FRISCO Railfax

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RAILS SHOULD DROP LCL SERVICES, REA EXPRESS PRESIDENT DECLARES: - One way by which the nation's railroads can help put REA Express on a paying basis is for them to drop their own less-than-carload freight services, REA Express President William B. Johnson recently declared. "The railroad industry now owns, operates and has been subsidizing two duplicate small shipments organizations with national coverage," he said. "It hardly seems necessary or publicly wise for a single transportation industry to maintain two duplicating, partially-used systems employing separate pick-up and delivery vehicles, transfer facilities, origin and destination terminals, highway and rail equipment, billing and accounting arrangements, etc."

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BRITAIN SHIFTS DEBTS OF RAILS TO TAXPAYERS: - Debts and deficits of the British railroads, totaling more than $1 billion, have been loaded onto the shoulders of British taxpayers, according to news reports.

The British government announced recently that operating losses piled up by the British railroads since they were taken over in January 1948, would be wiped out and interest charges on $2 billion would be abolished.

The government warned that the concessions must be met by Britain's taxpayers. It said the railroads must try to eliminate their operating losses now running at $168 million yearly, and become self-sufficient within five years.

Britain's railroads were $4.4 billion in the red at the end of 1959, the government estimated.

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ARNOW NAMED TO HEAD STAFF OF PRESIDENTIAL RAILROAD COMMISSION: - Philip Arnow, assistant commissioner of Labor Statistics, U. S. Department of Labor, has been appointed to head the staff of the Presidential Railroad Commission which will study the work-rules dispute between the nation's railroads and the five operating brotherhoods. Mr. Arnow, who will be on leave from his position in the Department's Bureau of Labor Statistics for the duration of his duties with the Commission, will have charge of the staff which will assist the 15-man Commission in its investigations.

POLL FAVORS REPEAL OF TAX ON TRAVEL: - Repeal of the "discriminatory excise taxes" on passenger fares and communication services is "the most urgent legislative issue in the transportation and communication field" confronting the 1961 session of Congress, according to a recent poll conducted by the U. S. Chamber of Commerce.

Some 450 transportation and communication executives who are members of the national chamber participated in the poll.

Repeal of the wartime excise tax on passenger fares was also supported by the National Association of Railroad and Utilities Commissioners at its 72nd annual convention.

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"GENUINE UPTURN" EXPECTED BY LOOMIS: - The railroad industry hopes for a "genuine upturn" in the second half of 1961, Daniel P. Loomis, president of the Association of American Railroads, said in a year-end statement.

Loomis said the year 1960 was disappointing, but that, looking ahead, railroaders "are encouraged" by several factors. He pointed to the vast changes being made in the railroads' plant and operating methods, as well as the fact that the public is becoming increasingly aware of the destructive inequities the carriers are receiving in the government's treatment of the various forms of transportation.

Bright spot in the 1960 freight picture was the 33 per cent increase in piggyback traffic during the year. This amounted to 554,000 carloads during the year.

"While the first half of 1961 will probably show little improvement, the industry looks for the start of a genuine upturn in the second half," Loomis said.

"Another bright spot," he said, "was in the passenger area where the long decline in rail travel showed signs of leveling off. Although the volume for the year is now estimated at 21.3 billion passenger miles, 3-1/2 percent less than in 1959, the drop was due primarily to strikes that tied up two major passenger-carrying lines."

The railroads took in gross revenues of $9.5 billion during 1960, down 3 per cent from the previous year's total. At the same time, their net income sank to $450 million, some $218 million below that of 1959 and the lowest since 1949.

In concluding his outlook for the railroads, Loomis said: "Railroads see signs of recognition of their great need for relief from some of the repressive taxes they are forced to pay, and the equal need for relief from some of the shackles of outdated government regulation. There is also growing public recognition of the need to collect adequate user charges from the commercial carriers who benefit from mounting government spending for highways, airways and waterways."

PERSONNEL CHANGES: - At a meeting of the Board of Directors of the Frisco Transportation Company, Mr. L. W. Menk was elected president and Mr. R. J. Stone was elected secretary and treasurer of the Company, effective February 1, 1961.

The following Frisco appointments were made, effective February 1:

G. M. Kirk, terminal trainmaster, headquarters, Birmingham.

G. S. Pollard, Jr., terminal trainmaster, headquarters, Tulsa.

K. E. Richardson, terminal trainmaster, headquarters, Memphis.

The appointment of Mr. R. J. Stone as vice president, secretary and treasurer of the Alabama, Tennessee and Northern Railroad Company became effective February 1, 1961.

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FRISCO INCOME ACCOUNT: - The Frisco reported System operations including AT&N Railroad Company as follows:

DECEMBER AND PERIOD ENDING DECEMBER 31, 1960, COMPARED WITH PREVIOUS YEAR

Current Month			Year to Date	
1960	1959		1960	1959
$10,620,859	$11,531,149	Total Operating Revenues	$130,627,383	$133,561,450
7,850,722	8,533,341	Total Operating Expenses	102,499,771	104,538,296
1,237,034	1,543,143	Net Railway Operating Income	13,084,935	13,462,453
707,750	984,290	Net Income (Before Sinking Funds)	6,210,424	6,617,011
$ 0.32	$ 0.47	Earned per common share after requirements for preferred	$ 2.61	$ 2.83

Common shares: 1960 - 1,837,136 1959 - 1,837,136

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DIVIDEND-INTEREST PAYMENTS OKAYED: - The Board of Directors of the Frisco, at a meeting held in St. Louis, February 3, authorized the following payments out of available net income for the year 1960: Interest for 1960 at the rate of 4-1/2% per annum on Second Mortgage Income Bonds, Series A 4-1/2%, payable May 1, 1961, to holders of record at the close of business April 14, 1961; interest for 1960 at the rate of 5% per annum on the Company's Income 5% Debentures, payable May 1 and November 1, 1961; the full dividend of $5.00 per share on the Company's Preferred Stock payable $1.25 quarterly on March 15, June 15, September 15 and December 15, 1961, to stockholders of record March 1, June 1, September 1 and December 1, 1961; and a dividend of 25 cents per share on the outstanding Common Stock payable March 15 to stockholders of record March 1, 1961. Payment of additional dividends on Common Stock will be considered by the Board at quarterly intervals during the year.

Top Opportunity, Top Responsibility

An opportunity and a responsibility that seldom come to a man more than once in a lifetime confronts each member of the President's commission to study and report on railroad working rules.

This is no ordinary "emergency board," with the duty merely to find some basis for temporary compromise—thus settling some passing union-management controversy. The ordinary emergency board has an aspirin-tablet assignment, while the problem handed to the Presidential working rules commission is a complex case requiring major surgery. The job may be shirked or boggled, with disastrous consequences to both sides. Or it may be approached with skill and high purpose—in which event railroads, employees and the public will be greatly benefited. The caliber of the men named to this important task lends support to the hope that they will pursue the latter course.

Railroad men know pretty well what's involved, and we need not examine the issue in detail. Firemen, as such, are no longer needed on locomotives. The number of men actually required to do the work of a yard or train crew varies according to circumstances, but is seldom as large as the number of men conventionally assigned to these crews (by agreement or law). The miles that constitute a "day" for pay purposes date back to a time when average train speed was a third or a half what it is now.

Pressed with the need for economy—to prevent their rates from becoming disastrously high in competition with rival agencies of transportation—the railroads want to get along without superfluous "firemen" and other excess crew members; and to get more miles than they now do, in return for a "day's" wage. Other "make-work" agreements or rulings railroads would like to reduce or eliminate altogether. The unions do not publicly concede the validity of the foregoing observations, and—instead of consenting to any of the railroads' proposals—they propose a number of additional concessions, mostly of the "fringe benefit" variety.

Here is a thorny issue, requiring statesmanlike qualities on the part of all participants, if a workable solution is to be found. The temptation will be strong on the part of the union representatives not to concede any of "labor's gains." Working toward the mitigation of an adamant stand on that bastion is the full realization by responsible union officials that the railroad industry is truly in a serious competitive position, where costs have got to be held down if the continued downward drift of traffic (and jobs) is to be arrested.

Many—probably most—railroad officers feel deeply and sincerely that railroads are under no obligation whatsoever to continue to provide jobs for unneeded employees, or to pay for work not done, or unnecessary work. Indeed, they discern moral wrong in wasteful outlays, when the only way such payments can be continued is to jeopardize the railroads' supply of capital for needed renewals and improvements; and hence to jeopardize future traffic and employment.

In a parallel situation—as far as unneeded firemen are concerned—the Canadian railroads arrived at a solution based on "gradualism," whereby freight and yard firemen will be eliminated, not by wholesale dismissals, but by attrition.

The "public" members of the group are predominantly experienced negotiators in labor relations matters. As a consequence, they may be tempted to seek the usual and conventional objective in such cases, viz., the reaching of an agreement, without too much concern as to whether the agreement meets the economic requirements of the situation or not.

This latter course, if it should be followed in this case, would be just plain tragedy—because the real objective here must be the adaptation of railroads to their present highly competitive environment; and the achievement of that objective with minimum hardship to the employees involved. It would be far better for the public members to go deeply into this latter question and set forth their findings on it, even if there is some dissent, than to settle for a weak compromise which would solve no problems.

There are 15 men on this commission who have been given the rare privilege of making history for the railroads and their employees, and for America's welfare, in the form of a revived and prospering railroad industry. It's a high responsibility, and the members of the commission should know that the hopeful and confident eyes of thousands of Americans are upon them as they begin their labors.