



ISSUED BY THE PUBLIC RELATIONS DEPT., ROOM 339 FRISCO BLDG., ST. LOUIS 1, MO.

No. 372

February 16, 1959

FURTHER TRANSPORTATION STUDY DISCLOSED: - President Eisenhower let it be known in his Budget Message to Congress that another comprehensive transportation study is being undertaken by the Commerce Department under the direction of Secretary Lewis C. Strauss.

The study is being made at the President's request "to identify emerging problems, redefine the appropriate Federal role, and recommend any legislation or administrative actions needed to assure the balanced development of our transportation system."

He declared that in recent years the Federal Government has had "to take actions to meet emergency problems which have arisen in highways, railways, and aviation." He added that "these actions have sometimes been taken on a partial and piecemeal basis, without full consideration of the impact on other transportation programs."

"Accordingly," he continued, "as a part of the general transportation study, the Secretary of Commerce will review the major problems of the shipping industry. As soon as his report is available, I hope the Congress will hold comprehensive hearings. We need new national policies and guidelines which can become effective at the earliest possible date."

The President emphasized that "highway users rather than the general tax-payers should pay the cost of Federal-aid highways," and that the "magnitude of the burden on general taxpayers for rising airway expenditures makes it essential that users of the facilities pay a greater share of their cost." The President likewise would adjust other fees and charges so that "persons receiving special services will more nearly pay the cost of those services."

HOT BOX DETECTOR: - The Pennsylvania Railroad has installed a detector at Ernest, Penn., which sets a wayside signal to the Stop aspect when it detects a hot box on a passing freight train. Simultaneously, a light flashes and a bell rings in a tower where the graphic recorder is located. By the time the train is brought to a stop, the towerman can tell the crew the exact location of the hot box. The railroad plans to install 20 more sets of the detectors.

GOVERNMENT AIDS RAIL COMPETITORS: - Speaking before the Birmingham Traffic Club recently, Daniel P. Loomis, president of the Association of American Railroads, urged that all forms of transportation be required to stand on their own feet, observing: "Look around you gentlemen, and tell me: Where are the infants?"

But even though all forms of transportation are now grown up, we still have a "system of paternalism which subsidizes and expands some carriers far beyond their true economic position and which does so at the expense of the fully self-supporting and tax-paying railroads."

Loomis noted that "in the 35 years before the big interstate highway program was launched in 1956, all government units had spent \$93 billion on roads. User taxes paid in return by motor vehicles amounted to less than half this total."

Even now, with the multi-billion dollar interstate road-building program underway, operators of big trucks "continue to pay to the federal government less than half as much as automobile owners for each ton-mile of highway use."

Loomis continued: "As for waterway spending, government programs promoting barge navigation are even more indefensible than those affecting highways. The federal government charges absolutely nothing and collects nothing for the use of an inland waterway system of 22,600 miles, built and maintained with federal funds.

"The barge lines have increased their freight traffic volume 10 times in the last 30 years - in many cases as a direct drain on competing railroads. And railroads have helped put up the tax dollars to make this possible! The economy of water transport, in short, is a giant illusion since a great part of total costs is paid not by the users of the subsidized carriers but by the general taxpayer. This is also true of air transportation and so-called low air fares."

Summing up, Loomis declared: "Neither the railroads nor any other private business can long endure in a competitive situation where its costs and charges are constantly increased by taxation on the one hand, while the costs and charges of competing businesses are artificially held down by subsidy on the other hand."

ROBOT TRAIN: - Russia has successfully operated a three-car electric train with robot controls. The magazine USSR reports that the robot engineer includes a computer with stored data on grade, length of line, and similar fixed information. Train speed, distance traveled, and other variables are fed to the computer automatically as the train proceeds. Special transmitting elements are located on the axle.

REPEAL OF TRANSPORTATION TAX URGED: - The continuing wartime tax on the transportation of persons is not only discriminatory but it is also discouraging travel, Representative Fascell, of Florida, declared. Urging repeal of the tax, the Congressman said that it discriminated particularly against the lower income group that must depend on public transportation and those who travel long distances and must pay a proportionately higher tax share.

"Our common carriers, eager and able to handle all of the traffic they can find," Fascell said, "are suffering under this travel restriction with increased operating costs and dwindling profits." He urged swift action on this "badly needed and long-overdue tax repeal," which is proposed not only in a bill which he has introduced but also in several others which have been introduced in this Congress.

PLAN RAIL FLATCAR FIRING STATIONS: - A spokesman for the Defense Department, in a talk on the country's ballistic missile setup, has revealed that the Air Force's Minuteman rocket, a projected weapon not yet in production, is being designed for possible firing from a regular railroad flatcar.

TRUCKERS GET OKAY: - The motor carriers will now legally be able to interchange their trailers coast-to-coast.

The Interstate Commerce Commission approved a truckers proposal for banding together to fix rental rates on trailers moving long distances over lines other than those of their owners. The plan is admittedly based on the railroads' traditional interchange and per diem charge arrangements.

The ICC's approval of the motor carriers' plan specifically exempted them from provisions of the antitrust laws. However, the truckers were required to accept this condition: That their agreement would apply only to common carrier truckers, not private or contract haulers. The reason for the condition was said to be some concern on the part of shippers that truckers might charge the shippers for use of their own trailers.

COMMITTEE TO LOOK INTO U.S. OPERATION OF R.E.A.: - The U. S. Senate's Post Office and Civil Service Committee has decided to look into the possibility of the Post Office Department's acquiring the equipment and facilities of the Railway Express Agency. This was suggested in a list of subjects the Committee is seeking authorization to study during the present Congress.

A Post Office spokesman strongly denied that the Post Office is interested in the idea. He pointed out that REA's facilities are generally duplicates of the Post Office's own facilities.



TO: Railroad People Everywhere

SUBJECT: The Future of America's Railroads

Certainly the transportation legislation enacted by Congress last year was a helpful step in the right direction.

But still further legislative action is needed if the railroads are to solve the problems that plague them.

Of the many vital objectives which should be considered, here are several which demand prompt attention:

1. Removal of obstacles to transport diversification —

Railroad taxes help to pay for airports and airways, waterways, and highways. But railroads are not permitted to use these facilities to provide customer services on the same basis as their competitors. *Shouldn't the railroads have this right?*

2. Repeal of the excise tax on passenger travel —

Enacted to discourage travelers during World War II from using overburdened public carriers, the tax—now 10%—is still hindering travel by rail and other for-hire carriers. *Shouldn't it be abolished?*

3. Repeal of agricultural commodities exemption or extension of the exemption to include railroads and other non-motor carriers —

Congress has exempted motor vehicles from regulation when hauling agricultural commodities, but has subjected all other carriers to regulation when they are moving the same commodities. *Shouldn't all...or none...be regulated?*

4. Realistic revision of tax depreciation policies —

Tax policies on depreciation of railroad plant and equipment are a drag on railroad modernization efforts. *Shouldn't these outdated tax policies be changed?*

5. Imposition of adequate charges for the use of transportation facilities provided at public expense —

Railroads support themselves and pay taxes. Yet they have to compete with other forms of transportation that use facilities provided, maintained, and operated by Government with money supplied largely by taxpayers, including the railroads. *Shouldn't these users pay their own costs of doing business?*

Legislative action in these and other areas is necessary if the railroads are to be given the equality of opportunity upon which their future health depends.

Financially sound, progressive, and strong railroads are essential to a dynamic American economy and to our national defense.

ASSOCIATION OF AMERICAN RAILROADS *Washington, D. C.*