

Europe in the Air

A Challenge to America

By MELVIN K. WHITELEATHER

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DURING the year 1926 no fewer than 150,000 people in Europe mounted the movable stairways which lead to airplane cabins with much less fear in their hearts than they would have had if the commissionaires had been carrying their baggage into trans-continental railway trains.

These Europeans have taken to the air, and from the constant change in figures, which indicates a rapidly increasing traffic, it seems that they intend to keep on doing their traveling where the air is fresh and where there is no danger of the switchmen going to sleep at their posts.

As far as the European attitude toward aviation in the United States goes, there is a change of face noticeable. They are wondering on this side of the Atlantic why it is that, with airplane motors being produced in America which will fly across the dividing ocean with apparent ease, passenger lines in the United States are in their infancy. The discovery in such a dramatic fashion of America's potential power is causing the change of attitude. The smiles are beginning to fade. The Continental edition of the London "Daily Mail," the

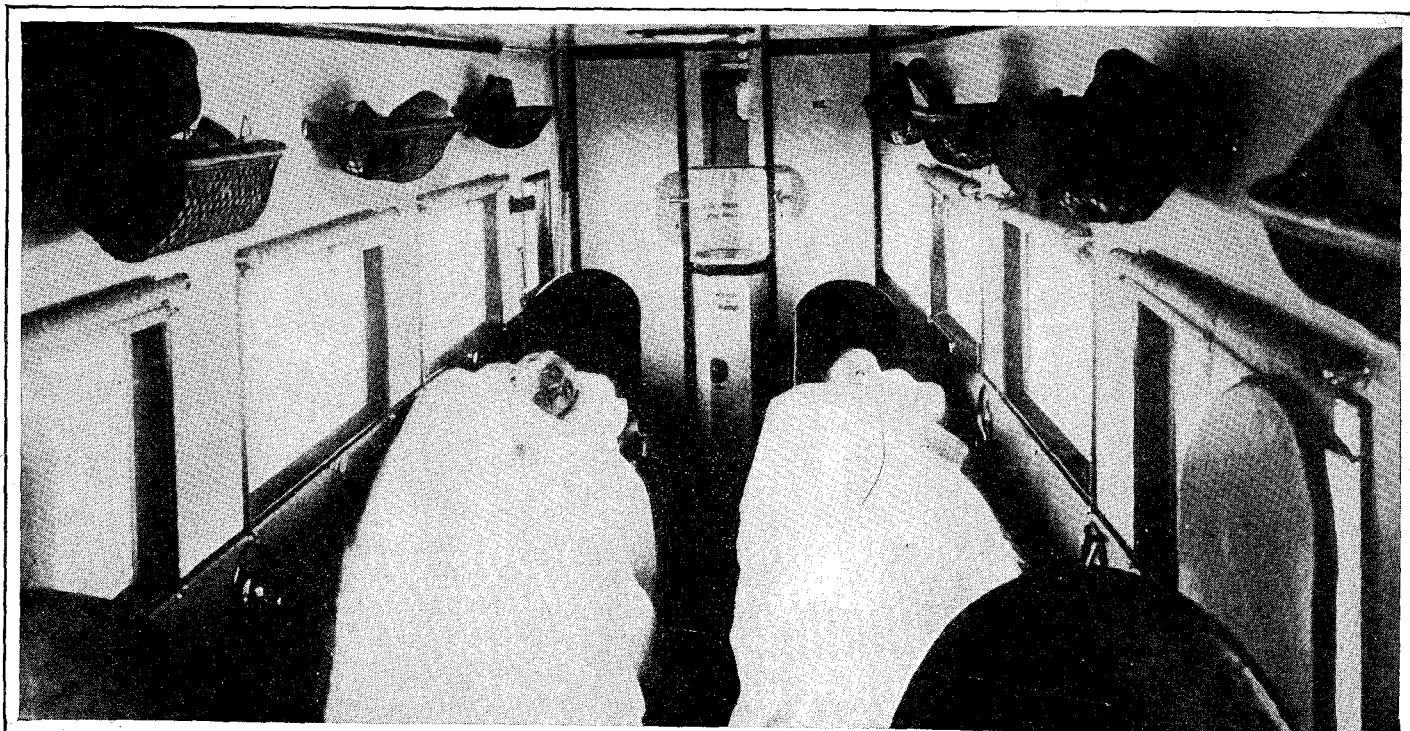
THOUGH the United States is the only nation whose aviators have succeeded in making a non-stop flight to Europe, commercially we are far behind Europe in aviation. Walter Hinton's article in last week's Outlook made flying seem a simple operation and aviation an established art. Yet until we can boast of a record comparable to Europe's figures of 150,000 passengers carried over commercial air lines last year, of regular air service between all the main centers, and even dining and sleeping accommodations on planes, we have a great distance to go. —THE EDITORS.

Chicago "Tribune" of Great Britain, was among the first to recognize what the great transatlantic flights of Lindbergh, Chamberlin, and Byrd means to Europe. It calls the exploits of these

men a "real threat" to Europe and insists that the air chiefs of England and the Continent convene immediately to devise means of combating "this new school of aviation which has arisen in the West."

THE reason for the remarkable development of aviation in Europe has been the state subsidies, and the reason for the lack of development in the United States has been the absence of these governmental liberalities. Air routes pierce every point of the Continent and England, and there are a few in Africa. Every one of the large concerns is subsidized. Elation over the progress in Europe was changed to alarm as soon as Byrd brought over his shipload of men. Lindbergh, flying alone, gave little concern. But then came Chamberlin with one passenger, and then Byrd with three men.

Europe's superiority in commercial aviation now has a potential challenge, but it will be some time before there are 150,000 passengers carried in one year over lines in the United States, before tourist agencies are able to book seats in airplanes just as they book them in rail-



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AN AERIAL PULLMAN

The interior of the first sleeping-car airplane, which travels between Berlin and Croydon



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THE LATEST IMPROVEMENT IN AVIATION

This Paris-to-London air liner is equipped with a bar and a bartender

way trains. There is not a large tourist agency in Europe which does not have a separate department for air travel.

At the beginning of January of this year there were thirty-three passenger air line companies, covering approximately 25,000 miles. In France there were four companies: the Air Union, with lines from Paris to London, from Paris to Marseilles by way of Lyons, from Lyons to Geneva, and from Marseilles to Ajaccio; the Compagnie Internationale de Navigation Aérienne, with lines from Paris to Constantinople by way of Strasbourg, Nuremberg, Prague, Vienna, Budapest, and Belgrade (a distance of 2,711 miles), and from Prague to Warsaw by way of Breslau; the Société Générale de Transport Aérienne, the Farman line, with routes from Paris to Amsterdam by way of Brussels and from Paris to Berlin by way of Cologne and Essen; the Compagnie Générale

d'Enterprises Aeronautiques, with lines from Toulouse to Casablanca (a distance of 1,114 miles), Casablanca to Dakar (a distance of 1,770 miles), from Marseilles to Perignan, from Oran to Alicante, and from Casablanca to Oran. The Air Union line has 35 planes in use, and the Compagnie Générale d'Enterprises Aeronautiques has 122 air and sea planes. On the day this article was written the Air Union announced that a complete dining-car plane was to be placed in operation between Paris and London in the near future.

The heaviest traffic on the French lines is between Paris and London. The Air Union, which competes on this route with the English company, Imperial Airways, Ltd., carried 2,876 passengers in 1926, 2,347 of whom flew to and from Paris and London. The union planes flew 894,037 kilometers. The Compagnie Générale line carried 1,570 pas-

sengers in flights covering 2,469,329 kilometers.

On practically all the lines a daily schedule is maintained, except during the bad weather of the winter months. Between London and Paris there are three planes daily, and often it is necessary to send along a "trailer" to accommodate the customers on rush days. This is despite the fact that the Imperial Airways also maintains a similar service and also is forced to use reserve planes on occasions.

A line operating between France and Algeria carried 6,592 passengers last year.

THE Germans are the fellows who are making the most rapid progress. In Germany, as well as in England, there has been a consolidation of air lines. As a result, there is but one line of any importance in each country. In Germany it is the Deutsche Luft Hansa, the largest air line company in the world. It operates more than fifty different lines to various parts of Europe, has 120 planes in constant service, and maintains a reserve force of between 300 and 400 planes. It established the first sleeping-car service for air passengers over a year ago, when it started the Albatros off for London from Tempelhof airdrome, Berlin, loaded with tired passengers. The Albatros has eight leather chairs, which are made into berths.

The German lines carried more than 56,000 passengers during 1926 and kept their regular summer schedule ninety per cent of the time.

The Imperial Airways, Ltd., has its own way in England. Besides its principal route from Croydon airdrome, London, to Le Bourget, Paris, its lines run from London to Zurich by way of Paris and Basle; from Southampton to Guernsey; from London to Berlin by way of Ostend, Amsterdam, and Hanover; from London to Cologne by way of Brussels; from Cairo to Karachi by way of eleven cities, a distance of 2,536 miles.

Mussolini has established four lines which radiate from Rome.

Why has the Old World taken to the air?

Government subsidies would have to be stopped if no traffic were developed. The answer seems to lie in the following record of the Airways Company. In seven years this company and its predecessors carried 75,000 people over more than 5,000,000 miles, with but four accidents which resulted in death. No railway company can present a better

(Continued on page 158)

One Man Beats 150

Donald R. Richberg, of Chicago, and His Fight in the Greatest Lawsuit of Our Times—The Railroad Valuation and Rate Case

By HUGH RUSSELL FRASER

ONE man, quiet, deliberate, grim-faced, against one hundred and fifty expert lawyers, won the first encounter in the greatest legal fight of our time.

The field of conflict was the chamber of the Interstate Commerce Commission, and the issue at stake was the basis on which the railroads of the United States shall be valued for the purpose of fixing rates.

Directly in front of the Commission bench was a long table.

On one side of this table, touching elbows, man by man, row by row, sat the one hundred and fifty or more counsel for the railroads and public utility corporations.

On the other side of the table sat that one man—Donald R. Richberg, of Chicago. He was there to speak for the people and the National Conference on Railroad Valuation, a Nation-wide organization of shippers, public officials, and representatives of the public at large. And he was enough to carry the day.

TECHNICALLY, it was the case of the Government of the United States against the St. Louis and O'Fallon Railroad, a little nine-mile coal-bearing road outside of St. Louis, argued before the Interstate Commerce Commission for the purpose of securing excess earnings of the railroad. Actually, however, the issue at stake was more far-reaching than that. It was the deep-rooted question that has puzzled Congress, the railroads, and the people for twenty years: Shall the railroads and public utilities of the United States be allowed to charge rates based on what it cost originally to produce their properties, or shall rates be charged and earnings made on the basis of what it would cost to reproduce their properties at present-day prices?

The victory that lone attorney gained was not final. The fight must be carried to the Supreme Court. And the verdict to be handed down then will profoundly affect the economic life of the American people. It will turn a new page in American history and—more significant still—it will establish the first basic economic interpretation of the Constitution of the United States.

A LITTLE coal-bearing railroad nine miles long was the storm center of a lawsuit affecting every railroad in the country. In the first hearing of this lawsuit, described in the accompanying article, the railroad won over the Interstate Commerce Commission.

On October 5, the date when this issue of *The Outlook* is published, the case will come up again, this time before the Court of Appeals. It remains to be seen whether the feelings of the people, which were so strongly demonstrated during the first hearing, will once more prevail over the rulings of the Government.

—THE EDITORS.

WHAT the case involves to-day is as nothing to what it will involve to-morrow. Now it concerns an investment of some \$20,000,000,000—a sum greater than the total wealth of the Japanese Empire, greater than the total of the National debt, and more than the original cost of building all the railroads in the United States. But, in a larger sense, the case involves more than that: it involves the market price of all commodities bought and sold in the country. Scarcely anything can be said to be exempt from the after-effects of the decision.

A verdict is inevitable by the Supreme Court, for in perfectly legal form the case will come to it on appeal from the Interstate Commerce Commission.

The railroad and public utility corporations say that, in view of the decreased value of the dollar, they should be allowed to charge rates and make earnings based, not on the "original cost" of production, but on what it would cost to reproduce their properties at present-day prices. This is called the "reproduction new" theory.

Opposing this contention of the railroads and denying its validity is the

National Conference on Railroad Valuation, an organization composed of shippers, public officials, and representatives of the public generally. They say that the only fair basis for earnings and rates is the amount of the original investment, plus improvements that the railroads have put into their properties. This is known as the "original cost" or "prudent investment" theory.

This is the view of Senator Norris, of Nebraska, Chairman of the National Conference on Railroad Valuation and its representative in the Senate.

Should the railroads win, they will be permitted to raise rates to the tune of some \$800,000,000 or \$1,000,000,000 yearly. Should they lose, they will be obliged to turn enormous sums of money in excess earnings back to the Government, a procedure which they allege will impair the credit of the railroads and lessen the efficiency of their service to the public.

The ultimate verdict, therefore, is vital. It will not only affect the price of everything bought and sold in the country, but, should the railroads win, automatically boost the cost of living.

To understand the specific nature of the case of the St. Louis and O'Fallon Railroad, which is to be appealed to the Supreme Court, we must go back to the Transportation Act of 1920. According to the terms of that Act, all railroads making earnings in excess of 6 per cent on their original investment value were required to turn the excess earnings over to the Government to be used to help less prosperous railroads. The Government had never sought to test this provision of the Act until over a year ago last July. Then it brought suit against the St. Louis and O'Fallon Railroad, claiming that the road had made excess earnings for the years 1921, 1922, 1923, of \$226,000 under an "original cost" property valuation of \$850,000. This the road denied, contending that the "reproduction new" theory was the true theory of railroad valuation, and on that basis the valuation was nearly double \$850,000. Accordingly, the road argued that it owed the Government nothing, since its earnings on that basis were not even the 6