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May 23, 1960

ELECTED TO N. D. T. A. OFFICES: - T. H. Banister, vice president of the Frisco, was elected president of the St. Louis Chapter, National Defense Transportation Association, at its annual spring meeting, and Martin M. Pomphrey, executive assistant, was elected secretary-treasurer.

The N. D. T. A. is an organization of military and civilian leaders whose principal aim is to co-ordinate transportation facilities for their greatest utilization in times of national emergency.

INCREASE EXPECTED: - Business expenditures on new plant and equipment are expected to amount to \$37 billion in 1960, \$4.5 billion or 14 per cent more than last year, and about the same amount as in the record year 1957, according to the annual survey conducted jointly by the Securities and Exchange Commission and the Department of Commerce and made public recently. The survey indicated that the railroads expect to spend \$1,015 million compared with \$923 million in 1959.

AIRLIFT OF LETTER MAIL WOULD COST RAILROADS MILLIONS: - Herbert B. Brand, director of the Railway Mail Transportation Division of the Association of American Railroads, advised a Senate Post Office subcommittee that "the nationwide airlift of ordinary surface letters which the Post Office Department has indicated it intends to put into effect, could cause the railroads to lose \$65 million in annual revenues from RPO service which these carriers now supply."

Mr. Brand stated that "by the Department's own testimony the railroads' transportation rates are about one-third of those by the airlines," and emphasized that the Post Office Department's plan to fly ordinary letter mail would undoubtedly cause the withdrawal of RPO service in many areas, which in turn would deprive many small cities throughout the country of the "excellent mail service" they now have by railroad.

RAILROADS URGE CREATION OF SPECIAL COMMISSION: - The nation's railroads have proposed to Congress that a special Commission be established to create and administer a system of user charges whereby commercial carriers would pay fully for their use of government provided highways, airways and waterways.

Disclosure of the proposal was made by the AAR on April 13. At that time, the Association announced that it had filed a memorandum on user charges with the Senate Commerce Committee study group which Congress authorized in 1958 to study the nation's over-all transportation problems and to recommend legislation to deal with recognized inequities in the government's treatment of the various carriers.

"These expenditures have risen every year since 1954. In 1959 they were more than four times greater than in 1954," the AAR memorandum noted in citing the growing urgency of action on user charges. In the last 10 years, it went on, federal spending for these purposes totaled \$16 billion, and in 1959 alone it was more than \$4 billion.

Noting that the user-charge proposal could offer tax relief for the general public, the memorandum declared:

"The public has a clear interest in lower taxes, in use of public funds for general public purposes, and in a transportation system that is economically sound.

"Imposition of fair charges for private use of transportation facilities financed by the public would advance all these ends."

The memorandum noted that present government policy discriminates against railroads in providing their competitors with rights of way and other facilities without requiring adequate reimbursement, thus giving air, road and river transport "an unfair and unjustified competitive advantage."

"Railroads are also general taxpayers as well as competitors in the transportation business. Here their interest in the imposition of user charges is identical to that of the public. . . but railroad taxes are in part expended for the special benefit of competitors and those commercial shippers who use competitors' service."

In support of the proposal for a special agency to be called the National User Charge Commission, to set up and administer a user charge system, the railroads said the adoption of user charges would involve complex decisions as to the value of benefits received by users and the formula for assessing the charges. This, said the AAR, makes it "particularly appropriate that the matter be delegated to a special commission constituted for this purpose."

FRISCO LOADINGS: - For the period May 7 to May 13, 1960, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 14,507, compared with 14,535 for the previous 7-day period, and a total of 14,859 for the corresponding period last year.

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C&O USES COMPUTER TO STUDY RAIL WEAR: - The Chesapeake and Ohio's Univac is proving to be a versatile management tool. In addition to handling routine accounting chores, the computer has been used in a number of special studies.

For example: A study of rail wear conducted with Univac's help is expected to save the C&O considerable money in rail replacement costs. The study covers the amount of rail wear by various types of traffic and by different percentages of grade, curvature, etc. One significant fact already revealed, according to the C&O, is that often less wear occurs on curve track than on straight. For many years the opposite had been assumed to be true--hence, replacement frequently was made on an erroneous basis.

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ELECTED TO A.A.R. POST: - A. E. Kerr, manager-special services for the Frisco, was elected vice chairman of the Protective Section of the AAR at its annual meeting in Atlanta, Georgia.

This Section is composed of the special services and police departments of the railroads.

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PASSENGER DEFICIT: - U. S. railroads in 1959 reported passenger deficits of \$543.8 million (for 42.1% of net railway operating income). Passenger deficits for 1958 were \$610.4 million (44.5% of net railway operating income). Passenger losses in 1959 were 10.9% less than in 1958, and almost 25% lower than the 1957 record deficit of \$724 million.

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MERGERS: - C&O President Walter Tuohy and B&O President Howard E. Simpson revealed that B&O directors had approved a stock exchange proposal advanced by C&O. If shareholders concur, it would be a "first step" toward merger of the two roads.

. . . SAL and ACL directors announced agreement on terms for a merger of the two roads into a new company to be known as the Seaboard Coast Line Railroad Co. ACL President W. Thomas Rice would become president and SAL President John W. Smith would become chairman of the merged property.

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"I believe we ought to have a real overhauling of all the regulations and the controls and give the railroads a chance to be prosperous."

Dwight D. Eisenhower

PRESIDENT of
THE UNITED STATES

