



FRISCO Railfan

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COURT APPROVES ABANDONMENT: - The Oklahoma Supreme Court this week gave its approval to Frisco's plan to abandon passenger train service between Fort Smith, Ark., and Paris, Tex., through Southeast Oklahoma. The Oklahoma Public Service Commission denied a petition for removal of the trains, and Frisco appealed to the Supreme Court.

At the same time the Oklahoma Commission permitted the Katy to discontinue passenger service between Oklahoma City and Parsons, Kans.

INCREASE IN FREIGHT CAR FLEET: - The Nation's railroads will wind up 1957 with a net increase of approximately 45,000 new freight cars, according to predictions made at the Trans-Missouri-Kansas Shippers Advisory Board meeting at St. Joseph, Mo., this month.

T. W. Flickinger, manager of the AAR's open-car section of the Car Service Division, said new freight cars installed in the first 10 months of this year totaled 76,300, at a cost of about \$650,000,000. These installations increased the freight fleet by 38,400 cars, retirements during the period amounting to 41,800. Mr. Flickinger estimated that if this rate of installation continued during the remaining two months of the year, there would be a net increase of 45,000 cars.

DISCONTINUE ST. LOUIS SERVICE: - The New York Central has expressed a desire to discontinue passenger service into St. Louis, and filed application with the Indiana and Illinois Public Service Commission for permission to cease operation of trains between Indianapolis and St. Louis.

The New York Central says its St. Louis-Indianapolis passenger operation is losing \$1,250,736 annually, and claims there were 76 per cent fewer passengers in September 1956, than were carried in September 1946.

RAIL OUTLOOK FOR 1958: - An AAR economist has estimated that freight traffic (ton-miles) on the Nation's railroads may be approximately 5 per cent below the indicated total for 1957, and 9 per cent under that for 1956. The economist, Dr. Burton N. Behling, told the Business Outlook Conference sponsored by the U. S. Chamber of Commerce, that passenger traffic is expected to decline 5 per cent below 1957, which would be 12 per cent below 1956.

"Total revenues may hold close to the 1957 level," he told the conference, "since the railroads will have the benefit for the full year 1958 of the freight rate increases which became effective in August 1957, and there may be other rate and fare adjustments during the year.

"The outlook as to railroad earnings in 1958 is unfavorable, owing to the persistence of inflationary cost trends for wages and materials--increases which can be offset only in part by rigid expense controls and measures of improved efficiency. Wage increases of 12 cents an hour which became effective November 1, 1957, will amount on an annual basis to approximately \$300,000,000, and as of January 1, 1958, there will be an increase of 1/2 of 1 per cent in the tax rate for unemployment compensation. A further contractual wage increase of 7 cents an hour is to become effective November 1, 1958, and there may also be additional cost-of-living wage adjustments to be met during the year.

"The consequences of such cost increases are obviously more serious, and they are more difficult to offset, during a period of static or declining traffic volume than when business and traffic are on an upward trend.

"For the reasons indicated, it is estimated that net railway operating income in 1958 will drop to approximately \$800 million, or 16 per cent below 1957 and 25 per cent under 1956. Net income of the railroads, after fixed charges, is expected to fall to about \$600 million in 1958, or 20 per cent under 1957 and 32 per cent below 1956.

"On the basis of these projections as to net earnings, capital expenditures for improvements of railroad plant and equipment are likely to drop to about \$1 billion in 1958, as compared with an estimated \$1.4 billion in 1957, and with \$1.23 billion in 1956. This sharp decline reflects the fact that, at their existing low level of earnings, the railroads must depend mainly upon such earnings rather than external methods of financing to provide capital funds."

FRISCO LOADINGS: - For period December 7 to December 13, 1957, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 14,511, compared with 14,361 for the previous 7-day period, and a total of 16,397 for the corresponding period last year.

SEES NEED FOR TRANSPORT STUDY: - A study should be made of transportation laws to determine whether revisions are needed to ease pressure on the Nation's railroads, Senator Bricker of Ohio declared recently. The Ohio Senator pointed out that there has not been a detailed study of transportation laws since 1951, when the domestic land and water transportation subcommittee of the Senate reviewed the subject and recommended changes in the law. He was chairman of the subcommittee.

The study should deal particularly with whether the competitive situation of today's transportation setup warrants a relaxation of regulation, Bricker said, since the present policy was set up when the railroads held virtual monopoly in transportation.

The Senate has scheduled a hearing to begin January 13, 1958, on the "deteriorating" situation of the railroads. This hearing will be conducted by a subcommittee headed by Senator Smathers of Florida.

TO BE REAPPOINTED: - President Eisenhower announced he will nominate Commissioners Arpaia and Murphy for new terms as members of the Interstate Commerce Commission. The nominations will go to the 85th Congress after it reconvenes in January. Appointments are for terms of seven years.

Commissioner Arpaia was first appointed to the Commission in July 1952, by President Truman, and his present term expires December 31. He is from Connecticut. Commissioner Murphy, who is from Georgia, was appointed by President Eisenhower in 1955, to replace Hugh W. Cross who resigned. His term also expires December 31.

COURT REFUSES TO ACT: - Without making any comment on its action, the Supreme Court this week refused to act on an appeal of negro firemen employed on various southern railroads, that the Brotherhood of Locomotive Firemen and Enginemen be compelled to admit them to membership. The appeal stemmed from a decision by U. S. District Judge Paul Jones in Cleveland, who held that Congress did not intend to require admission of negroes to Brotherhood membership, and that its failure to do so did not amount to a denial of due process. He said that the remedy for them was not to be found in the courts but in voluntary action by the union.

BRIEF: - The railroads usually have around \$750 million invested in materials and supplies.

CHARTING HIS CHRISTMAS COURSE

