



FRISCO Railfan

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SEVEN DIRECTORS RE-ELECTED: - Stockholders of the Frisco, at their annual meeting in St. Louis on May 13, re-elected seven directors to three year terms each. They are: T. H. Banister, E. R. Belt, Clark Hungerford, Gale F. Johnston, R. J. Lockwood, W. A. McDonnell, all of St. Louis, and E. L. Bruce, Jr., of Memphis, Tenn.

President Hungerford told the stockholders that Frisco carloadings so far this year are slightly more than 11 per cent under those of the same period a year ago. Traffic Vice President J. E. Gilliland outlined some of the projects which are expected to produce additional traffic, such as construction of the new Chrysler plant near St. Louis, and the new Kellogg Company plant at Memphis.

Operating Vice President R. J. Stone told the stockholders that the new Tennessee Yard at Memphis is resulting in operating savings of approximately \$1,600,000 annually, as planned, even though business has declined. He said the new Cherokee Yard at Tulsa is expected to be in operation the latter part of this year and also will effect substantial savings in operations.

TWO PAMPHLETS AVAILABLE: - "Blueprint for Survival" and "Ounce of Prevention," two newly issued pamphlets dealing with the railroad situation and the steps that are being taken to correct many of the ills facing the industry, are available.

Send your request to Frisco's Public Relations Department, Frisco Building, Room 339, St. Louis, Mo.

LOW MILITARY FARES CONTINUE: - The Nation's railroads have granted a continuance of reduced furlough fares for servicemen traveling in uniform at their own expense. Originally intended to expire on June 30 this year, the low fares have been extended for another 12 months.

STATUS OF TRANSPORTATION LEGISLATION: - In the current session of Congress, there has been introduced the most far reaching transportation legislation of any session during the past two decades. Most important of the pending legislation are the "Transportation Act of 1958" (Senate 3778), introduced by Senator George Smathers of Florida, and a companion bill, HR 12488, introduced in the House by Representative Emmet Byrne of Illinois.

The omnibus bill, an outgrowth of hearings conducted by the Senate Subcommittee on Surface Transportation, would make a series of amendments to the present Interstate Commerce Act, "so as to strengthen and improve the national transportation system, and for other purposes."

The legislation is primarily aimed at permitting the major transportation system of the Nation - the railroads - to recover from some of the effects of an unfair competitive situation, as well as recession.

Here are some of the things that focused attention on the plight of the transportation system, as it pertains to railroads, and have projected nationwide demands that remedial legislation be enacted to insure perpetuation of a strong and expanding railroad system:

Freight Carloadings in the first four months of 1958 were down 20 per cent, nationwide, over the same period of 1957.

Employment by the railroad industry in April 1958 was the smallest reported since monthly reports were first required by the Interstate Commerce Commission in 1921, and was probably the lowest in the century. The total railroad employment figure in Class I railroads, for that month, dropped to 828,819 or 16 per cent below the same month of 1957. This represents a decline of more than 500,000 workers from the post-war high mark established in 1946.

Earnings: Estimated Class I net income for the first quarter of 1958 was placed at \$3,000,000, a decline of 81.5 per cent from the first quarter of 1957. Forty-one of 113 Class I lines reported deficits.

Working Capital: Net working capital of Class I railroads on March 1 was \$337,000,000, or equal to about one-half of one month's cash operating requirements. A minimum safe level is \$600,000,000.

Capital Spending: Railroad investment and improved facilities for 1958 are expected to drop more than one-third under the 1957 total, when \$1.4 billion were expended.

Purchases: The railroad supply industry reports that new orders from railroads are running only approximately one-half of the figure reported in 1957.

The picture presented above affects all facets of the national economy, and points up the seriousness of the railroad situation.

Numerous business and civic groups throughout the country have joined with the railroad industry and its personnel to urge enactment of the legislation, introduced as a result of the Smathers report.

The Senate Interstate and Foreign Commerce Committee, headed by Senator Magnuson, this week began hearings on the competitive rate making feature of the Smathers bill, and as soon as the Committee makes its report, it is expected that the measure will go before the entire Senate for consideration. The House bill also is being heard by the Committee on Interstate and Foreign Commerce, headed by Representative Oren Harris of Arkansas, and a report is anticipated soon.

JOINS A.A.R. STAFF: - William R. Merriam, of Washington, D.C., former vice president-public relations and secretary-treasurer of the Federation for Railway Progress, has joined the public relations staff of the AAR.

HANDY FOR SPEECH MAKERS: - With all the emphasis being placed on the Smathers report and subsequent legislation now pending in Congress as a result of that report, numerous Frisco personnel are being called upon to appear before civic and other groups to speak on the subject.

The Public Relations Department will be glad to assist you in preparation of speech material, if you are called on for such an appearance in your community or elsewhere.

PERSONNEL CHANGES: - The following changes in Frisco personnel, effective June 1, have been announced:

Appointments: A. N. Laret, vice president-executive department, with headquarters at St. Louis.

H. E. Martin, manager of purchases and stores, with headquarters at St. Louis.

R. J. Doelling, assistant manager of purchases and stores, with headquarters at St. Louis.

J. H. Goodrich, traveling claim agent, headquarters, Springfield.

W. A. Hubbard, claim agent, with headquarters at Tulsa.

C. C. Lane, trainmaster, River Division, headquarters, Chaffee.

FRISCO LOADINGS: - For the period May 10 to May 16, 1958, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 13,650, compared with 13,253 for the previous 7-day period and a total of 14,815 for the corresponding period last year.

THE RAILROAD DILEMMA AND PUBLIC POLICY: - How much of the legislation proposed to aid the railroads will get through Congress is the question now. One high rail official believes the bankruptcy of a major line probably must occur before the public and Congress are shocked into a realization of the desperate plight of the railroads.

The situation can be summed up in these statistics: In 1939 the railroads carried 62.3 per cent of the nation's freight. Today they are carrying less than half of it. The decline in passenger patronage has been even sharper.

Undoubtedly some of the trouble is the result of natural and logical improvements in other forms of transportation. These can't be legislated away. But unfair handicaps on the railroads can be reduced. Now the administration has come forth with some proposals and the Senate Commerce Subcommittee is likely to recommend more.

It's doubtful that the administration's suggestion for a 700-million-dollar loan program for capital improvements and rolling stock is any basic answer. But certainly some of the other proposals, if carried out, could bring relief. Giving the Interstate Commerce Commission final control over the discontinuance of unprofitable services would remove much of the pressure that bears down on state regulatory bodies. Greater freedom to set more competitive rates would be an obvious improvement. This assumes freedom to meet competition, not to destroy it. Competing public carriers that operate under the guise of private carriers should become subject to regulation.

But the administration was cold to the tax relief proposals that many railroad officials would put near the top of the grievance list. The Secretary of Commerce said that these must be considered only "as part of a general tax revision program."

It is almost a law of nature that a tax or governmental regulation, once applied, is virtually impossible to remove. The railroads are forced to struggle under an accumulation of rules that began to pile up in the last century. Now they say that the burden is becoming intolerable.

It would appear that relief is in order. However, Kansas City and the nation have a big interest in the trucking industry, air travel and the growing river trade as well as in the railroads. Healthy competition is desirable but not competition that kills.