



FRISCO Railfan

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SEEKING SERVICE CUTS: - The Illinois Central and the GM&O have asked permission to curtail their passenger service between St. Louis and Chicago. The former desires to discontinue four of its six daily trains between the two cities, while the latter plans to consolidate two of its daily trains because of mounting losses in operations.

C. OF G. HEARING SET: - The Interstate Commerce Commission has set February 26 to hear arguments on a petition to reverse the recommendation of its Finance Division that the Frisco be permitted to acquire control of the Central of Georgia. The 11 members of the Commission will hear the oral arguments.

ELECTED: - Norman A. Sutton, Frisco's supervisor fire prevention, has been named chairman of the Committee on Rolling Equipment-Cars of the AAR's section on Fire Protection and Insurance. He is also on the Committee of Direction of the group.

John M. Sachen, assistant district manager-sales in St. Louis, has been elected to the Board of the Springfield, Ill., Traffic Club.

DIES: - Samuel O. Dunn, veteran railroad writer, and chairman-emeritus of Simmons-Boardman Company, publishers of "Railway Age" and other publications, died in Chicago on January 4.

Author of three books on railroads and railroading, Dunn joined "Railway Age" in 1907, and in 1908 became its managing editor. He was widely known in railroad circles.

THE SPOTLIGHT IS ON: - Congressional help for the railroad industry was pledged this week, as a hearing got underway in Washington and the Nation got a first-hand glimpse of some of the problems besetting and strangling the carriers, from the lips of 20 or more rail presidents and industry leaders.

Senator Smathers of Florida, chairman of a subcommittee of the Senate Commerce Committee which is conducting the inquiry, commented after four days of testimony, that his group plans "constructive action that will ameliorate this condition." His comments followed such testimony as:

MoPac's Russell L. Dearmont's prediction that the railroads will have "serious trouble in surviving" unless they're freed from "round-the-clock" government regulation and supervision, whilst a good percentage of their competition "largely" escape similar supervision. He pointed out that the "process of competing with rates that you don't know and can't even find out is impossible," in asking that the railroads be given the right to compete on an equitable basis with their competitors.

Illinois Central's Wayne Johnston's announcement that his railroad within a month will close down its huge car-building shops at Centralia, Ill., idling 1600 persons because the IC has more than enough cars now to handle its business; that subsidized barge lines are taking \$18,000,000 yearly in traffic from the IC; that purchases by the IC will be cut \$6,000,000 in the next six months and that rail-laying will be reduced by 70 per cent this year.

Southern Railway's Harry DeButts' declaration that excise taxes imposed in wartime to discourage non-military passenger and freight service had "succeeded only too well in peacetime in driving away traffic."

New York Central's A. E. Pearlman's request that all restrictions on pricing and operating passenger trains be removed so that their operation can be governed solely by sound economics; that his road lost \$50,000,000 in passenger business since 1946, despite the expenditure of \$250,000,000 for new equipment and facilities, and \$14,000,000 to promote it.

Pennsylvania's James Symes' offer to give the Federal Government the \$23,000,000 Union Station in Washington to get relief from the \$1,000,000 annual tax on the property; that railroads be permitted to enter trucking and other allied transportation business; that railroads have the right to compete equitably in rate-making with their subsidized competitors.

G.M.&O.'s President Block's assertion that the "real trouble" with the railroad industry is that it's not maintaining its competitive position because of out-dated and unfair regulation by government agencies. "We're being crucified," he said, "We have to hold an umbrella over the heads of our competitors."

WHAT'S BEHIND THE HEARING: - The story back of the Senate Subcommittee hearing on the railroad situation is explained in detail in a booklet entitled "The Deteriorating Railroad Situation," prepared by the Association of American Railroads. Copies may be obtained on request to Frisco Public Relations Department, St. Louis.

PERSONNEL CHANGES: - The following changes in Frisco personnel have been announced:

Retirement: - C. H. Skinker, general attorney, January 10, after 32 years of service with the Frisco.

Appointments: - R. C. Grayson, vice president and general manager of the FTC, and supervisor motor transportation for the Frisco, headquarters, Springfield, effective January 16.

R. C. Bryant, supervisor trailer on flat car, headquarters, Springfield, effective January 16.

W. R. Allen, assistant general manager, headquarters, Springfield, effective January 16.

J. C. Cowles, superintendent, River Division, headquarters, Chaffee, effective January 16.

H. J. Lovelady, superintendent, Northern Division, headquarters, Fort Scott, effective January 16.

FRISCO LOADINGS: - For period January 4 to January 10, 1958, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 13,089, compared with 11,742 for the previous 7-day period and a total of 14,960 for the corresponding period last year.

JOINS C&O: - Former Interstate Commerce Commissioner Owen Clarke has joined the Chesapeake & Ohio Railway Company as a vice president. He resigned from the ICC in December, although he remained on the Commission until January 15, pending Senate confirmation for his successor, A. M. Goff.

SIGNS OF PROGRESS: - In its annual report to Congress on January 6, the ICC asked that the Motor Carrier Act be amended so that all for-hire motor carrier transportation be subject to regulation. At the present time many of the large trucks are not subject to regulations.

We Must Help Railroads

THE OFFICIAL GOVERNMENT outlook on the railroad industry in the United States seems to have been that anything that big must be dangerous and also that anything that big could endure anything that might happen to it. Now it turns out that giants can be as sick as anybody and the railroad industry is a very sick giant.

The symptoms of this illness are plain and alarming. Financial Columnist Hal Thompson has recited them in detail in the articles we have published in the last three days.

The railroads haven't earned as much as 5 per cent on their investment since World War II. Last year they earned 4.21 per cent. That's about half what many other American industries are earning.

The railroads tried to help themselves. They've modernized with diesel locomotives and new passenger and freight equipment. They've tried to compete with the airlines, the truck lines, the pipe lines, the barge lines and the private automobile, but they aren't allowed to compete.

The Interstate Commerce Commission, which began regulating the railroads when they had a monopoly and needed to be regulated, is still doing it as if the monopoly still existed. The lines cannot raise or lower rates, or make changes in their service to meet new conditions, or make any important decisions at all without the commission's permission. And the commission, like all bureaucracies, is ponderous. The railroad industry is trying to win a fight with the referee riding on its back.

Also it is doing its fighting with 48 lesser referees—the regulatory commissions of the 48 states—swarming around its knees. The authority of these bodies applies only to what railroads do within their various state boundaries, but that's enough to make quick and decisive action impractical.

We are not questioning the sincerity or the intelligence of the Interstate Commerce Commission or of the various state commissions, please understand. They are doing their duty as the law prescribes it. But it adds up to a devastating amount of regulation.

The railroad unions impose some inexcusable and costly featherbedding on the railroads too. Example: On the Chicago & North Western's seven-hour passenger run between Chicago and Minneapolis, three different engine crews are used; it takes six enginemen to do one short day's work, and each of the six is paid for a full day. The railroad payrolls

are bloated with many make-work arrangements of that kind.

Inevitably—no matter what the government, the unions or railroad managements themselves had done—the lines would have lost a lot of their business to their agile competitors. How much have they lost?

In 1929 the railroads were hauling 74.9 of the freight, trucks were moving only 3.3. Last year the rails' share of the freight was down to 49.2 and the trucks' was up to 17.7. In the same time the barge lines increased their percentage of freight hauled from 1.4 to 7.9; oil pipelines boosted theirs from 4.4 per cent to 16.7.

Since 1929 the railroads' share of the passenger business has gone down from 70.7 to 36.4, while that of the airlines rose from 1 per cent to 29 and the buses increased theirs from 15.4 to 32.1.

The railroads are still moving more freight and passengers than any other kind of transportation, and ways must be found to enable them to make a solid living out of it. The nation does not owe it to them to suppress their competition, but it certainly owes it to them—and to itself—to provide conditions in which they can swing freely in the fight for their share of the business and get a decent profit in return for the enormous and indispensable service they give.

Railroad officials talked over their financial plight with a representative of President Eisenhower in Washington last week, and on Jan. 16 a Senate subcommittee headed by Sen. Smathers of Florida will open hearings on the need for restoring the railroads to good health.

These moves certainly were indicated. But we don't think they go far enough in grappling with this critical national problem.

What is needed and what The Chicago American urgently recommends, is a special commission to study the plight of our railroads and to recommend a broad program to correct it. This should be a full scale project comparable to the Hoover Commission headed by a distinguished American whose only goal will be to do the best that can be done for our country.

Transportation experts, economists, the Hoover Commission, financiers, railroad management, railroad labor, shippers, riders, leaders in industry and in commerce should join with representatives of the executive department and Congress in shaping up a program that will enable the railroads to make their way in a swiftly changing America. The nation must have the railroads.