

ACC

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1697

ITALIAN AIR LINES
DEC. 1937; AUG. 1944 - JUNE 1945

Rome, 10th June 1945

MC

The Minister for Air
17159

33/54

Dear Air Vice Marshal,

I am replying to your letter AFSC/44/AIR
dated 7th inst.

2. The "Globo" has re-written in its own manner a conversation which I had with a person who insisted on pressing the Ministry which is under my direction to make a pronouncement on the future of Italian Civil Aviation upon which the legitimate curiosity of the public and the attention of the industrial firms which propose to interest themselves in air lines has been centred.

3. During the course of this declaration I declared, among other things, that I had given orders for the departments under my direction to refuse to discuss this question with anyone at all and to reject offers and plans which are presented from day to day.

4. During the discussion I also noted that the Treasury had informed my Ministry that, during the month of June, passengers who are authorised for service reasons to avail themselves of the Air Service to Palermo, Cagliari and Lecce were to have paid for their tickets, the value of which had even been fixed; This order has been suspended during the last few days.

5. As far as the passengers are concerned, I have to inform you that my departments do allow transport for those persons who travel for reasons connected with public interests, on the advice of the separate ministries, normally directed to the President of the Council.

6. In all other cases requests are refused and it is only in exceptional cases that they are allowed when seats are available (serious illness, relatives of Air Force personnel who are joining the head of their family etc.)

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7. Recently, this morning in fact, industrial commissions came to this Ministry to obtain permission for the setting up of air lines and all of them were sent away in conformity with the instructions previously received from you.

8. It is certain, Sig. Maresciallo, that public opinion, not yet sufficiently informed of the problem of Italian Civil Aviation, cannot understand, now that the war is at an end, that it is not possible to use the military aircraft available to alleviate in some fashion the grave deficiencies in transport which the country is subject to and that this constitutes an impediment to the commencement of reconstruction.

9. The News that Admiral Cunningham has accorded to the Naval Ministry the right to direct control (although under Allied surveillance) of part of the Italian Mercantile Marine, has awoken in many the conviction that once the difficulties arising from questions of principle ^{to had} been overcome, there would be no reason why the Air Ministry also should not be allowed to control a very reduced Civil flying activity. Added to this is the fact that the news has rapidly spread around the circles concerned that the aeronautical construction works in northern Italy have a certain number of aircraft suitable for use as transport aircraft.

10. On the other hand, referring to para 4 of your letter, the situation in Italy whose rail, road and sea lines of communication are practically non-existent, cannot be compared to that of Great Britain. In any case whatever the development of civilian transport services in the sense hoped for by the public, it is intended principally for the use of the Allied Military Government and secondly to assist the Italian Government, transporting only personnel which is travelling for state reasons of for activity concerned with the reconstruction of Italy.

1582

- 3 -

12. Sig. Maresciallo, if you wish me to make a declaration to the "Globe" in order to clear up this question, I am ready to do so as it is always my practice to adhere to instructions received and as things are written every days in the papers about the Italian Air Force and accusations are made against the Ministry for its inaction in resolving the vexed question of air communications.

L. Gasparotto

A.V.M. - I.E. BRODIE O.B.E.
AIR Officer Commanding (Director)
Air Forces Sub Commission - A.C.
R O M E

P.S.

The above had already been written when I received a letter from the Treasury dated 8th June in which my Ministry was again requested to consider the necessity of fixing "the price for the transport of passengers by air with the object of reducing to the minimum possible the charge on the state". I confirm, however, that on this point I can only await your instructions.

1581

I 803

HEADQUARTERS
ALLIED COMMISSION
SARDEGNA REGION

5th March 1945 17A

Reference : HQ/2161
Subject : "AIRONE" Air Transport Company.
To : Headquarters, Allied Commission,
Air Forces Sub-Commission.

With reference to your letter AFSC/INT/33/I 785 dated
28th of February 1945, Para 3.

Yes, further information can be supplied if required.



J.A.C. PENNYQUICK.
Colonel.
Regional Commissioner.

JACP/ajs.



Prev. Ref.
Next Ref.

1500

HEADQUARTERS
ALLIED COMMISSION
SARDEGHA REGION

16A

Reference : HQ/2161
Subject : "AIRONT" Air Transport Company.
To : Headquarters, Allied Commission,
Air Forces Sub-Commission.

3rd March 1945

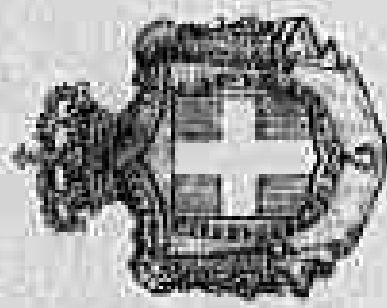
With reference to your letter AFSC/INT/33/I 785 dated
28th of February 1945. Para 3.

Yes, further information can be supplied if required.



J.A.C. PENNYQUICK.
Colonel.
Regional Commissioner.

JACP/ajs.



1-784

Roma, 26 FEB. 1945

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per I-24/13

Stato Maggiore Regia Aeronautica

ALL INTELLIGENCE SECTION
AIR FORCES SUB COMMISSION
ROMA

UFFICIO "I"

Prot. N. 2550 Allegato

Risposta al. Teleg. del
Dir. Gen. N. 2

OGGETTO Aviazione Civile.

Si trasmette copia del Giornale "LA VOCE REPUBBLICANA" n° 44
in data 23-2-1945, sul quale é annotato in rosso l'articolo :
="L'aviazione civile"=

IL CAPO UFFICIO "I"
(Ten. Col. pilota *[signature]* - F. SANTINI)

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in data 23-2-1945, sul quale é annotato in rosso l'articolo :
"L'aviazione civile" =

IL CAPO UFFICIO "I"

(Ten. Col. pilota *[signature]* - T. - SANTINI)

1518

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MEMORANDUM FOR A.V.M. W.A.B. EOWEN-BUSCARLET

COL. MOSCATELLI

I have heard unofficially from Lt. Venturini that further information on the above officer is likely to reach us shortly.

It appears that he recently spoke to the Brazilian Ambassador in Rome, offering the Brazilian Government 50% of the shares in the L.A.T.I. airline which used to operate air services between Italy and South America, and of which he was a director, together with the exclusive use of the L.A.T.I. air base in the Canaries. The idea presumably is for the company to be Brazilian-controlled in order to ensure against running an Italian controlled air line in view of possible restrictions which might be imposed in this respect on ex-enemy countries at the Peace Conference.

The above facts are for your advanced information only. I will let you have the official report as soon as it is received.

28th Feb. 1945

T.C.N. PEARCE S/LDR INT

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28th Feb. 1945

T.G.N. PEARCE S/LDR INT

1577

13A

MEMORANDUM FOR A.V.M. W.A.B. BOWEN BUSCARLET

1. Attached is a most illuminating document which bears study in full. I have however sidelined certain sections of it from which the following facts emerge :
 - a) The Airone Air Transport Co. was constituted as a limited liability company with headquarters at Cagliari on the 17th October 1944 with a capital of Lit. 1,000,000.
 - b) The Company proposes to divide its activities into three stages, during the first of which (at present in being) it envisages the acquirement of certain airfields in Sardinia (notably Elmas) with exclusive rights to operate air services therefrom. The Company "has heard" that the Allied air forces were giving up some airfields on the island and has somehow persuaded the authorities not to allow the fields to be "dismantled".
 - c) The Company states that Elmas will be an important junction in the British Imperial Airways route. It also "thinks" it will be able to buy Allied war planes "in the near future" and new material from abroad at a later date. It "has reason to believe" that it will be able to purchase the necessary aircraft in this later stage at Lit. 500,000 each.
 - d) The Company has arranged to set aside a proportion of the capital for "financial Groups" whose interest "while not allowing Sardinian shareholders to lose their control of the undertaking" would help them to purchase the necessary materials and also to look after the payment "on the international market".
 - e) Since the Company was formed, it has applied for authorisation to increase its capital to Lit. 10,000,000, and for permission to transform itself into a public limited company.

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- d) The Company has arranged to set aside a proportion of the capital for "financial Groups" whose interest "while not allowing Sardinian shareholders to lose their control of the undertaking" would help them to purchase the necessary materials and also to look after the payment "on the international market".
- e) Since the Company was formed, it has applied for ~~authorisation~~ to increase its capital to Lit. 10,000,000, and for permission to transform itself into a joint stock company.
2. From the foregoing, it seems fairly clear that an outside influence has been at work on the Sardinians, and in view of the black marketeering record of certain individuals in Sardinia about the time when this Company was formed, it is hard not to draw the obvious conclusions.
3. The only name mentioned at all in the entire document is that of Ing. Vittorio Minio-Paluello, who signed it. We have no information about him in this office.
4. In view of existing restrictions, despite the fact that the Company is not yet attempting actually to operate air lines, it is suggested that its activities might well merit investigation on a fairly high level.

28th Feb. 1945

T.G.N. PEARCE S/LDR INT

From : AIR FORCES SUB COMMISSION, H.Q. A.C.

To : COL. J.A.C. PENNYCUICK
Regional Commissioner
H.Q. A.C. for Sardinia

Date : 28th Feb. 45

Ref. : AFSC/INT/33/I 785

Receipt is acknowledged with thanks of the copy of the prospect of the Airone Air Transport Co. sent under ref. HQ/2161 dated Feb. 23rd.

2. The information contained in the document is of considerable interest and is being carefully studied by this Sub Commission.

3. If we should require to know more about any of the principle people involved, we should like to know if your office would be in a position to supply this information.

T.G.N. PEARCE S/LDR INT
AIR VICE MARSHAL
AIR OFFICER COMMANDING

- 785

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HEADQUARTERS
ALLIED COMMISSION FOR SARDINIA

23 FEB 45

Ref: HQ/2161

Subject: "AIRONI" Air Transport Company
To: Air Forces S/Commission, HQ. AC,
(Att: W/Cdr P. DE PAAN).

"For your information attached is ^a copy of a report in respect of "AIRONI" Air Transport Company which is being formed at Cagliari, Sardinia, together with a sketch plan showing the proposed sphere of activity of the above Company.

J.A.C. PENNYCUICK
Colonel,
Regional Commissioner

1574

HEADQUARTERS
ALLIED COMMISSION FOR SARDINIA

Ref: HQ/2161

23 FEB 45

Subject: "AIRONE" Air Transport Company
To: Air Forces 3/Commission, HQ.AC,
(Att: W/Cdr L. DE HAAN).

For your information attached is a copy of a report in respect of "AIRONE" Air Transport Company which is being formed at Cagliari, Sardinia, together with a sketch plan showing the proposed areas of activity of the above Company.

J.A. O'BRENNAN
Colonel,
Regional Commissioner

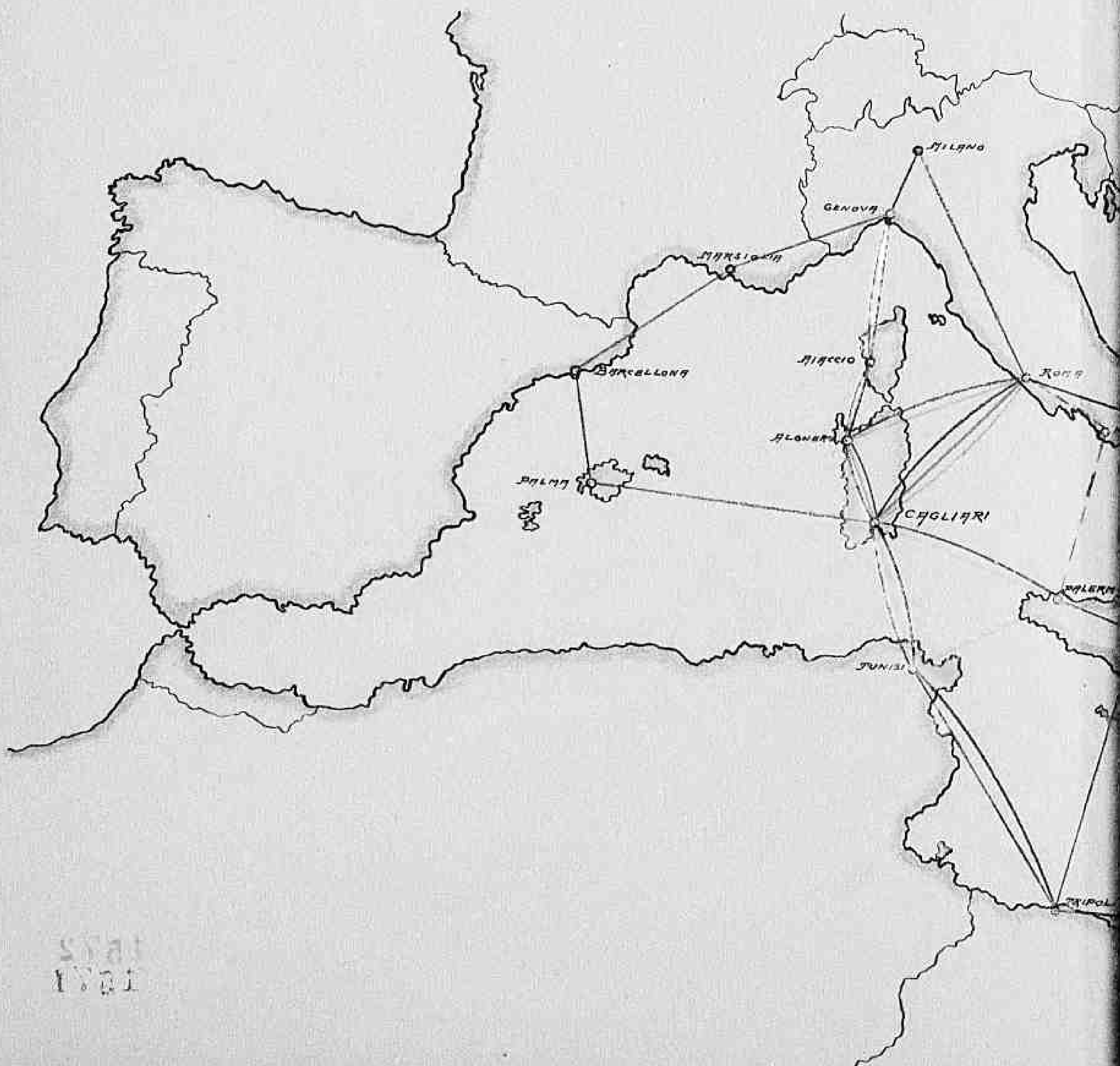
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AIRONE

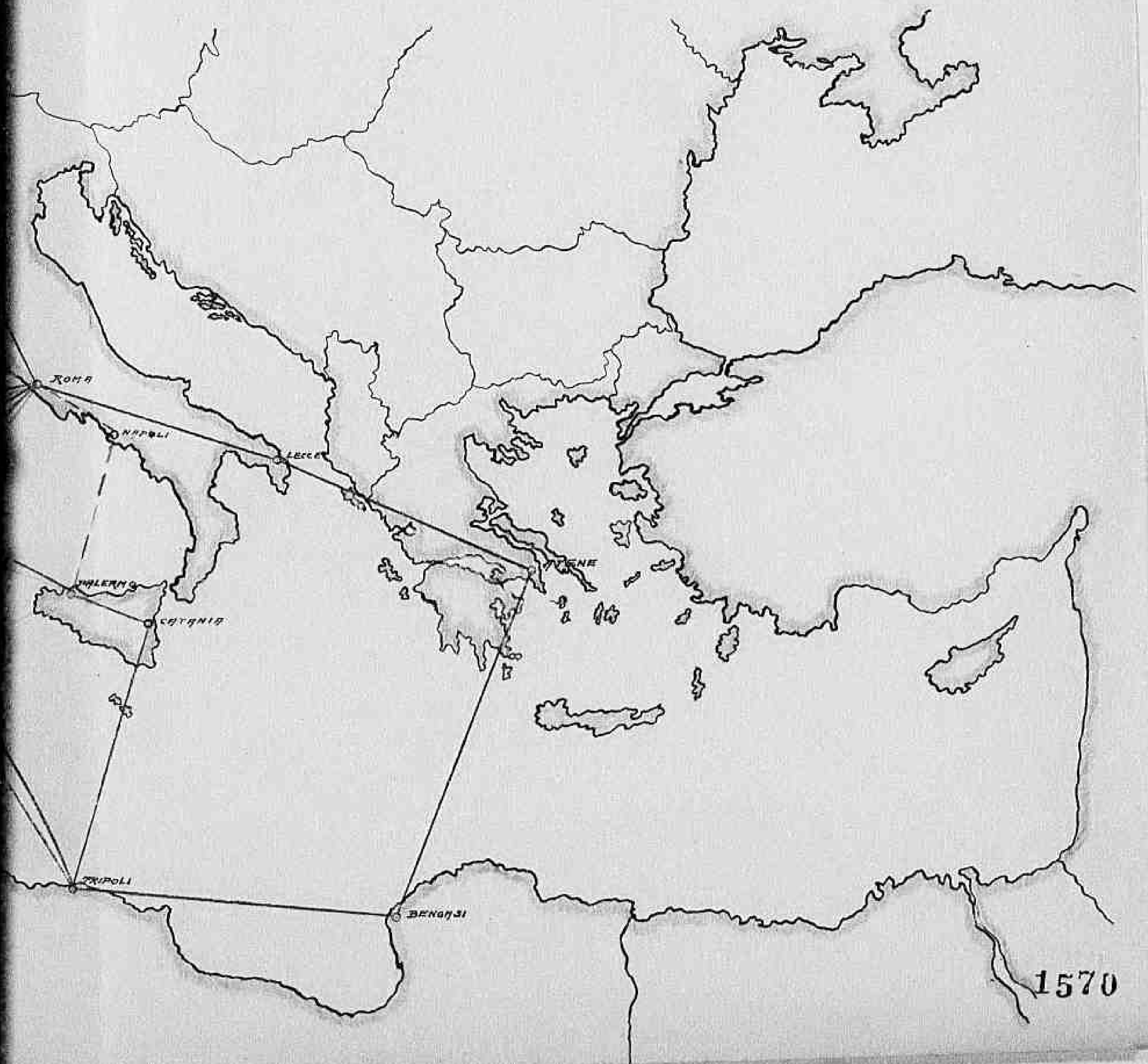
COMPAGNIA TRASPORTI AEREI

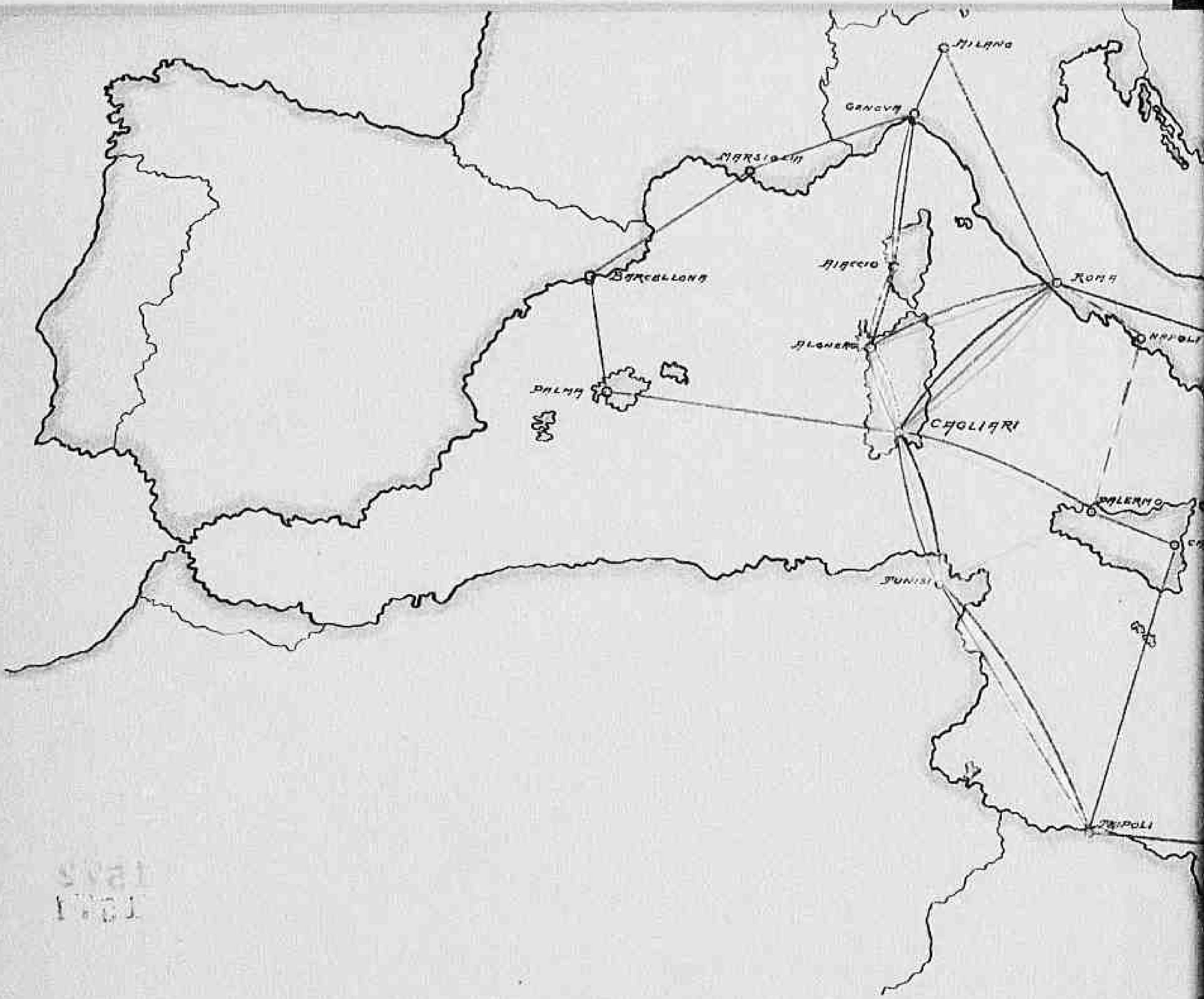
CAGLIARI

AIRON
COMPAGNIA TRASPORTI AEREI
CAGLIARI



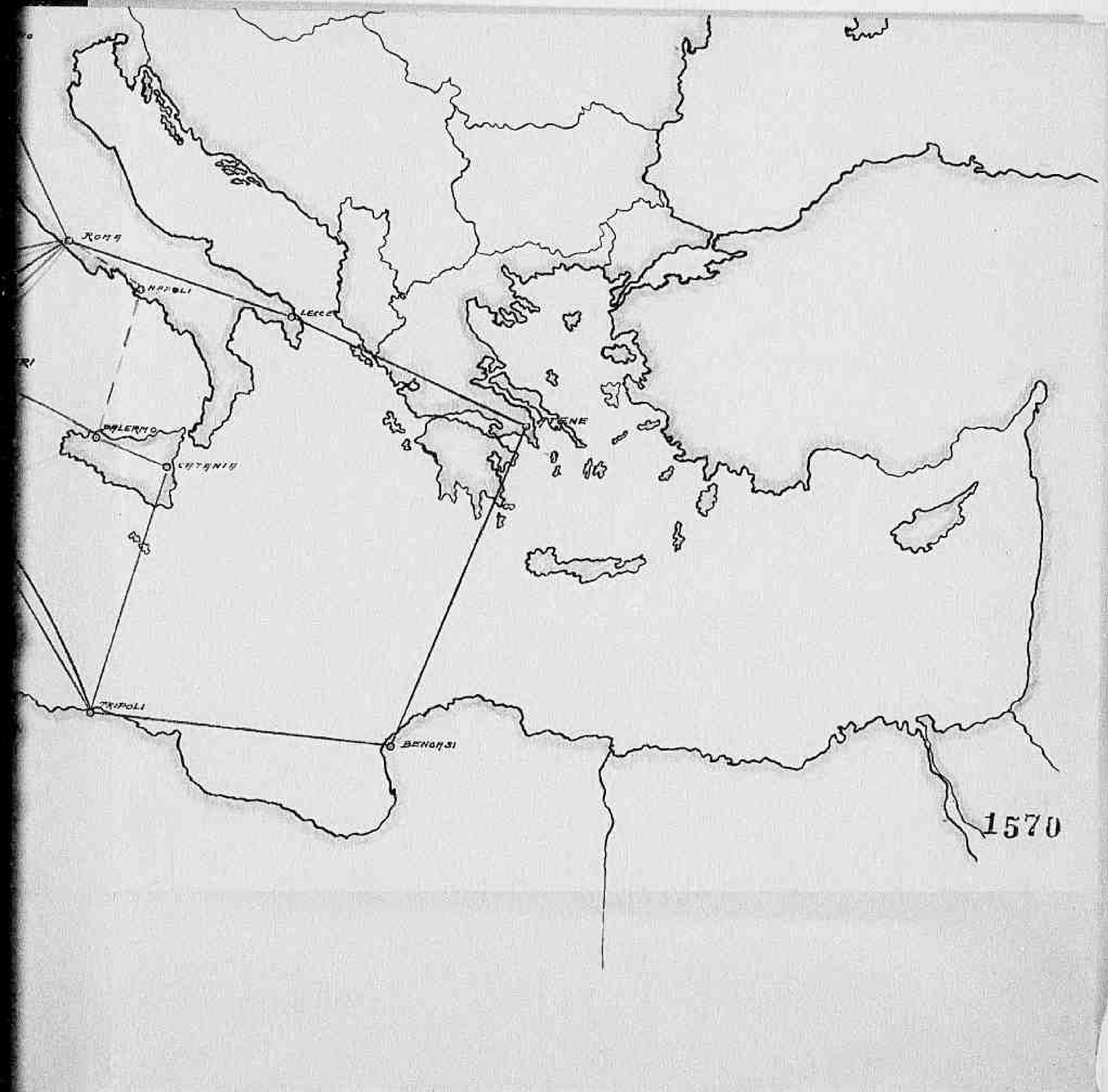
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A I R O N E
- COMACINIA TRASPORTI AEREI

2

LINEE DI LINEE AEREE ITALIANE PER DA CAGLIARI

— Cagliari - Roma - Cagliari

— Cagliari - Roma - Alghero - Cagliari
Cagliari - Alghero - Roma - Cagliari

— Cagliari - Alghero - Roma - Milano - Genova - Ajaccio -
Alghero - Cagliari
Cagliari - Alghero - Ajaccio - Genova - Milano - Roma -
Cagliari

— Cagliari - Palermo - Tunisi - Cagliari
Cagliari - Tunisi - Palermo - Cagliari

— Cagliari - Palermo - Catania - Tripoli - Tunisi -
Cagliari
Cagliari - Tunisi - Tripoli - Catania - Palermo -
Cagliari

— Cagliari - Tunisi - Tripoli - Bengasi - Atene - Lecce -
Roma - Cagliari
Cagliari - Roma - Lecce - Atene - Bengasi - Tripoli -
Tunisi - Cagliari

Alghero - Cagliari
 Cagliari - Alghero - Ajaccio - Genova - Milano - Roma
 Cagliari

— Cagliari - Palermo - Tunisia - Cagliari
 Cagliari - Tunisia - Palermo - Cagliari

— Cagliari - Palermo - Catania - Tripoli - Tunisia
 Cagliari

— Cagliari - Tunisia - Tripoli - Catania - Palermo -
 Cagliari

— Cagliari - Tunisia - Tripoli - Baghdad - Athens - Lecce -
 Roma - Cagliari

— Cagliari - Roma - Lecce - Athens - Baghdad - Tripoli -
 Tunisia - Cagliari

— Cagliari - Alghero - Ajaccio - Genova - Marsiglia -
 Barcellona - Italia - Cagliari

— Cagliari - Palma - Barcellona - Marsiglia - Genova
 Ajaccio - Alghero - Cagliari

— Roma - Napoli - Palermo e viceversa in coincidenza
 con le altre linee

1571

A I R O N E - AIR TRANSPORT COMPANY
R E P O R T

1) GEOGRAPHY AND ECONOMY OF SARDINIA - COMMUNICATIONS WITH THE MAINLAND

The island Sardinia has an area of 24.089 square Km and a population of 1.034.206 people. The prevailing economic activity is based on agriculture and cattle , but the mining industries are also very important such as salt and metallic. The overall economic trade is of about 1.940.304 tons per years.

To this important movement of merchandises corresponds an equal important movement of passengers. In the years 1937-1938 of which we have the last full statistical data , the average yearly movement of passengers to and from Sardinia was as follows:

Total average movement of passengers to and from Sardinia in the
years 1937-1938

	Port of Olbia	Port of Cagliari	By air	Total
Passengers	235.843	17.780	9.748	263.371

From the above tabulation one can see that about the 12.5% of the whole population took every year one trip from and to the Island. It is not possible to state how many tourists were included in the total of the passengers , but we can gather that their number was rather small and that the majority was formed by business people who went from ^{or} to the mainland from Sardinia for business reasons.

During the last two years of the war and above all , after the armi-

stice, the traffic of merchandise and passengers has ceased almost entirely causing a serious state of unrest amongst all categories of people, thus proving that it was not a tourist movement.

This disadvantage is particularly serious because sea communications cannot be replaced, as on the mainland, with other means because the distances between Sardinia and the nearest ports, can be overcome by seaworth steamers and not by small boats. A survey of the distance between Cagliari, the main port of Sardinia, and the nearest Mediterranean ports will help to prove our statement.

Tabulation of distances between Cagliari and the nearest Mediterranean ports

Distance as the crow flies, between Cagliari and Civitavecchia					Km	400
"	"	"	"	Naples		464
"	"	"	"	Palermo		384
"	"	"	"	Leghorn		496
"	"	"	"	Genoa		600
"	"	"	"	Marseilles		600
"	"	"	"	Barcelona		640
"	"	"	"	Tunis		284
"	"	"	"	Algiers		600

From the above considerations it appears how vital communications, both by sea and air, are for Sardinia and how important it is to have adequate means of transportation for the economic and social development of the island.

II° AIR COMMUNICATIONS BETWEEN SARDINIA AND THE MAINLAND

In the past, Sardinian air-traffic was progressing very rapidly. Due to the particularly favourable location of the island which is right in the middle of every route connecting Northern Europe with the near and far East, and the eastern with the western Mediterranean, and to the favourable weather conditions which make her airfields accessible during every season, all lines spreading from Sardinia, have always carried a larger traffic than other similar lines connecting more populated industrial centers. The comparison of traffic between

Sardinian air lines and other similar lines is summed up in the following tabulations:

Explanatory tabulation of passenger-mail-baggage and merchandise traffic on some of the principal lines during 1938

Route	Passengers	Mail	Baggage	Goods
Rome - Turin	4.465	118	36.701	7.513
Rome - Milan	8.958	4.534	72.913	27.123
Venice - Milan, Turin, London	5.320	5.424	64.070	14.435
Venice - Vienna - Budapest	2.721	4.709	60.204	8.284

From the data of the various Sardinian air-lines for the years 1937-1938, we ^{get} the following tabulation:

Yearly average traffic of passengers, mail, baggage, and merchandise on the air-lines Rome-Cagliari. Rome-Alghero-Cagliari. Genoa-Alghero-Cagliari. (Cunias) During 1937-1938

Route	Km	Flown Km	Paying Passengers	Mail kg	Baggage kg	Goods kg
Rome-Cagliari	470	285.500	7.275	14.57	24.300	3.867
Rome-Alghero Cagliari	756	169.932	1.838	1.149	10.440	4.337
Genoa-Alghero Cagliari-Cunias (Only 1938)	776	177.800	635	415	8.770	1.425
Totals	2.002	633.232	9.748	15.821	43.510	9.649

We point out the following considerations:

- 1° The reasons which produced the above traffic still exist.
- 2° Since then aviation has greatly improved.
- 3° In Sardinia and in the mainland there are large masses of people anxious to

resume their travelling, either for business or family reasons.

4° For a long time to come, sea services will not function with the regularity and the efficiency of the past.

5° For a long time, air transport will be preferred to sea transport because, while the former has for terminal an airfield near the place of destination, thus allowing the passenger to do without further means of land transportations, the latter has for terminal a port far away from the passenger's destination.

Considering all these points, we are convinced that Sardinian air traffic is ready to resume its activities on a scale at least equal to that of the years 1937-1938 and it is bound to a rapid and notable increase both in passengers, baggage, mail, and merchandise. We, therefore, consider the resumption and the further development of the Sardinian air-activity, not as a form of propaganda and prestige, but as an economic and civil necessity. Such an activity, while satisfying the urgent requirements of the nation, need not be a burden to the finances of the State.

III° SARDINIAN AERONAUTIC MILIEU R.U.N.A. ITALIAN ROYAL AERoclub.

Before examining air-communications, it is necessary to give an idea of the peculiar aspects of the Sardinian aeronautical milieu. We have already pointed out that Sardinia, from a geographical and technical point of view, is an ideal place for the development of air activities. The Sardinian people, bold by nature, have considered as a tangible proof of these characteristics of their country, the great air-exploits which, both in peace and war time, originated on the various airfields of this island. And this idea of theirs has been confirmed by the fact that the Allied Armed Forces in the island, are mainly made up by the Air Forces. Beside adhering to this new means of transportation, with the result stated above, the Sardinian people in the years prior to the war, had created a civilian, tourist and training organization of their own. Without any help of any kind, with only the moral support of the Royal Air Forces and without any financial contributions, the R.U.N.A. born in 1937, the last amongst similar organizations in the mainland, in

less than three years developed in the most startling way. In such a short period, 143 pilots received their flying licence, the air-fleet reached the number of 24 planes, several workshops were built and a large number of young people succeeded in obtaining notable records in aeromodelling. No one can help noticing the relation between the development of the civilian air-activity and that of the commercial traffic which reveals and confirms the specific necessities and possibilities of air-activities in the island.

While the activities of the R.U.N.A. were broken down by the war, its vitality was not.

Thanks to some energetic and willful men endowed with exceptional organizing power, a few months ago members of the old R.U.N.A. got together for the first time in Italy and affirming their will to do things, decided to organize the Civilian Aviation, calling in the Italian Royal AeroClub, Sardinian Section?

The association has immediately started its activity, formulating a programme of its own, organizing air-model contests, starting flying activity and above all, trying to gather and put into efficiency all the scattered flying material which had been badly damaged after the armistice. This initiative had been followed with interest by everybody; it has been praised and encouraged by the Italian and Allied Authorities and it has got with the enthusiastic consent of all its members whose number is constantly on the increase.

We want to point out Art. 10 of the Association which reads: Do our utmost to form in Sardinia an air-transport organization for merchandise and passengers in order to bring Sardinia nearer to the other Continents, to increase its trade and make her more accessible from a tourist point of view.

The Sardinian section of the Italian Royal Aero Club encouraged by the approval of the Authorities, decided to put into practice this vital point of its programme and named, therefore, a special Committee with the purpose of examining the immediate and future necessities and possibilities of air-connections Between Sardinia and the Continent.

The results of these researches made by this Committee, were summed up by Ing. V. Minio Paluello in his reports and were discussed at the meetings

the members of the Section.

IV° CONSTITUTION OF THE AIRONE SOCIETY. AIR-TRANSPORT CO;

After the preparatory stage and the satisfactory results which could be put into practice only through an adequate commercial organization, it was decided to form a Commercial Society for running air-lines and in particular, those interesting Sardinia.

On the 17/10/44 the members of the Sardinian Section of the Italian Royal Aero Club were called to a meeting and the Society " AIRONE " air-transport Co.Lt. Capital 1.000.000 lire, was constituted in Cagliari.

We want to stress the fact that the capital of the Society has been divided in small quota amongst its many members.

With the constitution of the Airone Society, the problem of endowing Sardinia with air-lines, passed from the preparatory to the factual stage. While this does not mean the immediate starting of operations, it clearly proves that we have laid down the foundations so that Sardinia can be one of the first region in Italy to resume its air-activity as soon as flying material will be made available.

V° GENERAL PROGRAMME OF THE AIRONE SOCIETY

The Society intends to evolve its programme in three successive stages.

a) In the first stage which will last until the projected air lines come into operations, the Society will build up the juridical and administrative foundations for its activity, trying to secure one or two concessions, as it is a well known fact that the operating of air services presupposes on the part of the Government Authorities, a concession granting the exclusive right to operate such services. While we are writing, the juridical state of the concessions has not yet been defined, but we have been informed that the Government is in favour of any initiative aiming at putting into effect a public service as important as the one we are planning.

During this preliminary stage, the Society has in mind to help and increase, without any personal profit, according to its Constitution, the training, tourist and educational air-activity by giving all its support to the Sardinian section of the Italian Royal Air Club. Having heard that the Royal

Air Forces were going to give up some of the air-fields in Sardinia, the Society informed the qualified Authorities of how prejudicial to the civilian aviation it would be, if these air fields were to be dismantled. The above authorities have at once, given their veto to such a procedure and they are now studying the way to hand these air fields, over to the Society which, in its turn, could place them at the disposal of the civilian aviation, either under lease to the Air Club or under some other form. It is useless to point out that such a dealing might represent an useful investment for the Society's capital, specially during the present and future monetary contingencies.

b) The second stage contemplates the beginning of operations for the first airline. Urgent reasons of opportunity, the results of our statistical researches, the particular and technical characteristics of the route, leave no doubt as to which ought to be the first line. The Society has in mind to connect Cagliari with Rome and viceversa. With this line, Sardinia will be freed from its present isolation and at the same time, the communications with the administrative and political center of Italy will be resumed.

c) Third stage. At this stage the Society has in mind to start operating the line Cagliari-Rome-Milan-Genoa-Cagliari, connecting the island with the Capital, ~~which~~ Milan which is the industrial and commercial center of Italy and with Genoa, the maritime center of the country. The third stage ought to begin as soon as the second stage proves satisfactory.

It is useless now to consider further developments of the activities of the Society, but we want to point out that, in due time, it will be wise to study the line Cagliari-Naples-Palermo-Tunis-Cagliari and the conveyance on the lines starting from Cagliari of all the traffic which in the past, was carried by the routes: Baleari (Pollenza), Barcellona, Gibraltar and others.

VII° CRITERIONS FOLLOWED IN THE FORMULATION OF THE GENERAL PROGRAM OF THE AIRONE SOCIETY.

We sum up the criterions on which the program of the Society has been based.

- a) We have deemed it wise to connect, as soon as possible, Sardinia with Rome.
- b) Being anxious, from an economical point of view, to give birth to a vital

association, we have carefully studied the routes which offer the best traffic.

c) We have given our preference to the air-field of Elmas rather than to the one of Monserrate on account of its better installations and also because, it will be an important point in the British Imperial air-organization, thus making it necessary that all lines radiating from it, be promptly connected with it.

d) We have considered the necessity of connecting Sardinia with all the principal economic centers of Italy.

VIII^e MATERIAL REQUIRED.

The Italian industry will not be, for a long time, in a position to supply any kind of material, specially for what concern flying material, but we think in the near future, to be able to buy allied war planes which, even if not up to date at the time they will be put into operation, will be very good for civilian use. Later on, we hope to be able to purchase new material from abroad. In our economic estimations we have been most careful to foresee the redemption of these materials inside a short time so as to allow the replacement of the first allotment of second hand material, with new machines equipped with the latest devices.

Our flying requirements in the various stages will be the following:

- a) First stage. No material of any kind.
 - b) Second stage. (Line Cagliari-Rome) at least three planes.
 - c) Third stage. (Line Cagliari-Rome-Milan-Genoa-Cagliari) at least ten planes.
- Beside the planes, we shall require all complementary appliances for land organization.

VIII^e CRITERIONS FOLLOWED IN THE ESTIMATES OF MATERIALS.

- a) We think that three planes for the line Rome-Cagliari-Rome will be enough in consideration of the fact that route is rather easy on account of its geographic and weather conditions and allows a notable regularity of flight. The route is short and every day, each plane will be on the ground for several hours, thus allowing upkeeping and overhauling operations. Being an experimental stage, we have to study most carefully, each particular from a practical

point of view, with the least possible number of machines.

b) We have deemed it necessary to increase the number of planes on the line Cagliari-Rome-Milan-Geneva-Cagliari, owing to the longer and more difficult route and also in order to give the management of the Society a certain consistency which will allow a rational organization of the service and a continuous rotation of the planes.

IX° FINANCIAL ESTIMATIONS.

The Society has compiled the following estimations:

a) During the first stage, when the activity of the Society will be almost negligible and entirely administrative, the assets will be constituted by the interests on the Social Capital (bank interests or real estates revenues in case the capital is invested in real estates.) while the expenses will refer only to the administrative functioning of the Society and to the organization of its activities (expenses for securing concessions, flying machines etc..) During this stage, one cannot expect to obtain real economic results. One must keep in mind that the greatest part of the expenses during this stage, must be considered as building up expenses and as such they can be divided amongst the first five financial years as contemplated by the law, and the eventual concessions will have a capital value of their own.

b) In the second stage during which the Society will start its air-activity, although on a reduced and experimental scale, it has been decided as follows:

Economic estimation for the operating of the line Cagliari-Rome-Cagliari.

(Total Km 822. Capital Lire 2.500.000)

Assets

Passengers

(30 passengers per day x 250 days

at 2.000 lire per person)

L. 15.000.000

Mail

(100.000 gr x Lire 3 x 250 days)

5.000.000

15 gr

L. 20.000.000

10

L. 20,000.000

Goods and excess baggage

(100 kg x Lire 20 x 250 days)

500.000

Subsidies(Lire 3,26⁸²² per kg x 250 days)

675.000

Total L. 21.175.000

EXPENSESPersonal

monthly salary

year

3 pilots	L. 45.000	L. 540.000
3 motor mechanics	" 24.000	" 288.000
3 radiotelegraphists	" 18.000	" 216.000
2 mechanics	" 8.000	" 96.000
2 fitters	" 8.000	" 96.000
6 workmen	" 18.000	" 216.000
3 drivers	" 12.000	" 144.000
4 employees	" 12.000	" 144.000
2 air station chiefs	" 10.000	" 120.000
1 manager	" 15.000	" 180.000
	<u>L. 170.000</u>	

extra month salary

" 170.000

1.2.210.000

L. 2.210.000

CONSUMPTIONS

Petrol: 200 gr/Hr hour x 2.000 Hr x 6 hours

per day x 250 days = 400 kg/hour

x 1500 hours = 600.000 kg at L 13.35

L. 8.000.000

Lubricating oil: equal to 1/10th of petrol

i.e. 60.000 at L 40 per kg

" 2.400.000

Spare parts and consumption:

" 3.958.000

L. 16.568.000 1559

II

	L. 16.568.000
<u>Administrative expenses</u>	
(rents, writing material, mail expenses)	" 350.000
<u>Insurances, contributions special fund for</u>	
<u>personel</u>	" 1.800.000
<u>General expenses and propaganda:</u>	" 420.000
<u>Redemption</u>	
(30% of lire 2.000.000)	" 600.000
<u>Dues, taxes and extras:</u>	" 1.187.000
<u>Interest on the capital</u>	
(10% on Lire 2.500.000)	" 250.000
<u>Total expenses</u>	L. 21.175.000

c) Third stage. During this stage in which the Society will develop in full its air-activity, the following estimation has been made:

Estimation for operating the line Cagliari-Rome-Milan-Genoa-Cagliari
total km 3.250. Capital L.20.000.000

ASSETS

Passengers

(60 passengers per day x 200 flying days at
 L. 2.000 per person) L. 24.000.000

Mail

($\frac{300.000 \text{ gr}}{15 \text{ gr}}$ x L. 3 x 250 Days) " 15.000.000

Goods

(kg 600 x L. 20 per kg x 250 days) " 3.000.000

Subsidies.

(L. 9.65 x 3.250 km x 200 days) " 5.947.500

Total assets L. 47.947.500

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EXPENSES

<u>Personnel</u>	Monthly salary	Year
10 pilots	L. 150.000	L. 1.800.000
10 motor mechanics	" 80.000	" 960.000
1 10 radiotelegraphists	" 60.000	" 720.000
6 mechanics	" 24.000	" 288.000
6 fitters	" 24.000	" 288.000
20 workmen	" 60.000	" 720.000
10 drivers	" 40.000	" 480.000
10 radio, telephone operators	" 30.000	" 360.000
20 employees	" 60.000	" 720.000
4 airfield vice directors	" 16.000	" 192.000
4 airfield directors	" 20.000	" 240.000
1 general manager	" 16.000	" 192.000
1 vice manager	" 8.000	" 96.000
Total	L. 588.000	
13th monthly salary		" 588.000
	Total	L. 7.644.000

CONSUMPTIONS:

Petrol: 200 gr HP/hour x 2.000 HP x 20 hours	
per day x 200 days = 400 kg/h x 4.000 hours	
equal to 1.600.000 kg at L 13.35 per kg	IL 21.360.000
Lubricating oil: equal to 1/10th of petrol:	
160.000 kg at L. 40	" 6.400.000
Spare parts and consumptions:	" 2.843.500
<u>Administrative and miscellaneous expenses</u>	
(rents, writing material, mail expenses etc.)	" 500.000
<u>Insurances, contributions, fund for personnel</u>	" 2.600.000
<u>General expenses and propaganda</u>	" 500.000
Total	L. 41.703.500

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	L. 41.747.500
<u>Redemption</u>	
(30% on L 10.000.000)	" 3.000.000
<u>Dues, taxes and extras</u>	" 1.200.000
<u>Interest on the capital</u>	
(10% on 20.000.000)	" 2.000.000
Total expenses	L. 47.947.500

X° CRITERIONS FOLLOWED IN THE ECONOMIC ESTIMATION

- a) For the first stage we don't make any considerations.
- b) Second stage: 1° From the statistical survey and from the average weather conditions on the route, we estimate a total of 250 flying days per year.
- 2° We estimate an average attendance of passengers per day (3.65 per 100 km.)
- 3° Similar estimations have been made has regard mail, baggage, and goods.
- 4° We have taken special care to estimate the minimum of assets and the maximum of expenses.
- 5° We have estimated costs and assets on the basis of the present cost of autotransport.
- 6° We have estimated the purchase of petrol and oil not under a protective tariff, but under a normal tariff i.e: paying normal customs and manufacturing dues both on petrol and oil. But we have been informed by the ministry that the protective tariff will be maintained thus allowing us a saving of about 7.700.000 lire per Year.
- 7° Expenses for spare parts and consumption have been estimated most generously in order to balance the rather modest investments on such items.
- 8° Owing to the provisional and experimental kind of the administration, we have kept rather low our estimated of the organization and administration expenses.
- 9° We have estimated to pay 10% interest on the capital. This figure being higher than the maximum allowed by the present legislation on new enterprises.
- 10° Of the estimated six daily working hours for the motors, one third has

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been reserved for workshop trials and experiments.

II° We are counting on a Government subsidy of only 3,25 lire per flown km.

12° We have estimated that mail transportations be paid directly and entirely, through special stamps, to our Society and not by the State administration.

c) Third Stage. 1° In view of the length, variety and difficulty of the route, we have estimated on an average of 200 flying days per year.

2° We estimated on a daily average attendance, on the whole line, of 60 passengers. (1.83 per 100 km.)

3° We are planning a ground signal system which will cease as soon as the public services will prove satisfactory.

4° As regard to taxes and dues on petrol and lubricating oil, we have followed the same prudential considerations as for the second stage.

5° We have planned to give the Society an adequate and stable organization.

6° We figure on a Government subsidy of about 9.55 lire per flown km. This figure is higher than the one on the Rome-Cagliari line, but is still lower than the present subsidies which have been commensurated with the present value of the lire .

7° We expect to pay 10% interest on capital.

8° We are planning to redeem all flying material inside of 3 years.

9° We are counting on mail being paid directly by means of stamps to be issued by the Society and not by the State Administration.

XI° FINANCIAL REQUIREMENTS

In accordance with the technical necessities of our equipment and by our economic calculations, we estimate that our Society during the various stages its activity, will require:

a) First Stage. A capital of 1.000.000 lire will be enough to finance the activity of the Society during this stage. If we succeed in obtaining one or two air-fields, then our financial requirements will be somewhat larger.

b) Second Stage. We have good reasons to believe that the Society will be able to purchase the required planes on the basis of 500.000 lire each with total expenditure of 1.500.00 lire for the entire fleet. From this it appears that for supplies, equipment and ready cash, we will require:

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1) purchase of planes	L. 1.500.000
2) Spare parts and equipment	500.000
3) Cash	500.000

Total requirements for the second stage: 2.500.000 lire.

The interest aroused by this initiative during the meeting for the formation of the Society, does not leave any doubt as the possibility of covering the financial requirements for this stage, by increasing the capital of the Society.

c) Third Stage: On the estimation that the cost of planes be of about lire 500.000 each, the entire expenditure for the whole fleet will be of 5.000.000 lire. During this stage it will be necessary to buy large supplies and all sorts of equipment such as motors, spare parts, automobiles, repair work shops. It will also be necessary to have plenty of cash on hand, so as to prevent the Society from looking for credit which is always expensive and undependable.

The financial requirements will be as follows:

a) Purchase of planes	L. 5.000.000
b) Spare parts and equipment	" 10.000.000
c) Cash	" 5.000.000

Total requirements for ~~this~~ this stage L. 20.000.000

The interest aroused by this initiative in every social class and the fact that the financial requirements will be gradual, make us feel sure that it will be easy to feed the industrial activity of the Society, by increasing its capital. In order to facilitate the flow of money, we have thought of issuing preferred shares in the distribution of interest and capital. With this we aim to arise the interest in our Society of people who, even though they may be looking for investments and reasonable profits, do not intend to take part in the administration of the Society. As there is in the island plenty of circulating capital, we have no doubt about the financial possibilities of the Society during this stage of its activity. We have pointed out before to

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admissible further developments, but as we have not yet examined them thoroughly from a technical point of view, we do not want to examine now their financial requirements.

XII) CRITERIONS FOLLOWED IN THE ESTIMATION OF FINANCIAL REQUIREMENTS.

In the calculations of financial requirements during the various stages, we have taken special care to estimate to the largest possible availability of cash for the Society, in order to prevent bank credit which, beside being hard to get at the beginning of any new enterprise, is never dependable and always costly.

We have care to reserve, in agreement with the members, a quota of the Society capital for financial Groups whose interest, while not letting the Sardinian members lose their control of the enterprise, might help the Society, first: to purchase the required material and second: to look after the payment on the international market.

XIII) JURIDICAL CHARACTERISTICS OF THE AIRONE SOCIETY- AIR TRANSPORT COMPANY LIMITED.

The promoters of the Society felt from the very beginning, that it was urgent to follow up the procedure for obtaining some concessions because during this stage of national life, everything is undergoing radical changes. We have therefore, formed the Airone Society - Air Transport Company Limited. Head Office in Cagliari - Capital L. 1.000.000.-

We have chosen this form because a Limited Company is the only Society which, according to the present legislation, can be constituted without the authorization of the Ministry of Finances.

But only a stock Company has the prestige and can reach, under the present Society regulations, the necessary importance for ~~the~~ future developments. We have, in the meantime, applied in order to transform the present Airone Society into a stock Company and at the same time we have asked for the authorization to increase the capital up to 10.000.000 lire. Later on, we shall ask for a further increase if necessary.

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To this effect we have prepared a project of constitution similar to that of the Limited Company with only some alterations concerning the diversity of the type of the Society.

The principal characteristics of this constitution are:

- a) possibility of issuing preferred shares in the distribution of the profits of the financial year and of the net capital.
- b) amplitude in determining the social aims.
- c) full powers to the managers.
- d) administrative organization adequate to the developments of the Society.
- e) we intend to include amongst the scopes of the Society, the help, without any immediate intention of making a profit, to all Bodies and persons interested in some form of air activity, be it tourist or educational. As many of these characteristics are to be found in the constitution of our present Company Limited, we shall not stop to specify them.

While writing, the Airone has taken up all the work begun before its constitution, by ing. Minio-Paluello who is now President and Adviser of the Society, beside taking the necessary steps for the transformation into a stock Company and for the increase of capital. It is also doing all that is required in order to obtain the concessions and to buy the material. But as we know that in modern life, while the private initiative can interpret, execute and serve the collective needs, it cannot succeed without the interest and the intervention of the public authorities, we have requested that the Congress of Sardinian Manufactures and Merchants which will be held in Cagliari on the 12th of november 1944, discuss the problem, ratify the Constitution of the Society and invite the public Authorities to give their support and encouragement to the managers of the Airone.

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XIV) CONCLUSIONS.

Even though we realize all the serious difficulties which stand against the realization of a vast and bold plan such as the one the Airone is tackling, we are confident to reach our goal.

This is due to our conception of the economic future of our Country.

This may sound rather too optimistic now, but our confidence is based first: on the objective estimations of the industrial situation and on the economic factors of the great producing nations which will never be able to do without the European markets, and secondly: on the realistic valuation of the Italian economic possibilities. Our Country is poor and she has been made poorer by the excessive efforts to which she was called, but she is not deprived of initiative and of accomplishing power. Italy has often reached political greatness and economic prosperity, specially through traffic which is one of the specific activities of the people deprived of raw materials. All these reasons not only still exist, but they will come forward with renewed vitality at the end of the war and by forming the basis of the Italian traffic, they will constitute an element from which will rise the future readjustment and welfare of the Italian people, provided efficient organizations are ready to grasp and make use of every opportunity with deep faith^h and tenacious will power.

Dott. Ing. Vitorio Minio-Paluello

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