

RIVALS OF A KIND: the Anglo-American Commercial Aviation Rivalry, 1939-45

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Before World War II, the British and Americans had been fierce rivals in the international airline business. Their wartime alliance muted this rivalry, yet it still simmered, manifesting itself in a variety of global incidents and issues. As the war progressed, the Americans gained tremendous advantages in the field, raising British fears about American dominance of the world's airways. In turn, American policymakers worried about British control of key areas of the world. The mutual suspicion grew, and the rivalry resurfaced in the last months of the war. The conflict had merely subsumed the differences, and made the two powers rivals of a kind.

The Anglo-American “special relationship” of World War II has an almost mythical status. Anecdotes abound about British and American cooperation in winning the war. A notable example involves the development of the legendary P-51 Mustang fighter. The British combined the American design with the superlative Rolls-Royce Merlin engine, producing a dramatic improvement in performance which, along with other modifications, made the Mustang a scourge of the Nazis.¹

While a special relationship indeed existed, historians have developed a more nuanced view of the matter. In his work *Allies of a Kind: the United States, Britain, and the War Against Japan, 1941-1945*, Christopher Thorne acknowledges that the Anglo-American wartime relationship was a “remarkable achievement.” Yet he also notes that the British and Americans had disagreements which strained their relationship. This was especially true in the commercial realm, where they historically were rivals. In his words, at times they were in fact “only allies of a kind.”²

Thorne’s phrase subtly exposes the limits of Anglo-American cooperation. While his focus is on East Asia, his statement is quite applicable to the field of international

commercial aviation. Prior to the war, the British and Americans had been fierce rivals in the industry. Yet the necessities of war muted this rivalry as the two powers came together to battle the Axis. Still, the rivalry simmered, manifesting itself in a variety of global incidents and issues. As the war progressed, these incidents and issues increased in number and significance, with both sides preparing to resume the rivalry. At the same time, the Americans forged tremendous advantages in the development, production and operation of transport aircraft. This disparity raised British fears about American dominance of the world's airways. In turn, the British controlled key landing sites and air routes around the world, making American policymakers wary about British aviation activities. The mutual suspicion grew, and the rivalry resurfaced in the last months of the war.

This paper echoes Thorne's qualification of the "special relationship." However, its approach to the subject is different in that it focuses on the commercial aviation rivalry between the two powers which existed before the war and persisted through it. In essence, instead of a qualified alliance, it portrays the wartime relationship as a qualified rivalry limited by the contingencies of war. This is a complex story of commercial interest, diplomatic intrigue, and dynamic circumstances which complicated the Anglo-American relationship and shaped post-war global aviation.

The interwar period was a "golden age" for international airlines. Technological and operational advances resulted in the development of vast air networks. At the same time, these commercial endeavors had an aura of romance; the air was a new frontier, and international airlines served as pioneers. The new air routes brought exotic locales closer to home for many, and international flights became the subject of dreams. In sum, international airlines were growing, progressive, and prestigious instruments.³

Two of the leading international airlines of the period were the United States' Pan American Airways and Great Britain's Imperial Airways. Pan American Airways was the creation of Juan Trippe, an entrepreneur with ties to both Wall Street and Washington. Beginning in 1927, he developed an enterprise which had covered Latin America by the early 1930s. By 1939, he had crossed both the Atlantic and Pacific. His efforts made Pan American a profitable enterprise. He found a willing partner for this venture in the U.S. government, which designated Pan American as its "chosen instrument" in international airlines, subsidizing it with airmail contracts and lending it diplomatic assistance. In return, Pan American expedited communication for business and diplomacy, deterring foreign competition in areas of U.S. strategic interest.⁴

The origins of Imperial Airways were notably different. The British government established the enterprise in 1924; while the airline offered shares for public purchase, the government appointed its administrators, oversaw its operations, and directly subsidized it. In sum, Imperial was a government venture with private stockholders. The government's primary interest was to improve imperial communications. Thus, Imperial focused its efforts on developing services in the Mediterranean, Middle East, Africa, South Asia, and Australia. By 1939, it had developed a route system comparable to that of Pan American.⁵

Pan American and Imperial shared the distinctions of being pioneers in their field, and of being "chosen instruments." Yet they differed greatly. Pan American built its foundation in Latin America with little difficulty due to the tremendous U.S. influence in the region.

04 Imperial had the more arduous task of negotiating with European neighbors for air and

landing rights; moreover, it confronted a growing sense of independence within the British Empire. As a "chosen instrument," Imperial was a government operation. Pan American, on the other hand, was an independent enterprise; while the U.S. government aided greatly in its development, it never exercised control over the airline's operations. Thus, Pan American could pursue routes with commercial promise. Imperial, meanwhile, had to meet the political directive of improving imperial communications, regardless of commercial considerations. Furthermore, the government mandated a "buy British" policy which limited its aircraft purchasing options. Pan American, facing no such restrictions, was able to thrive upon a competitive American aircraft industry. As a result of these factors, Pan American became a relatively successful commercial venture, while Imperial's government subsidies increased thirteenfold between 1924 and 1939.⁶

The expansion of the two airlines eventually led to a rivalry. The initial clash took place in the mid-1930s, when Trippe tried to start a lucrative trans-Atlantic service. The British, who controlled the key landing sites of Ireland, Newfoundland, and Bermuda, blocked his way. They were not ready to match such a service, and were not about to let the Americans get a jump on them.

Thus denied, Trippe sought to establish a trans-Pacific route to the long-fabled market of China. He wanted to proceed via Hong Kong, but the British once again stood in his way. To circumvent them, Trippe obtained landing rights at the Portuguese colony of Macao. He used this arrangement to frighten Hong Kong's business leaders, who worried that it would undermine their commercial preeminence in the region. They pressed the British to let Pan American into Hong Kong. The British had no choice but to grant the landing rights, as Imperial was unable to match Pan American's service.

Trippe repeated this maneuver in the South Pacific. The British, for their part, wanted to establish a trans-Pacific route between Australia and Canada. The two sides were sure to clash since they would require the same South Pacific islands for air bases. To further complicate matters, many of these islands were subject to conflicting Anglo-American claims. Soon, the two sides were in a "race" to occupy various island chains. The Americans beat the British to the proverbial punch, and while diplomats haggled over maps, claims, and slights, Trippe built his airfields. While hardly happy with this, the British did think that the Americans would have to accommodate them, since Pan American needed landing rights in New Zealand or Australia. Yet Imperial did not serve New Zealand, and concerns arose there that Britain would be content to land in Australia, leaving New Zealand out of the international loop. Trippe played upon this fear. He struck a deal with the French in late 1938 that gave Pan American access to New Caledonia, an island just north of Australia. Pan American announced that it would fly to the French colony, and then transport its passengers to Australia by boat. This both negated Britain's threat to bar Pan American from Australia and prompted New Zealand to offer the airline landing rights without any expectation of reciprocal landing rights.

The final battle took place in the north Atlantic. With the introduction of the Boeing 314 in early 1939, Trippe resumed his quest for a trans-Atlantic service. The British again tried to stall Pan American, but the Boeings, with their great range, could reach Europe without stopping at British-controlled landing sites in the Atlantic. In January 1939, Trippe obtained French permission to operate to Marseilles; he had his trans-Atlantic

service, having bypassed the British once again.⁷ His success further stoked the well-established rivalry.

World War II would interrupt the contest. It disrupted the services of Imperial and its successor, the British Overseas Airways Corporation (BOAC).⁸ The British diverted many of their commercial aviation resources to the war effort, dedicating their aircraft manufacturing industry to combat aircraft. Coupled with attrition resulting from natural wear-and-tear and enemy action, this severely limited the number of aircraft BOAC had. Various battlefield developments cut many routes to the empire. BOAC maintained what services it could, but these were committed to the war effort and did little to promote the airline's commercial fortunes. As the war years passed, the British found themselves falling further behind the Americans in the development and production of airliners, as well as in airline operations as a whole. As the gap widened, the British struggled to challenge the Americans, or even keep them out of their empire.⁹

By 1941, the British were in desperate straits. War raged in the Mediterranean, threatening their supply routes to the Middle East. In desperate need of another lifeline to that front, they sought to establish an air service across West Africa that would reach the Middle East via East Africa. Their efforts had little success. During the interwar period, Imperial had focused on strengthening imperial ties with the leading dominions and colonies. As a result, West Africa had been a low priority. Now in the midst of a war, BOAC was straining to maintain its existing services, and could do little to start a new one in West Africa.¹⁰

There was one company that could do the job: Pan American. In a spring meeting during 1941 with British Prime Minister Winston Churchill, Trippe offered to have Pan American develop an air network in West Africa. The idea of having an American company meet British military needs in a British sphere of influence must have galled the stridently imperialist Churchill. Many others in the British government argued against any such arrangement, as they feared it would give the Americans *carte blanche* in the empire. Still, no other alternative presented itself. The British yielded to the necessities of war and signed a contract with Pan American. Soon, Trippe's company was building bases, establishing routes, and planning operations. Late in the year, it began ferrying equipment and supplies to Egypt via West Africa.¹¹

This arrangement made quite evident the British predicament with regard to commercial aviation. Not only were they unable to compete with Pan American, but they had to depend upon it for vital wartime services. To make matters worse, the need to dedicate manufacturing resources to combat aircraft not only forced the British to suspend transport aircraft development and production, but also compelled them to abandon their "buy British" policy of the interwar years and purchase American airplanes. This stagnation of their own industry, coupled with dependence on the Americans, could only help their commercial rivals.¹²

When the United States entered the war, the two allies were able to formalize working arrangements that had existed before Pearl Harbor. The result was a level of cooperation unmatched in history; they did just about everything together. Aviation was no exception. In early 1942, the two allies agreed to pool their aviation resources and divide their responsibilities. The "Lyttleton Agreement," as it was called, allowed the British to focus

their production on combat aircraft, while the Americans would meet their needs for transport aircraft.¹³ In fact, this simply made official the existing state of affairs.

The arrangement worked quite well for the war effort, as the Americans provided the British with thousands of aircraft for battlefield and supply operations. American C-47s carried British paratroopers on various wartime missions. Transport versions of the Liberator bomber ferried British pilots across the Atlantic. Boeing 314s allowed BOAC to fly priority passengers (most notably Winston Churchill) on diplomatic missions. This was in addition to the American services which aided the war effort.¹⁴ In all, the British benefited greatly from American air operations.

Yet the arrangement also increased the gap between the British and Americans in commercial aviation. This gap manifested itself in three ways. One manifestation was in transport aircraft production. Between July 1940 and September 1944, American companies produced over 17,000 transport aircraft. While the British received 1,400 of these under the Lend-Lease program, the vast majority went to the U.S. military transport commands and the American airlines engaged in the war effort. While the war certainly limited the number of new aircraft available to American airlines, they did get some. Once the war ended, they could anticipate buying many more at bargain prices from the U.S. military. British airlines, on the other hand, could hardly expect the Americans to be generous with their aircraft after the war, and their manufacturers were producing virtually no transport aircraft.¹⁵

The second manifestation was in research and development, which the war also stimulated in the United States. Such transport designs as the Douglas DC-4 and the Lockheed Constellation showcased significant technical advances. The latter, for example, could carry up to fifty-four passengers, and had a maximum speed of 310 miles per hour and a maximum range of almost 3,000 miles. More significantly, its cabin was pressurized, which made it more comfortable and economical.¹⁶ The British simply could not keep pace with such developments during the war.

The third manifestation was in operational experience. Between 1939 and 1945, BOAC flew 65 million miles and carried 325,000 passengers. As impressive as this record was, however, it did not match the sheer size of the American effort. Pan American alone flew 15,000 trans-oceanic missions during the war. It also operated in Latin America, Africa, and Asia. In total, it logged over 1.3 billion passenger miles between 1939 and 1945. Other American airlines supplemented the effort. Transcontinental and Western Air (TWA) made 5,000 trans-Atlantic flights between 1942 and 1945, carrying 112,000 passengers and 20 million pounds of cargo. United Airlines flew 21 million miles, and carried 40 million pounds of cargo. In all, American airlines totaled 3 billion passenger miles during the period between 1942 and 1945.¹⁷

It was evident early on that the Americans would hold a tremendous advantage over the British in future commercial airline operations. The British were well aware that they trailed in the design of transport aircraft, and were alarmed by the sheer number of American-operated aircraft flying in the British spheres of influence. As a result, they became sensitive about the activities of American aviation interests in their domains. In April 1942, A.K. Helm of the British Embassy in Washington met with U.S. Assistant Secretary of State Adolf Berle. Helm informed Berle that the British had received reports

that Pan American was trying to “commercialize” its trans-African service. Helm stated that the British expected the Americans to consult them before any such move took place. Berle acknowledged that he had heard similar reports, but assured the British representative that the initiative did not have the U.S. government’s blessing. Yet he also told Helm that this did not mean that the United States would accept the exclusion of American airlines from the region after the war, or that it would consider it necessary for the British to approve such services. When Helm asked him what the U.S. stance was toward “exclusive arrangements” between governments for international airlines, Berle replied that they were unacceptable. The assistant secretary later noted in a report that he had “an uneasy suspicion that the British may have contemplated such an arrangement with Egypt.”¹⁸ In an effort to forestall any “exclusive arrangements,” the State Department suggested to the British that the two sides agree not to exclude the airlines of each other from any region through diplomatic means. The British acquiesced in July, with the exchange of notes becoming known as the “Halifax Agreement.” In essence, the two sides were to refrain from trying to get a “jump” on each other in the international airline field.¹⁹

Despite the agreement, diplomatic squabbling soon broke out. In October, Berle wrote to Lord Halifax, the British ambassador to the United States, regarding a pact the British had made with the Ethiopian government the previous January. Berle noted that under its terms, no airline besides BOAC could operate “in, to, or over” Ethiopia without the consent of the British government. Citing the Halifax Agreement, Berle informed the ambassador that the United States expected that the British would not oppose any U.S. airline interests in Ethiopia. In a reply addressed to the U.S. Secretary of State, Cordell Hull, Halifax assured the Americans that the British would not contest any U.S. services “across” Ethiopia. A suspicious Berle sent a note to the ambassador which declared, “I assume the word ‘across’ covers the three cases [‘in, to, or over’] cited in the Anglo-Ethiopian deal.” R.I. Campbell, a subordinate of Halifax, wrote back to Berle that the use of the word “across” had been a typographical error, and that the British had not intended to exclude any of the three cases.²⁰ It is unlikely that Berle accepted this explanation at face value.

The diplomatic skirmishing soon spread to the West African nation of Liberia, where both Pan American and the U.S. military had established air bases. In 1942, the Americans granted British requests to refuel combat aircraft and operate radio facilities at these bases. However, when the British subsequently suggested that BOAC use these bases for stopovers on its Freetown-Takoradi supply route, U.S. officials balked. The U.S. *charge de affaires* in Liberia, Frederick Hibbard, warned that the service in question “appears to be of a commercial character,” and that the British were planning to construct facilities at these bases that were “all out of proportion to their needs.”²¹ A State Department official told Berle that the British were “obviously desirous of making Liberian territory a base for BOAC commercial operations.”²²

08 The British, on the other hand, argued that their request was quite justified. They claimed that the stopover would allow aircraft to haul greater payloads on the Freetown-Takoradi flights, which, they asserted, were vital to the war effort. They emphasized that they were using “obsolescent” aircraft which could hardly carry a worthwhile payload without the stopover. U.S. officials remained unconvinced. One noted that the Freetown-

Takoradi route was only half the distance of BOAC's Bathurst-Lisbon route. Others pointed out that the British had bases within one hundred miles of Liberia.²³

The debate between the two allies became heated. In a January 1943 meeting with Berle, Campbell declared that the "Liberian incident" was "making trouble" and might jeopardize British approval for U.S. Army Transport Command operations in Africa. Berle would grumble that Campbell "avoided the use of the obvious word 'reprisal.'"²⁴ Eventually, BOAC got access to Liberia, but only after the British brought up the matter at the Casablanca Conference. General George Marshall, without full knowledge of the diplomatic haggling taking place, issued orders allowing BOAC to operate in Liberia.²⁵

This did not settle the matter, however. U.S. officials soon charged the British with misusing their new landing rights. In April, Berle informed the British that he had received reports that BOAC was transporting civilians through Liberia. He stated that this "did not conform to our understanding of military use."²⁶ The Americans complained through other channels that BOAC was providing space for civilian traffic while leaving the military traffic to the U.S. Army Transport Command. The British finally replied to Berle in July. They explained that they designated BOAC to carry "official," not just military, traffic. As a result, in certain instances civilians were given priority over military traffic. They emphasized, however, that BOAC was committed to the war effort and would meet "official demands" before offering any commercial services.²⁷

This skirmishing was indicative of the conflict that was brewing over the future of international airlines. Even though the war was far from over, the two allies were focusing much of their energy on planning for the postwar world. With the wartime technical and operational advances in transport aviation, both sides were becoming increasingly aware of the important role that international airlines would play in the future. From their differing perspectives, the two allies developed very different blueprints for the future of international airlines.

The British were at a grave disadvantage, and they knew it. In a debate in the House of Lords in early 1943, members criticized the government for lacking a "definite policy" for commercial aviation. Noting that the Americans were developing their commercial aviation with "phenomenal rapidity," Lord Londonderry warned that Britain must act or risk becoming a "second-class power."²⁸ British business groups echoed this concern. The British Chamber of Commerce lamented that the current state of affairs would produce an "unhappy result" unless the government took action.²⁹ A *New York Times* correspondent cited the technological achievements and staggering production of the American aircraft industry as the key causes for British fears about the future of international airlines.³⁰

The British government was well aware of the situation, and in fact had taken steps to address it. In December 1942 it had created a committee, headed by Lord Brabazon, to develop plans for future civil aircraft. The committee filed a report the following February. To fill the immediate need for transport aircraft, it suggested that various bomber designs be converted for civil use.³¹ Yet such conversions were merely stopgap measures. The committee therefore urged that work begin on five new transport designs. The foremost would be the "Brabazon I," which bore the designation "London-New York Express," giving a clear indication of its purpose. It would carry fifty passengers at a speed of 275

miles per hour with a range of 5,000 miles.³² The War Cabinet soon ordered that work proceed on the conversions and new designs, with the aim being aircraft production “on a scale and quality in keeping with our world position.” However, the Cabinet specified that the work must be kept secret, and must not hamper the war effort.³³

The British realized that these efforts would not close the immediate gap between them and the Americans. The bomber conversions could not match such aircraft as the Constellation, and the more modern designs were years away from service. Thus, the British had to neutralize the American edge in commercial aviation with diplomatic prowess. They had one factor in their favor: their empire. It covered much of the globe and thus most international air services would cross over and land in British-controlled territory. The British hoped this advantage would allow them negotiate a favorable arrangement with the Americans. Specifically, they wanted an international airline authority that would regulate the frequency of services, the standards of accommodation, and the fares on international routes. This would limit the services of American airlines and force them to charge rates comparable to BOAC, thereby allowing the British to compete until they could close the current technological and operational gap.³⁴

The challenge for the British was to get the Americans to agree to these terms. The U.S. perspective on the matter was far different. Officials in Washington knew they held tremendous advantages in the field; their challenge was to maximize these in the post-war world. The U.S. aviation industry was the world leader in transport aircraft design and productive capacity. Quite simply, it could build the best airplanes and a lot of them. Moreover, the nation held huge capital reserves. In an open contest, American aircraft and investors were likely to dominate the world’s air routes. As chairman of the government’s Interdepartmental Committee on International Aviation, Berle had taken the lead role in formulating U.S. aviation policy. He realized the benefits of a less restrictive international system for U.S. aviation interests, and thus developed the “open skies” policy. Under its provisions, there would be no exclusive spheres of influence in international aviation. The duly designated airlines of any nation would be free to operate anywhere on the globe.³⁵ Clearly, this contravened the British vision for the field.

Throughout 1943 and 1944, the two allies continued to bicker. The British remained sensitive to American inroads into their sphere. When the Egyptian government asked the U.S. War Department for two transport airplanes in April 1943, the British promptly informed the State Department that all requests for “warlike stores” would have to be processed through the British military mission in Cairo. They clearly did not want to be bypassed. The State Department, however, determined that the aircraft would be used for commercial purposes, and told the British that it would deal directly with the Egyptians.³⁶

For their part, the Americans monitored British moves closely, suspicious that their allies continually were trying to pull a “fast one” on them. In June 1944, the State Department received a report that the British were planning to build a commercial airbase near Cairo. It promptly informed the British that the U.S. government expected that American airlines would have access to any such base.³⁷ BOAC operations were another matter of concern. U.S. officials continued to claim that the airline engaged in commercial operations under military guises. For example, when in mid-1944 the British asked the

America route, Berle balked. He commented in his diary, "you don't transport men and munitions to the Far East across the widest part of the Pacific." He was convinced that this proposal was "the first major move for expansion of commercial air services since the beginning of the war."³⁸ In effect, he was accusing the British of breaking the Halifax Agreement.

However, he did not reject the request 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 permit American airlines to obtain landing rights in that region, the U.S. government would accede to a South American route for BOAC. Berle was proposing, in essence, that the two allies begin an orderly "move out" into the world's air routes. 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, the outlook would not be promising 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.³⁹

Berle's initiative raised more significant concerns for the British. Their aviation plans hinged on an international conference and the formation of an international authority. Berle threatened to discard such ideas and initiate open competition. At a War Cabinet meeting late in the summer of 1944, Lord Beaverbrook, who was heading British aviation policy development, warned that the Americans were building thousands of transport aircraft and that several American airlines were applying for international operating licenses. If a "move out" took place, he declared, the British had "no alternative to our going forward with the development of air lines of our own."⁴⁰ This was hardly the course of action Britain wished to pursue, considering its technological and financial disadvantages. Moreover, the British government had publicly endorsed a conference, and did not wish to lose face both at home and abroad. The Cabinet decided to inform the Americans that if they could not call a conference, the British would. The implicit threat worked. The Americans did not want to permit the British to take the lead in international aviation policy. Moreover, they realized that they needed to reach a working agreement with their counterparts in order to secure operating rights in many parts of the world. Thus, within days, the Americans announced that they would host an international aviation conference during November in Chicago.⁴¹

Fifty-two nations came to the conference, but two dominated it. The soon-to-be-devastated Axis powers were absent, of course. A weakened France, a conquered Netherlands, and a divided Nationalist China held little sway. The Soviets did not even attend, despite U.S. efforts to involve them. The other attendees simply did not have the resources or influence to affect the course of events. Thus, it would be Great Britain and the United States who determined the outcome of the conference. On the American side, Franklin Roosevelt appointed Berle to chair the U.S. delegation and the entire conference. He would be in a powerful position to set the agenda and shape the results. His aim was to convince the attendees to adopt his "open skies" plan by means of a multilateral convention.⁴² U.S. intentions for the conference seemed clear.

On the British side, the government appointed Lord Swinton as its new Under-Secretary of State for Air, and he headed the delegation to Chicago.⁴³ Swinton was an

imperial protectionist, determined to prevent American inundation of the empire. He was certain to oppose the “open skies” plan. His government backed this stance, and issued a White Paper in October declaring that the British would support four of the “five freedoms” outlined in the U.S. plan: the rights of transit, technical stop, carrying cargo and passengers to foreign stops, and carrying cargo and passengers from foreign stops. However, international regulations and restrictions (i.e. traffic quotas) would apply to these freedoms. As for the “fifth freedom,” the right to carry passengers to and from intermediate stops, this “would be a matter for negotiation.” The British clearly wanted an arrangement that would control American airlines.⁴⁴

When the conference opened, a clash of personalities between Berle and Swinton amplified the policy disputes. Despite strenuous negotiations, the conference stalled over the matter of the “fifth freedom.” This provision would have allowed, for example, American airlines to pick up and discharge passengers and cargo in London on a New York-Paris service. The British feared that such a practice, without restrictions, would facilitate American domination of the airways. FDR and Churchill became embroiled in the fray, and their correspondence on the matter was as contentious as any in their long relationship. FDR initially laid the onus for compromise on the British, but Churchill insisted that they had already given much and that the U.S. demands were far more than they were willing to grant. FDR then warned that if the British did not make concessions, they might jeopardize Lend-Lease requests. Churchill sent another firm note in which he pointed out that the British had placed themselves at a great disadvantage in the field by opening their bases to American transports and by acceding to the Lyttleton Agreement. Citing an American sense of “fair play,” he argued that the British were simply not in a position to compete with them, and thus strong-arm tactics were hardly fair.

The conflict would wane, though not because of any American sense of “fair play.” As the conference progressed, neither the British nor the Americans found much support for their respective positions. The British had little success in rallying even their own dominions. In turn, many conference attendees feared American inundation. To further complicate matters, there were divisions in the U.S. ranks. Some members of the U.S. delegation opposed Berle’s policy. They complained anonymously to the press that he would “give away” international aviation to European competitors. The resulting articles revealed the disarray in the U.S. ranks and hampered Berle in his dealings at the conference. Then, in the midst of the conference, Hull resigned as Secretary of State, and Edward Stettinius succeeded him. Berle immediately received a letter from FDR expressing regret over the assistant secretary’s “resignation.” This shocking incident remains shrouded in mystery; Berle did not voluntarily “resign.” Whatever the cause, this development undermined him. The conference came to a close in December with little to show for either side. There was no international mandate for the “open skies” program. The nations did agree to form the International Civil Aviation Organization, but this had no regulatory powers. There were agreements on technical matters, but the disputed commercial issues remained unresolved.⁴⁵

12 As the war drew to a close, the two sides muddled on as best they could. The British joined the International Air Transport Association [IATA] in April 1945. This organization had the authority to set minimum rates and standards of service for international airlines.

However, Pan American was not a signatory, and soon offered trans-Atlantic fares at half the IATA rate. The British realized that they needed to reach an agreement with the Americans in order to prevent such unbridled competition. In turn, the Americans realized that they needed to deal with the British, who were blocking U.S. airlines on many world routes. The two sides ultimately reached a compromise at a meeting in Bermuda in February 1946. The British granted American airlines the right to pick up and discharge passengers at intermediate stops. In turn, the Americans recognized the IATA's authority to set international rates.⁴⁶ The two rivals had declared a truce in their air war.

The Bermuda agreement closed a key chapter in the Anglo-American commercial aviation rivalry. While the two powers had muted this rivalry for the sake of Allied unity, it had simmered beneath the surface, complicating their relationship and greatly affecting the development of international airlines. It left its mark, even though it was only a rivalry of a kind.

NOTES

1. Robert Jackson, *Mustang: the Operational Record* (Washington, D.C.: the Smithsonian Institution Press, 1992), 26-7.
2. Christopher Thorne, *Allies of a Kind: the United States, Britain, and the War Against Japan, 1941-1945* (Oxford: Oxford University Press, 1978), xii, 725.
3. Erik Benson, *Aviator of Fortune: Lowell Yerex and the Anglo-American Commercial Rivalry, 1931-46* (College Station, TX: Texas A&M University Press, 2006), 13-14.
4. Erik Benson, "The Chosen Instrument? Reconsidering the Early Relationship Between Pan American Airways and the U.S. Government," *Essays in Economic and Business History* 22 (2004): 98-108; Benson, *Aviator of Fortune*, 14-16.
5. Benson, *Aviator of Fortune*, 16-17.
6. *Ibid.*, 18-19.
7. *Ibid.*, 19-21.
8. Imperial's performance, especially vis-à-vis Pan American, led the British government to reorganize its international aviation establishment. It created a new company, the British Overseas Airways Corporation, which was wholly government-owned.
9. John Stroud, *The Annals of British and Commonwealth Air Transport, 1919-1960* (London: Putnam, 1962), 172-77; Alan P. Dobson, *Peaceful Air Warfare: The United States, Britain, and the Politics of International Aviation* (Oxford: Clarendon Press, 1991), 125-6.
10. Robert McCormack, "War and Change: Air Transport in British Africa, 1939-1946," *Canadian Journal of History* 24 (1989): 346.
11. Deborah Wing Ray, "The Takoradi Route: Roosevelt's Prewar Venture Beyond the Western Hemisphere," *Journal of American History* 62 (1975): 340-58.
12. Michael J.H. Taylor, *The Aerospace Chronology* (London: Tri-Service Press, 1989), 134; Benson, *Aviator of Fortune*, 71-2.
13. Alan P. Dobson, "The Other Air Battle: the American Pursuit of Post-War Civil Aviation Rights," *The Historical Journal* 28 (1985): 430.

14. Taylor, *Aerospace Chronology*, 134; John Pudney, *The Seven Skies: a Study of B.O.A.C. and Its Forerunners Since 1919* (London: Putnam, 1959), 190.
15. R.E.G. Davies, *Airlines of the United States Since 1914* (London: Putnam, 1972), 291-2, 324-8; Foreign Office, "United States Aircraft Output," 3 November 1944, *British Foreign Office, United States Correspondence, 1938-45*, vol. 38634, 132; British Air Commission, "Location of U.S. Built Oceanic Flight Delivery Aircraft," 7 February 1945, *Hopkins Papers*, Franklin D. Roosevelt Library, Box 125, Folder 3.
16. R.E.G. Davies, *Pan Am: an Airline and Its Aircraft* (New York: Orion Books, 1987), 53-5; Taylor, *Aerospace Chronology*, 141; Rene J. Francillon, *Lockheed Aircraft Since 1913* (London: Putnam, 1982), 232.
17. Pudney, *The Seven Skies*, 203-4; Marilyn 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), 379; Davies, *Airlines of the United States*, 269-92.
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20. Berle to Lord Halifax (H.M. Ambassador to the United States), 22 October 1942, *FRUS*, IV, 116; Halifax to Cordell Hull (U.S. Secretary of State), 16 November 1942, *FRUS*, IV, 117; Berle to Halifax, 17 December 1942, *FRUS*, IV, 117-8; R.I. Campbell (H.M. Minister, Washington, D.C.) to Berle, 29 December 1942, *FRUS*, IV, 118.
21. Frederick Hibbard (U.S. Charge de Affaires, Liberia) to Hull, 30 September 1942, *FRUS*, IV, 413-4.
22. Paul Alling (Assistant Chief, Division of Near Eastern Affairs, U.S. State Department) to Berle, 3 November 1942, *FRUS*, IV, 415-6.
23. Henry S. Villard (Assistant Chief, Division of Near Eastern Affairs, U.S. State Department), memo of conversation, 23 January 1943, *FRUS*, IV, 705.
24. Berle, memo of conversation, 20 January 1943, *FRUS*, IV, 704.
25. Berle, memo of conversation, 1 February 1943, *FRUS*, IV, 706-7.
26. Berle, memo of conversation, 20 April 1943, *FRUS*, IV, 713.
27. Michael Wright (First Secretary, H.M. Embassy, Washington, D.C.) to Berle, 7 July 1943, *FRUS*, IV, 715-7.
28. "Aviation's Future Debated by Lords," *New York Times*, 11 February 1943, 4.
29. "U.S.-British Parley on Air Role Urged," *New York Times*, 24 May 1943, 5.
30. Craig Thompson, "U.S. Air Power Feared by Britain," *New York Times*, 27 September 1943, 11.
31. For example, the famous "Lancaster" bomber became the "York" airliner.
32. Groves Herrick, "The Bristol Brabazon Air Liner: from 'Queen Mary of the Air' to 'National Experiment'" (M. Sc. Thesis, London University, 1998), 11-12.
33. "Civil Air Transport," 25 February 1943, *Papers of the War Cabinet, 1939-1945* vol. 33, 35 (43): 3, 135-7.
- 14 34. "Post-War Civil Air Transport," 24 June 1943, *Papers of the War Cabinet, 1939-1945* vol.

- 34, 88 (43): 1, 101-3.
35. Dobson, *Peaceful Air Warfare*, 138-51.
36. Alexander C. Kirk (U.S. Minister, Egypt) to Hull, 5 April 1943, *FRUS*, IV, 68-69; Hull to Kirk, 7 June 1943, *FRUS*, IV, 71-2.
37. Jacobs (U.S. Charge de Affairs, Egypt) to Hull, 8 June 1944, *FRUS*, V, 56; Hull to Jacobs, 22 June 1944, *FRUS*, V, 57.
38. Diary entry, 3 June 1944, *The Adolf A. Berle Diary* (Hyde Park, N.Y.: Franklin D. Roosevelt Library, 1978), roll 5, frame XI: 2, pp. 58-60; Diary entry, 13 June 1944, *Berle Diary*, 5, XI: 2, pp. 74-75.
39. Diary entry, 3 June 1944, *Berle Diary*, 5, XI: 2, pp. 58-60; F.O. 371/42599, minute by N. Cheetham, 7 June 1944, W9042/11/802; F.O. 371/42599, C.A.T. (44) 44, 13 July 1944, W11058/11/802. These Foreign Office (F.O.) records are housed in the U.K. National Archives.
40. "Civil Air Transport," 1 September 1944, *Papers of the War Cabinet*, 1939-1945 vol. 43, 114 (44): 1-7.
41. Dobson, "The Other Air Battle," 435-9.
42. Benson, *Aviator of Fortune*, 182-84; Dobson, *Peaceful Air Warfare*, 149-64.
43. Swinton's appointment as under-secretary reflected the increasing importance of civil aviation. Unlike his predecessor, his sole responsibility was civil aviation. The War Cabinet was planning to detach civil aviation from the Air Ministry (with its military focus) at war's end. Eventually, this led to the creation of the Ministry of Civil Aviation, of which Swinton was the first minister. See Dobson, *Peaceful Air Warfare*, 157-62.
44. Dobson, *Peaceful Air Warfare*, 161-3.
45. For a complete study of this conference, consult: Dobson, *Peaceful Air Warfare*, 151-72; John A. Miller, "Air Diplomacy: the Chicago Civil Aviation Conference of 1944 in Anglo-American Wartime Relations and Postwar Planning," (Ph.D. diss., Yale University, 1971).
46. Dobson, "The Other Air Battle," 439.

