



FRISCO Railfax

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ANOTHER THREAT TO RAILROADS: - Speaking before the National Railroad Apprenticeship Conference in St. Louis, C. M. Roddewig, president of the Association of Western Railroads, warned that a bill proposing drastic changes in federal systems of railroad retirement and unemployment insurance will impose "crushing costs" on the Nation's railroads.

"Instead of arresting the blight which is afflicting an important segment of the railroad industry," he said, "Congress might well spread it to a greater number of railroads by passing this bill.

"The additional costs the proposed legislation would impose on the railroads would amount to \$175,000,000 annually, starting next July 1," Roddewig declared.

The major provisions of the proposed bill, S. 1313, include an increase in all retirement annuities of 10 per cent; an increase in the maximum daily benefit rate paid for unemployment or sickness from \$8.50 to \$10.20, and an extension in the length of time under which unemployed workers qualify for layoff benefits. The retirement tax paid by employers and employees each would rise from the present 6 1/4 per cent to 7 1/2 per cent on June 30, 1959, and in subsequent steps to 9 per cent in 1975. The unemployment insurance tax rate on railroads would rise from 2 1/2 per cent to 4 per cent. Taxes in both cases would apply to employee paychecks up to \$400 per month, compared with the present maximum of \$350.

CONFERENCE COMMITTEE AGREE: - Agreement has been reached by the Senate-House Conference Committee on legislation to aid the railroad industry by authorizing government-guaranteed loans up to a total of \$500,000,000.

The bill as passed by the Senate authorized the Interstate Commerce Commission to guarantee a total of \$700,000,000 in private loans to the railroads, including \$150,000,000 for operating expenses.

As worked out by the Conference Committee, the government-guaranteed loans may be made either for capital improvements or maintenance.

MAY ABANDON GRAND CENTRAL STATION: - The New York Central and New Haven Railroads have announced they will be forced to consider abandoning Grand Central Terminal in New York City if they don't get relief from the taxes that make up a large part of the terminal's sizeable annual deficits.

The pull-up-stakes approach might seem extreme--"but," said A. E. Perlman, president of the NYC, "it will have to be faced if the City is unable to help the railroad overcome mounting deficits on Grand Central operations."

The City collects about \$24 million a year from the railroad operation into Grand Central. About 80,000 daily commuters make up the bulk of Grand Central business.

UNION CONSOLIDATION PROPOSED: - Consolidation of the Brotherhood of Railroad Trainmen and the Order of Railway Conductors has been proposed by W. P. Kennedy, president of the former. In a telegram to the ORT he suggested that each name a committee of six to work out details to "solidify all conductors and brakemen of the United States and Canada into one force." He contended that such a consolidation would effect economies of operation, give strength to the combined group and end costly competition in organizational work.

AAR TO GET NEW PR HEAD: - J. Handly Wright, former St. Louisan, will become vice president in charge of public relations for the Association of American Railroads, succeeding Colonel Robert S. Henry, who will soon retire.

Wright, former director of public relations and advertising for the Monsanto Chemical Company, has more recently been a partner in the public relations firm of Selvage & Lee, Inc., of Chicago. He is a native of Tennessee and is a graduate of Vanderbilt University.

Colonel Henry has been with the AAR since 1934, and established the Association's public relations department. He has been recognized as one of the leaders in the public relations profession for many years because of his efforts at the AAR. He passed the voluntary retirement age some three years ago, but remained until a successor could be chosen.

Wright was recommended by a special committee of public relations officers set up by the AAR Board to study the Association's operations in that field and suggest a reorganization of the public relations department.

LEAVING: - Paul Morris has resigned as director of public relations for the Frisco, effective August 1, to become president of a public relations firm in St. Louis.

PUBLIC WARNED: - Representative Flood of Pennsylvania, in an extension of remarks in the appendix to the "Congressional Record," voiced the view that unless those who had deserted the railroads for "the highways and the air," recognized the implications of those developments, the government would have to take over the railroads. He pointed out that such public desertion had brought about a tremendous slump in railroad business.

"Too many Americans fail to realize the Nation's dependence upon our railroads," said Mr. Flood. "When, because of bad weather or for other reasons, motor and air transportation fails, the public falls back on the reliable railroads. But, meanwhile, the people favor the rails competition.

"A mountainous tax structure and a mass of regulations have been laid upon the railroads over the past century which so weigh them down and shackle them that they can no longer compete with newer systems of public transportation," he continued.

If the railroads are "allowed to go under," he asserted, the government will have to step in and "take them over," and government tax money would have to run and rebuild the railroads.

Mr. Flood continued, "it should be remembered that the alternative of having the railroads dumped into the government's lap would prove far more expensive to the taxpayers and much less satisfactory for the public."

RAILROADS ARE SAFEST: - Railroads last year again proved the safest mode of travel, according to the Association of American Railroads.

Comparing the safety experience of railroads, airlines, buses and passenger cars, the AAR said travel by railroad in 1957 was nearly twice as safe as travel by domestic airline and bus, and about 37 times as safe as travel by automobile and taxi.

The railroads safety mark last year was the second best in history. It was bettered only in 1952 when the railroads recorded one fatality for each 2,431 million miles of passenger travel--the equivalent of 100,000 trips around the world.

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

Appointments: - Ralph T. Walker, district manager-sales, headquarters, Fresno, Calif., effective July 1.

B. J. Gaia, public relations representative, headquarters, St. Louis, effective August 1.

TRUCKERS TAKE TO THE AIR: - An average of 150 radio stations throughout the country are carrying the story of the trucking industry this summer. The truckers have scheduled 40 spot announcements and 20 interviews for network presentation in an effort to get their message on legislation, etc., across to the public.

RAILWAY-HIGHWAY MAIL TEST: - The Post Office Department is experimenting with a new combination rail-highway method of transporting mail. The experiments -- using what is called a Flexi-Van -- will be carried on between Chicago and Detroit and intermediate points.

The Flexi-Van method utilizes flat cars, capable of hauling two trailers of mail. By adding a wheel assembly the Flexi-Van can be hauled over the highway as a trailer.

Postmaster Summerfield predicts that eventually the service will be available on all railroads through interchange.

PENSION ROLL DECLINES: - The number of rail employees drawing pensions declined 17 per cent in June over the preceding month. During the same month 10,000 railroad workers took employment in other industries.

OPPOSES SUBSIDIES: - The St. Lawrence Seaway is going to be self-supporting if Senator Saltonstall of Massachusetts has his way.

In a letter to the St. Lawrence Seaway Development Corporation, the Senator pointed out that citizens who are in competition with the Seaway would have to pay the cost if subsidies are provided. This, he pointed out, would "defeat" the "Mandate of Congress."

FRISCO LOADINGS: - For period July 5 to July 11, 1958, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 11,537, compared with 15,946 for the previous 7-day period and a total of 15,014 for the corresponding period last year.

BRIEF: - - - In 1957, capital expenditures by Class I railroads amounted to \$1,394,261,000 -- bringing the total spent for equipment, roadway and structures since the end of World War II to \$13,445,000,000, or an average of over a billion dollars a year.