

Another Round of Rail Freight Rate Boosts Appears To Be Near

By A. ROBERT SMITH

Mail Tribune Correspondent
Washington—Another round of freight rate increases for the railroads that ship commodities to and from the Pacific Northwest appears well on the way, only six months since the last increase was granted.

All western and eastern railroads have informally agreed to petition the Interstate Commerce Commission for a rate boost averaging 15 per cent in order to bring them a billion or more dollars in increased annual revenue.

But this may be just the first of two or more jumps in rates, for the railroad brotherhoods have already filed new wage contracts proposals that will cost the railroad more money—and eventually be reflected in higher freight rates.

The railroads are fairly well united on asking the ICC for the rate boost, except for the southern lines. They are more vulnerable to having trucks take away their business when railroad freight rates go up, they feel, and besides they contend that there is no sense asking for a rate boost until after the wage contracts have been settled and the railroads know what this will cost them.

Request About Doubles
The 15 per cent boost the western and eastern roads have agreed to ask for is just about double what they asked for last Christmas. Scaling it down a bit, the ICC granted them a 6 per cent increase last March. But it placed many limitations on specific commodities at the time, so that the boost averaged out to about 5 per cent.

Despite this increase, the railroads lost ground in revenues. Western roads reported that their income for the first six months of this year dropped from \$202.5 million last year to \$186.8 million. They say the boost wasn't high enough.

One new factor in the plight of the railroads is that the rise in interest rates on loans which they use to purchase new equipment and facilities is boosting their cost of operation. The railroads figure they will need to invest \$1.3 billion into new equipment this year to meet shippers' demands, and over the next decade the figure will mount to some \$20 billion.

SP Sells Mortgage Bonds
The interest rate on bonds for the railroads is illustrated by the fact that only this past week the Southern Pacific sold \$35 million in first mortgage bonds to finance a new line across the Great Salt Lake. The interest was a whopping 5.293 per cent. A decade ago the same railroad sold similar bonds for 2.25 per cent.

From the standpoint of their own return on invested capital the railroads figure they must earn a minimum of five per cent to get by. Last year, when they were widely congratulated for their relatively good financial showing, the roads had a net income of \$915 million—which they said was only about 4.2 per cent.

The carriers hope the 15 per cent rate increase they are asking for will increase their take sufficiently to bring them a five per cent return on their \$26 billion net property investment.

Said Only Fair
Railroad officials claim this is only fair, in view of the fact that last year most other major lines of business an industry earned substantially more—such as the airline industry, which showed a net return of 13.9 per cent. Utilities realized 9.9 per cent and manufacturing industries 15 per cent.

While the ICC is likely to grant new rate boosts, presuming the railroads can back up their claims with properly prepared briefs, it can, of course, order certain limitations as it did last March. For example, it then ordered rate boosts to be no more than 6 per cent 100 pounds on fresh fruits and vegetables, nuts, canned food products, lumber and lumber products.

Quotes From the News

By UNITED PRESS

Lansing, Mich.—Leroy J. Curtice, 68, brother of the General Motors Corp. President Harlow H. Curtice, on his retirement from the GM body shop to draw a union pension:
"I'd like to have his pay, of course, but working 24 hours a day like he does in his job is a different story."

Phoenix, Ariz.—Vice President Richard M. Nixon in noting the anniversary of President Eisenhower's heart attack:
"I feel 100 per cent better now about the President's condition than a year ago."

Running Hills, Calif.—Deputy Sheriff Charles Jones on the forest fire in the San Bernardino mountains threatening a resort area:
"It's the worst kind of fire I've ever seen and I've been fighting them all my life."

Washington—Agriculture Secretary Ezra T. Benson replying to Democratic charges of a farm depression:
"Some people didn't want us to get legislation that would really help the farm situation before a certain day in November."

The Family Council

Editor's note: The Family Council consists of a judge, a psychiatrist, three clergymen, a newspaper editor, a women's editor and two writers. Each article is a summary of an actual report. The Family Council does not give advice; it merely reports on problems that have been dealt with by responsible agencies and counselors.

GEORGE—So soon after burying his wife!
S. R. C.—She was my wife's best friend.

George—My mother-in-law died three months ago, but my father-in-law seems to have lost all sense of propriety. He is seen about town walking around with a woman and going places with her.

My wife and her sister are both terribly upset to think that their father can be interested in another woman so soon after burying their mother. It comes all the more as a shock to them because their parents were always so devoted to each other and they always thought that their father would never look at another woman.

I have talked to my father-in-law about this, but he resents my criticism and tells me he will do exactly what he pleases.

S. R. C.—The "woman" I have been seen going out with was my wife's closest friend, and her husband had been my closest friend until he died two years ago. We are both a little too old for romantic nonsense, but my wife, who knew she was not going to live long, talked to me insistently about her friend. She was worried that I might be lonesome after her death and become attracted to some strange woman, and she expressed the hope that her friend and I might find happiness with each other.

So far as appearances are concerned, I would not need to be seen with her on the outside if my daughters had not made it a point to show their hostility towards her and make her definitely unwelcome as a visitor in their homes.

I was foolish enough after my wife's death to give up my home and move in with my younger daughter. Now, the only peace I can find is to talk with the woman who was my wife's best friend.

which takes care of a good deal of the Pacific Northwest's "exports." What will happen this time remains to be seen.

friend. They want to deprive me of this and make me a helpless old man. They have no need to fear an early wedding; in fact, I feel too discouraged to think of ever marrying her, but I know I cannot be happy with the children.

The Council—The father is right in believing that he made a mistake in giving up his home so soon. He would probably find less tension in his daughter's home if he had kept his own home, at least temporarily, as a retreat.

The daughters made a bad mistake in showing their antagonism to the widow who was their mother's friend. This antagonism had an effect opposite to that intended.

The father would make the worst mistake of all to consider his wife's desire that he marry her friend as binding on him. Her emotions at the time may have been much stronger than his judgment. No marriage is without some risk of unhappiness, but the risk is multiplied beyond all prudence when the marriage has been decreed under such emotional stress.

The ideal course now would be for the children to retrace their steps and become friendly with the woman they have so unwisely excluded. By doing so they could, first of all, end or minimize the unfavorable impression created by their father's public friendship with her.

She should be welcome as a friend of the family, but they should make an effort to keep him socially busy. This is his most trying period of adjustment and he should have the benefit of as much companionship as they can encourage.

The children should realize that when a man has had a good marriage and lost it through death, he feels a greater sense of loss and is more in danger of making a hasty or unwise second marriage than a widower who has had a less ideal experience. They must help him, patiently, understandingly and unobtrusively.

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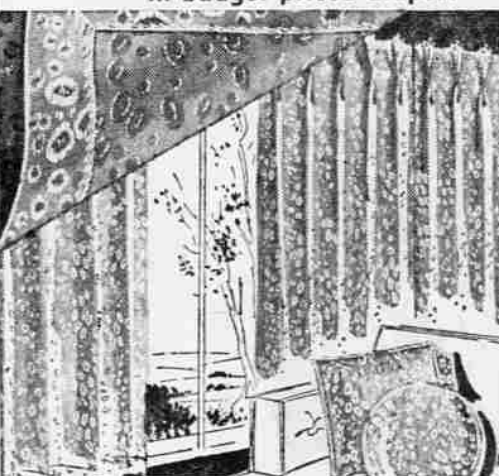
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