of Lowell Yerex, 1933-46," *Essays in Economic and Business History* 21 (2003): 3; Pate, G-2 Report 4478, 17 November 1938, 815.796/156.
11. Diary Entry, 21 September 1940, The Adolf A. Berle Diary (Hyde Park, N.Y.: Franklin D. Roosevelt Library, 1978), roll 2, frame VI: 2, 92; Fay Allen Desportes to the U.S. State Department, 10 May 1940, 813.796 TACA/2; Gerald A. Drew, Memo, no date, 813.796 TACA/5.5; Department of State Memo of Conversation, 7 August 1940, 813.796 TACA/26.
12. F.O. 371/24207, J.H. Leche to Lord Halifax, 15 March 1940, A2189/341/51. All Foreign Office (F.O.) records referenced in this article are housed in the U.K. National Archives. All subsequent references to these records will provide the specific document information and file number.
13. F.O. 371/24207, Lowell Yerex to Clive Pearson, 10 May 1940, A3764/341/51.
14. AVIA 2/2312, minute by W. W. Burkett, 6 May 1940; F.O. 371/24206, minute by E.E. Jenkins, 14 February 1940, A871/341/51; F.O. 371/24206, minute by J.V. Perowne, 2 February 1940, A604/341/51; AVIA 2/2312 (Part I, 1939-40), minute by P.U.S. to Under-Secretary of State for Air, 2 July 1940. All Air Ministry (AVIA) records referenced in this article are housed in the U.K. National Archives. All subsequent references to these records will provide the specific document information and file number.
15. F.O. 371/25044, "Note of a Meeting Held at the Air Ministry, King Charles Street, S.W. 1 at 4 P.M. on Monday, 9th September, 1940, to Consider What Assistance Could be Given to Mr. Lowell Yerex in Expanding the Activities of TACA Air Lines in South America and West Indies," 9 September 1940, W10371/10016/27.

16. Davies, *The Airlines of Latin America*, 141; Ellis O. Briggs to Thomas Burke, 8 August 1940, 813.796 TACA/27.
17. Davies, *The Airlines of Latin America*, 130-31; Yerex, *Yerex*, 120.
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