

Railroad Officials Unimpressed By New Talk of Consolidations

By LEROY POPE
New York—Veteran railroaders are unimpressed by reports that the 60s are going to be the greatest era of railway consolidation in this century.

The managements of at least 30 lines are talking merger and the Interstate Commerce Commission has flashed a green light for consolidations. But neither Wall Street nor rail executives expect it to happen.

They point out that twice before—in 1920 and 1933—the ICC tried to nudge the railway companies into major consolidations, and both times the companies balked.

This time, experts said today, there doubtless will be some mergers. The Norfolk & Western and the Virginia, two prosperous lines, have merged and the combined company now is flirting with the Nickel Plate, to annoyance of the Chesapeake & Ohio, which has been having an off and on romance with the Nickel Plate for years.

Merger Progress
The long-projected absorption of the paralleling Lackawanna by the Erie, the line whose stock Jay Gould and Jim Fisk manipulated so joy-

ously to trim the suckers nearly a century ago, seems likely to occur at last. Some progress even seems visible toward merging all the railroads in New England into one system built around the staggering New Haven. This was a dream of the elder Pierpont Morgan.

There are more ambitious schemes out West—to make one big system out of the Milwaukee and the Rock Island and an even bigger one by combining the Great Northern and Burlington.

There is no doubt mergers would cut the costs of many railroads considerably and might even save rail service for some communities that are going to lose it because small, weak lines can't keep it up.

The old argument against mergers pretty much has lost force. Experts say such competition as still exists between railroads is cut-throat and harmful—not beneficial. And the ICC's new philosophy plainly seems to be—"The railroads need to be strong to compete with the trucks, the barges and the airlines—not with each other."

Then, why aren't more mergers expected to come about? The main reason was put

bluntly by the late President Daniel Willard of the Baltimore & Ohio, during an earlier wave of merger talk. He said — "Nobody wants to merge himself out of a job."

Salaries But No Dividends
Bluntly, from the point of view of the executives, running railroads that lose money has come to be a way of life—a pleasant vested interest. A railroad doesn't have to make money for its executives to collect salaries, good salaries. The salaries get paid even if stockholders and the tax collector and other creditors don't.

One expert said — "The chaps who run these roads that lose money all the time would be indignant if you accused them of much the same kind of feather-bedding they charge the unions with. But their jobs can look like feather-bedding to a cold blooded security analyst, who reaches the conclusion their lines ought to be merged and most of the executives shoved off the payroll."

When the ICC first tried to get a wave of railway mergers started in 1920 it engaged Professor William Ripley of Harvard to draw a

master plan for consolidating the nation's railways.

Professor Ripley's plan drew a lot of praise—but nothing came of it directly.

Invested Heavily
Indirectly, fear that the government would press mergers caused railways to invest heavily in each other's stocks and bonds. The idea was to protect the interests of the top management teams. A lot of railroad money was invested this way that might more profitably have gone into better rolling stock and other facilities. And when the 1929 crash came, many railroads found their capital depleted almost to the vanishing point because they had tied up so much money in each other's shares.

The second ICC effort in the 1930s was successfully resisted by what looked like sheer inertia until the outbreak of war in Europe put the railways temporarily on their feet again.



SIGNS AUTOGRAPH—Former President Harry Truman signs an autograph for Mary Pickford, America's sweetheart of the silent films, as they met at Chicago. At left is Charles "Buddy" Rogers, Miss Pickford's husband.—(UPI Telephoto)

NAME CHANGE
Princeton, N.J. — Until about 68 years ago Princeton university was known as the College of New Jersey.

Nikita Boasts Of New Weapon

Geneva—The West said Wednesday that Premier Nikita Khrushchev's boasts of a "fantastic new weapon" in the Soviet arsenal made his announcement of troop reductions meaningless and underlined a necessity for iron-clad disarmament controls.

British delegate David Ormsby-Gore told the 10-nation East-West Disarmament conference that Khrushchev's announcement that Russia is cutting her troop strength by another 1,200,000 men in the next two years is not a real disarmament measure.

He said the Soviets really are only changing the form of their striking powers. They are not, as they have claimed here, engaged in any real reduction of military might, he said.

ACCURATE TIME
Washington — Standard clocks at the United States national bureau of standards do not vary by as much as one-fiftieth of one second in every 24 hours.

Russia's Sputnik III Burns in Atmosphere

Bedford, Mass.—Sputnik III burned up in the earth's atmosphere Wednesday after making more than 10,000 revolutions around the earth in the past 23 months, the National Space Surveillance Control Center said.

MERIT SYSTEM
Albany, N.Y. — The first entire extension of civil service into every jurisdiction within a state—cities, counties, school districts—was completed in New York state to mark a milestone in 1942.

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