



FRISCO Railfax

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TRANSPORTATION ACT OF 1958 SIGNED BY PRESIDENT: - A bill designed to help ease the economic plight of distressed railroads was recently signed by President Eisenhower.

The measure, a result of prolonged Congressional hearings, makes it easier for the carriers to borrow money, abandon unprofitable services and adjust rates.

Among other things it gives the Interstate Commerce Commission new authority to permit railroads to drop trains and order rates changed.

Even as the President acted, railroad officials complained that most of the aid would be offset by pending legislation to require them to pay increased employe retirement benefits.

SENATE GROUP TO LOOK INTO OTHER RAILROAD PROBLEMS:

In the list of issues which were by-passed by the recently enacted Transportation Act of 1958 are some which the railroads rate of top importance, if there is to be a permanent cure of the difficulties that have been afflicting the railroad industry.

A three-man panel of transportation experts have been authorized by the Senate to go into these matters and report back by the end of next year:

The area of federal policy dealing with government assistance provided to various forms of transportation, and the desirability of a system of user charges to be assessed against those using publicly-provided facilities.

The subject of ownership of one form of transportation by another.

The effect of federal policy on merger and consolidation proposals in the railroad industry.

The kind and amount of railroad passenger service necessary to serve the public and provide for the national defense.

The need for regulation of transportation under present-day conditions. Also, if there is need for regulation, the type and character it should be.

STANDARD DESIGN FOR HOPPER CARS AGREED ON: - The Norfolk & Western Railway Company, the Pennsylvania Railroad and the Chesapeake and Ohio Railway Company, all users of open-top hopper cars, said they have agreed to a standard design of these cars, aimed at cutting both original cost of the cars as well as maintenance expenses.

The three roads said they each are building a single 70-ton hopper car to the same specifications, and plan to build all hopper cars to these plans, once they are proved acceptable.

Work on the initial three sample cars is expected to be completed by late summer, they said.

NO ACTION ON FOUR PROPOSALS TO AID RAILROADS: - Congress took no action on four proposals which were included in recommendations of the Senate Subcommittee on Surface Transportation.

One proposal would have allowed railroads to depreciate railroad property on the basis of 20 years instead of the present 40 to 50 years and more.

Another would have allowed railroads to establish construction reserve funds to provide for modernization of the railroad plant on which income taxes would be deferred if the funds were used within five years in improving transportation facilities.

Still another proposal would have given the ICC jurisdiction over the closing of stations which shippers are patronizing only occasionally and are thus unprofitable and a burden on interstate commerce.

Modernization of laws applying to those forms of transportation carrying United States mail to provide equitable competitive treatment and payment for service was another passed-over proposal.

SENATE VOTES SUBSIDY FOR SUPER OCEAN SHIPS: - The Senate recently passed a government subsidy bill providing for construction of two ocean superliners. The government will pay more than half the cost of the two ships. One is to be sold to the United States Lines for \$47 million and the other to the American President Lines for \$34 million.

FARICY CHOSEN FOR N.D.T.A. AWARD: - William T. Faricy, former president and chairman of the board of directors of the Association of American Railroads, has been selected to receive the 1957 National Defense Transportation Association Award as "the person whose achievements have contributed most to the effectiveness of the transportation industry in support of national security."

Formal presentation of the award will be made at the Association's Annual Dinner to be held in St. Louis this fall.

MERGER PROPOSAL REJECTED: - Directors of the Missouri Pacific Railroad rejected a proposal to merge with the Texas & Pacific Railway.

Russell L. Dearmont, president of the MoPac, said that the two railroads will continue to work toward greater co-ordination.

The directors voted to go along with a study committee's recommendation that the merger should not be undertaken. The board considered a final report from the committee, made up of three senior officers of each railroad.

The study showed that "other economies may be achieved through further co-ordinated efforts, including the issuance of consolidated financial statements," MoPac's announcement said.

Mr. Dearmont said the two railroads will consolidate their financial statements as soon as possible, to effect "substantial tax savings."

SEAWAY TOLLS TOO LOW: - AAR Economist Burton H. Behling told the St. Lawrence Seaway Development Corporation that the proposed tolls for the Seaway will cover only 60 per cent of costs, "thus falling far short of the requirements of the law with respect to self-liquidation." He said that the traffic capacity of the Welland Canal and the available traffic potential of the St. Lawrence Seaway have been overestimated by fully 20 million tons.

Mr. Behling pointed out that a primary obligation of the corporation is to accomplish self-liquidation of the waterway in accordance with terms of the Seaway Act, and urged that the corporation establish realistic tolls based upon thoroughly practical and not theoretical consideration.

TRAILER TRAIN ASKING BIDS ON 400 PIGGYBACK CARS: - The Trailer Train Company, of which Frisco is a part, is asking for bids on 400 new flat cars to haul highway trailers, James P. Newell, president, disclosed.

The new 85-foot cars will be about 10 per cent lighter than the 75-foot cars now in use and can carry two 40-foot highway trailers with a combined loaded weight of 130,000 pounds at speeds "considerably above" the present 60 miles-an-hour fast freight schedules, Newell said.

GIANT MERGER PLANNED: - A proposal to merge the New York Central and Pennsylvania Railroad systems, if finally approved by managements, may be ready for presentation to stockholders of the two carriers by the end of this year, A. E. Perlman, NYC president, announced.

The Central executive said the merger plan still faces some thorny problems, even before the first step of presenting it to stockholders. One, he said, is the working out of an equitable arrangement on the exchange of stock by the two roads.

RAILS BACKBONE OF NATIONAL DEFENSE EFFORT: - "Could the railroads meet a war crisis?" The magazine Railway Age asked that question. Its answer: "Yes, but...."

Today's railroad plant is actually more efficient, the magazine found, than in either the 1941 or 1950 beginnings of mass national defense efforts. "This is because some \$14 billion has been poured into post-World War II capital improvements - despite a deteriorating earnings situation."

"But," the magazine warns, "it's a question how long this state of readiness can be maintained unless railroads (many of which are now operating in the red) can improve their earnings position and find the capital to continue to pour into new physical improvements."

Railroads transported 90 per cent of the equipment and supplies used in World War II, the magazine points out. "There is only one mass transportation - the railroads," the magazine quotes former Defense Transport Administrator J. Monroe Johnson. "You can't go to war without them for war is mass transportation," Johnson said.

AIRLINES TO DISCONTINUE "NO SHOW" PENALTY: - The airlines have dropped the \$3.00 penalty for persons who buy airplane tickets and fail to use them or do not cancel their reservations.

The system was introduced by the airlines last September to curb the number of "no shows."

RAILWAY PUBLICATIONS CONSOLIDATED: - Simmons-Boardman Publishing Company of New York, effective with the September issue, will discontinue publishing Railway Freight Traffic as a monthly and will merge with Railway Age, a weekly publication. Starting with the September 29 issue, Railway Age will include a "Freight Traffic" editorial section in the last issue of each month.

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

Appointments: - J. M. Godfrey, assistant superintendent, headquarters, Tulsa, Okla., effective August 16.

J. F. Christian, assistant superintendent, headquarters, Sherman, Texas, effective August 16.

FRISCO LOADINGS: - For period August 16 to August 22, 1958, inclusive, Frisco revenue freight loaded on-line and received from connections totaled 14,475, compared with 14,046 for the previous 7-day period and a total of 16,593 for the corresponding period last year.