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PASSENGER SERVICE DISCUSSED: - The future of rail passenger service came in for wide discussion at the annual meeting of the American Association of Passenger Traffic Officers held in Santa Fe, N. M., last week. The passenger officers had been dealt, a few weeks before, a body blow in the form of an ICC statement that the part of railroad service for which they are directly responsible may be on the way out. A good many roads set out to show that not until all possible methods of salvation have been tried will they admit that ICC Examiner Howard Hosmer is right. They said that while the elimination of some unprofitable trains has led the public to believe that the railroads want to get out of the passenger business, this is far from being the intent of the carriers. The traffic officers pointed out that no railroad wants to get out of any profitable operation.

Exploring "possible avenues to stem the downward trend in railroad passenger traffic," they pointed to such travel incentives as slumber coaches; package tickets which include rail, Pullman, meals and other incidentals; organized tours; numerous special fare arrangements; rail travel credit cards, and the "travel now-pay later" vacation plans that are now being tested on some railroads.

J. Handly Wright, public relations vice president of the AAR, urged the passenger men to recreate the idea that railroads aren't quitters in the passenger business.

INCREASE IN FARES: - Virtually all railroads in New England have notified the ICC that they propose to raise passenger fares five per cent on December 1. The Commission said patrons could protest the proposed increase in the 30 days preceding December 1. The proposed increase would apply to both coach and first class fares.

In the East, the New York Central and the Pennsylvania Railroad both indicate they will seek to get coach fares raised by five per cent and first class fares hiked by 15 per cent, effective November 1, although neither road has filed a formal application with the ICC.

AAR RESEARCH PROGRAM: - Daniel P. Loomis, president of the AAR, reported in Chicago recently that savings of nearly \$100,000,000 a year in railroad operating costs are resulting from the Association's intensified mechanical and engineering research program.

"While there has been a recession in railroad traffic and earnings, there is no recession in our research work," Loomis declared. "Nothing is more important to the railroad industry's future and to our effort to improve plant and services and to compete for new business."

Not all AAR research was included in the survey on savings, he pointed out. Work on freight loss and damage prevention, for example, accounts for other multi-million-dollar economies. Nor were the diverse research activities of individual railroads and railroad supply companies taken into account.

Heading the research activities of the AAR is William M. Keller, vice president of research. The eight-year old AAR Research Center is located on the Chicago campus of the Illinois Institute of Technology.

SMATHERS TO LEAD EFFORT: - Senator George A. Smathers of Florida, chairman of the Surface Transportation Subcommittee of the Senate Interstate & Foreign Commerce Committee, and one of the authors of the aid-to-railroads legislation enacted as the 'Transportation Act of 1958', plans personally to lead the effort to obtain repeal of the passenger fare excise tax of 10 per cent, in effect as a temporary measure since World War II. Senator Smathers stated that repeal of the tax is "virtually certain" to be accomplished in 1959.

POSSIBLE MERGER: - The Atlantic Coast Line Railroad and the Seaboard Air Line Railroad, two of the leading carriers in the Southeast, said they plan to begin studies immediately on a possible merger.

"Preliminary consideration of a merger of the properties of the Seaboard and Coast Line indicate that tangible economies and greater efficiency may be achieved, with resulting benefits to the public," Thomas Rice, Coast Line president, and John W. Smith, Seaboard president, said in a joint statement.

The two railroad presidents said independent consultants will be employed to direct the study, which they hope can be completed in the reasonably near future. The study then will be submitted to the directors of both companies, and if approved, then would be submitted to stockholders of both companies for approval.

Merger of the two railroads could create the eighth largest rail network in the nation in terms of total operating revenues.

NEW ICC COMMISSIONER APPOINTED: - Charles A. Webb, of Virginia, formerly legislative assistant to Senator Bricker of Ohio, has been appointed by President Eisenhower to fill the unexpired term of Robert W. Minor who resigned to become vice president-law of the New York Central Railroad.

FREIGHT CAR SITUATION: - The heavy increase in unserviceable freight cars awaiting repairs is "definitely serious" and any moderate recovery in business which now appears to be imminent will place a "severe strain" on the available freight car supply, Chairman Howard Freas of the ICC declared in an address before the annual meeting of the American Short Line Railroad Association. He said that as of August 1, 7.9 per cent of the freight cars owned by Class I railroads were reported in bad order.

"It has been estimated that even a 10 per cent increase above last year's loadings will result in one of the worst car shortages of recent years," he continued. "Car supply problems affect all types of industry, causing shut-downs of plants and mines and serious loss of revenue to the rail carriers. It is distressing to read statements by railroad presidents to the effect that if traffic were suddenly restored to 1956 levels we would have the most serious car shortage the nation has ever experienced."

AAR President Daniel P. Loomis, replying to Mr. Freas' statement, said that while he agrees that the situation is serious, should there be a sudden upturn in business or a national emergency, he believes that a "thorough analysis" of bad order cars does not paint "quite as serious a picture" as reports would seem to indicate.

The AAR president submitted to the ICC chairman a breakdown of the "bad orders" reported on September 1, which disclosed that of the 143,943 cars that were reported in bad order, 32,844 cars are in a classification requiring less than 20 man hours to restore them to service.

Mr. Loomis stated that the immediate repair of sufficient cars to reduce the bad-order ratio to five per cent, generally accepted as a "normal" situation, would require an expenditure of \$56,892,000, more than 10 per cent of the railroads' aggregate working capital presently available.

"As soon as loadings justify the recalling of additional forces to put the fleet in order, this will be done," Mr. Loomis concluded.

FRISCO LOADINGS: - For period October 4 to October 10, 1958, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 16,463, compared with 16,166 for the previous 7-day period and a total of 16,491 for the corresponding period last year.

MERGER AFFIRMED: - A special Federal three-judge statutory court in New York, on October 8, unanimously affirmed an order by the ICC approving the merger of the Nashville, Chattanooga & St. Louis Railway and the Louisville & Nashville Railroad Company.

WARNS TRUCKERS: - ICC Chairman Howard Freas recently told the trucking industry that the Commission is strengthening its safety regulations to bring them more in line with the requirements of current highway conditions and is also carrying out a vigorous enforcement program with respect to safety violations. He said that the Commission continues to find many instances of lax safety practices, inadequate instruction of personnel, inadequate maintenance and poor supervision with regard to truck operations on the Nation's highways.

The ICC chairman declared that although the Commission's greatly stepped-up road check program is focusing attention on safety violations "to an extent never realized before," it frequently happens that "conditions which breed costly accidents" are discovered only after a tragic mishap has occurred. He said that in addition to inspecting vehicles and instructing motor carriers, the Commission is now investigating a larger number of accidents than ever before, and its studies show that "corrective work still has a long way to go."

CARLOADING OUTLOOK: - A decrease of 6.2 per cent in the number of cars loaded with revenue freight in the fourth quarter of 1958, compared with the same period in 1957, was estimated by the 13 Regional Shippers Advisory Boards in reports to the Car Service Division of the AAR.

In the estimate, three Shippers Advisory Boards predicted an increase in the number of cars loaded with freight in the fourth period this year, over the same period last year, while ten Boards estimated reductions.

FIRST OF ITS KIND: - If stockholders of the road approve, at a special meeting November 21, the New York, New Haven & Hartford Railroad will seek Government guarantee of more than \$17 million in loans for equipment obligations and up to \$1.5 million in loans for capital expenditure. If approved, the action would be the first of its kind authorized under the Transportation Act of 1958.

BRIEF: - Piggyback freight service continues to grow.... As of August, 1958, the weekly average number of flat cars loaded with trailers was 4,835, compared with a weekly average of 4,790 in 1957 and 3,996 in 1956.