



**ANNUAL REPORT  
NUMBER**

**OUR 56TH YEAR OF PUBLICATION**

**APRIL 1960**

## •The President's Page

**D**URING the heavy snowstorms in the East early last month, the railroads again demonstrated how dependable they are as the all-weather form of transportation. The trains got through when everything else was tied up.

The letters we have received from grateful commuters, as well as others who used our trains because they couldn't reach their homes by any other means, point up once more how essential the railroads are to the everyday life of the community.

We were glad to be able to accommodate the many passengers who ordinarily do not ride our trains. We hope they will give us an opportunity to serve them again when there is no emergency. They will be welcome at any time.

I know the storm conditions placed unusual burdens on our employes and supervisors in keeping the trains operating as nearly on time as possible. The response from the public indicates they did a superb job. My hearty thanks go to all of them for their extraordinary efforts. They performed as true Erie railroaders.

*H. W. Van Weller*



Oldest Employee Magazine in Railroad Industry . . . Our 56th Year of Publication

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## OUR OBJECTIVE

Primarily the Erie Railroad Magazine is published for Erie employes and their families, secondarily for Erie shippers, suppliers, shareholders and others interested in the railroad. The editors try to tell objectively and completely about the progress of the Erie by discussing management's policies, day-by-day practices, problems and plans for the future. Just as important is the human side of the news. Emphasizing contributions to better citizenship and a better Erie, part of each issue is devoted to individual aspirations and achievements of Erie employes on and off the job.

April, 1960

Vol. 56, No. 2

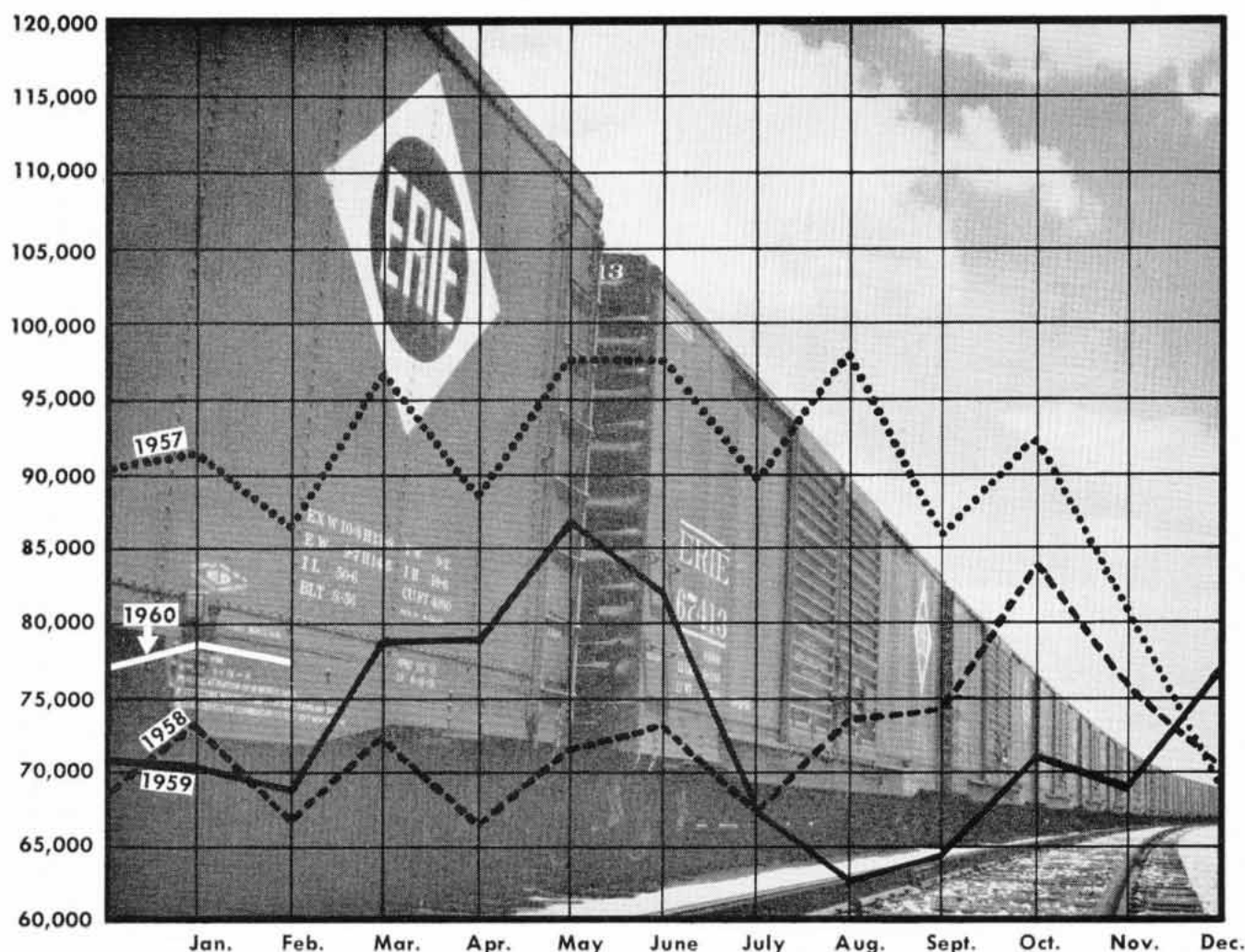
## THE COVER:

The Erie Railroad's annual report, which tells the history of the business of the year 1959, is out. One of its early readers was Rosemary Van Riper, clerk-stenographer at the 50 Church Street, New York, office of the road. See Page 5 for details.

George C. Frank . . . . Asst. to President  
Talbot Harding . . . . . Associate Editor  
Muriel Yeagle . . . . . Secretary  
John F. Long . . . . . Photographer-Reporter

Distributed free of charge to Erie Railroad employes. To others, \$1.50 a year. Single copies, 15 cents. Material and photographs should be sent to editorial and business offices, 1327 Midland Building, Cleveland 15, Ohio.

# Business Indicator



Freight Cars Loaded on the Erie and Received from Connecting Railroads

## Dollar Figures at a Glance

	Amounts Received	Amounts Spent	Net Income (or Loss)
Month of February:			
1960 .....	\$13,468,141	\$13,406,870	\$ 61,271
1959 .....	12,283,540	12,936,413	( 652,873)
Two months ended February 29:			
1960 .....	\$27,080,596	\$26,825,589	\$ 255,007
1959 .....	24,593,855	26,152,511	( 1,558,656)

( ) Denotes Loss



# Revenue Ton-Mile Increase Predicted for Erie in '60

## President Sees Traffic Rise of 8%

THE Erie Railroad's revenue ton-miles in 1960 will be about eight per cent over those of 1959, Harry W. Von Willer, informed share-owners in the company's 1959 annual report, distributed on March 9.

That the prediction, made early in February, may be borne out was underlined by a 12% increase in a related figure, that of freight cars loaded on the Erie or received from connecting railroads for the first two months of the year.

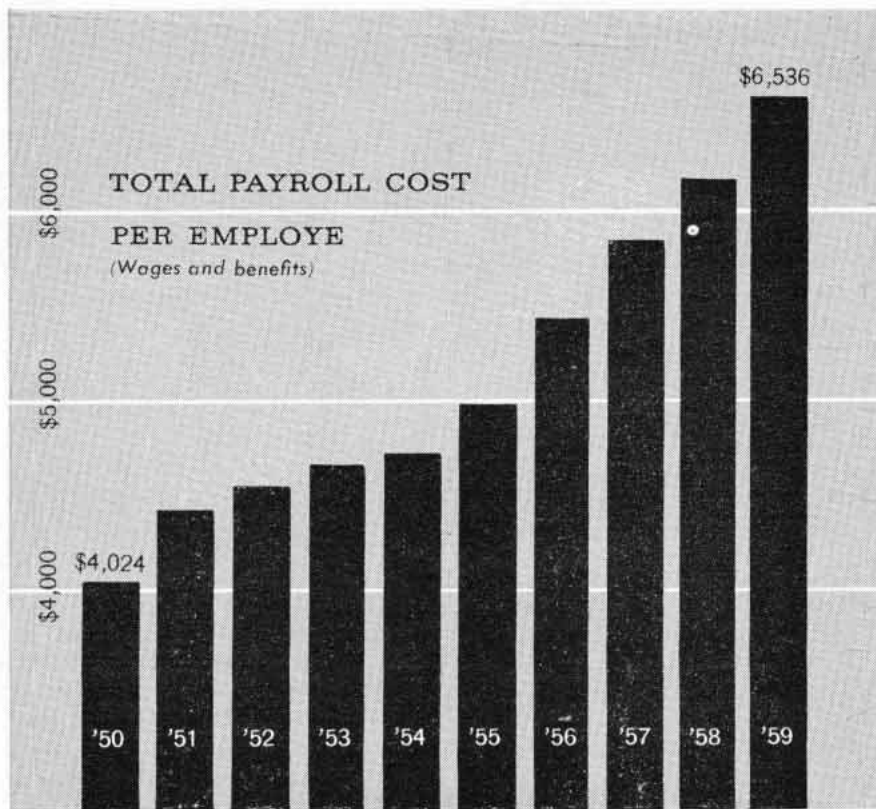
"With close control of expenses," Mr. Von Willer said, "this [increase] should give us a profitable year. It should be pointed out, however, that as funds become available we will need to catch up on some of the deferred maintenance that has been accumulating as a result of the rigid economy program of the past few years."

### Effect of Rules

He warned that any predictions for the current year would have to be qualified by the results of labor negotiations now in progress with the unions.

"These involve not only the demands made by the unions for increased rates of pay, but the highly important problem of eliminating featherbedding rules which require payments to certain operating employes for work not done or jobs not needed," his letter said.

"Instead of preserving jobs as the unions contend, featherbedding actually reduces employment because any unproductive work adds unnecessarily to railroad costs. This in turn restricts the railroads' ability to compete price-wise with other forms of transportation and



PAYROLL COSTS per employee continued to rise in 1959, reflecting increased benefits as well as increased wages.

diminishes earnings that are so badly needed for modernization and future progress," he emphasized.

He recalled that the year 1959 began with strong indications that the upturn in the business cycle, which began in the latter part of 1958, would continue to gather momentum and that the pre-recession levels of potential freight traffic would soon be restored.

### Steel Strike

This expectation came to an abrupt halt on July 15 when the steel mills ceased operations because of strikes. The effects soon spread to other industries including coal and automobile production, which caused a general decline in freight shipments.

As the Erie Railroad serves the important steel producing areas of Pittsburgh, Youngstown and Cleve-

land, its traffic volume is greatly dependent upon the output of steel. Estimates indicate after allowing for above-normal shipping before and after the strike, that the steel shutdown reduced our revenue by about \$10 million, resulting in a loss for the year of \$5,684,887. In his letter, Mr. Von Willer said, "Unquestionably, the Erie would have had a profitable year if it had not been for the steel strike."

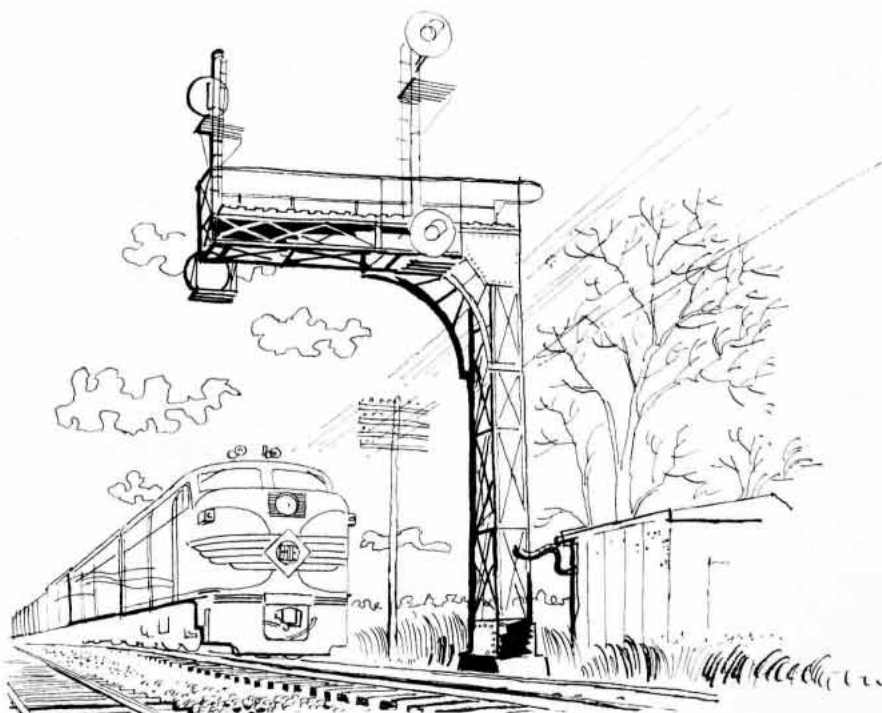
These traffic losses in the last half of the year wiped out most of the earlier gains and left the 1959 volume at a relatively low level.

The year ended with freight revenues only 1% above the recession year of 1958 and 13.2% under 1957. Freight revenue in 1959 totaled \$134,330,702 compared with \$132,954,327 in 1958.

Merchandise freight revenue  
(Please turn the page)

# Annual Report

(Story begins on page 5)



was \$124,742,894, an increase of \$2,399,935 or 2% compared with 1958; but coal and coke revenue was only \$9,587,808, a decrease of \$1,023,560, or 9.7%.

Most economists are optimistic about 1960 and are predicting a

considerable rise in industrial production which means, of course, greater traffic volume.

Heavy goods industries are scheduled at a high rate of production. In this field, the Erie has a great potential as a large

part of its merchandise freight income is derived from the handling of iron and steel, automobiles, machinery and other heavy manufactured goods.

## Marketing and Rates

To share in this increased traffic and attract more tonnage to its rails, the Erie has been making some significant advances in its marketing and selling techniques. Besides stepping up sales activities, adjustments are being made in specific freight rates to meet competitive situations.

Pricing and rate-making research work within the railroad industry has been carried on at a pace never before experienced. Competition from the subsidized highways and waterways is extremely keen.

As a result of this research and some favorable decisions from the regulatory bodies stemming from the passage of the Transportation Act of 1958, particularly in the so-called "paint rate case" which offers incentive rates, the railroads are gaining some ground in this technical and competitive field. Much more remains to be done, however, both by the government and by the railroads themselves.

## Seaway and Traffic

The St. Lawrence Seaway has completed its first full year of operation. It is not possible to say accurately what impact the Seaway had on Erie's business.

It is known that about 20 million tons of freight moved via the Seaway, which was an increase of 70% over 1958. Much of this is traffic the railroads could have handled but did not.

In import and export handlings, Erie's losses are known to have occurred in such commodities as lard, tallow and grease, automobiles, machinery and grain.

## Piggy-Back Revenues

Some rate adjustments were made to meet this new challenge and others are being progressed. The most important recent reduction now in effect covers grain, grain products and wheat flour. These reductions have helped to prevent further diversion of traffic away from the rails.

Piggy-back service, a recent in-

	1959	1958
Operating Revenues.....	\$154,255,980	\$152,745,896
Operating Expenses.....	\$131,114,773	\$127,623,042
Ratio of expenses to revenues.....	85.00%	83.55%
Taxes (Federal, State and Local).....	\$14,092,198	\$13,161,131
Taxes per share of Common Stock.....	\$5.75	\$5.37
Income available for fixed charges.....	\$2,575,696	\$4,676,197
Fixed charges.....	\$4,915,177	\$4,999,321
Times fixed charges earned.....	.52	.94
Contingent interest.....	\$3,345,406	\$3,345,755
Net income.....	(\$5,684,887)	(\$3,668,879)
Dividends per share of Preferred Stock.....	\$3.75*	\$5.00
Total dividends on Preferred Stock.....	\$469,612*	\$625,900
Earnings per share of Common Stock.....	None	None
Dividends per share of Common Stock.....	None	None
Total dividends on Common Stock.....	None	None
Book value per share of Common Stock....	\$66.28	\$69.07
Number of shareowners.....	19,357	20,545
Average number of employes.....	14,656	15,021
Miles of railroad operated.....	2,239	2,201

\*Payment of the fourth quarterly dividend of \$1.25 per share, or \$156,663, was deferred.

(e.) Denotes red figure

HERE, IN CAPSULE FORM, are the highlights of the year's business.

novation in railroading, has grown with amazing speed. It has exceeded even the most hopeful expectations as a revenue producer.

In 1959, revenues from this source totaled \$3,964,047. This was an increase of 133% over the previous year.

#### Eight Times 1955

The impressive revenue gain in piggy-back is best illustrated by the fact that gross income from this source in 1959 was eight times the total piggy-back revenue of 1955, the first full year this service was offered on the Erie. The potential is unlimited.

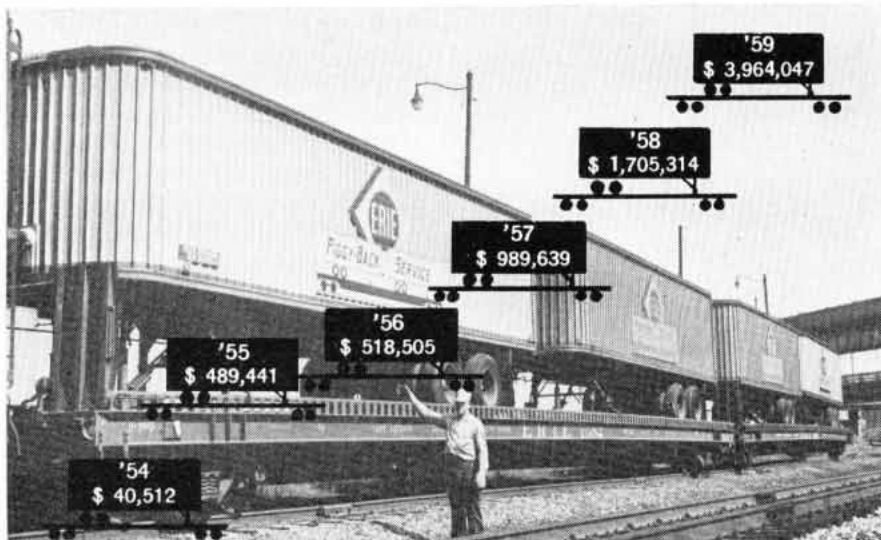
Exploration and development of new markets will continue. Studies are presently under way to consider the possibility of extending this service to the handling of perishables and autos on over-the-road vehicles loaded on railroad flat cars.

This traffic formerly moved by rail and is now handled by truck. Piggy-back revenue now constitutes about 3% of our total merchandise freight revenue. We are confident it will contribute a much larger percentage in the years ahead.

#### Coal Declines

Erie's revenue from the handling of coal and coke has been steadily declining for the past ten years and is now 57% below 1950. The decline in anthracite coal traffic has been even greater.

Anthracite is in less demand in a consumer market that is being serviced by other forms of fuel for heating purposes. In addition, Erie's principal source of anthracite traffic was cut off when the Pennsylvania Coal Co. mines in the vicinity of Scranton, Pa., were flooded by heavy rains in January, 1959.



**PIGGY-BACK REVENUE** rose sharply during the year, and made a bright spot in the business picture.

Bituminous coal traffic has also been declining. Trucking of coal has grown in recent years. This, together with the closing in 1959 of Erie's origin volume producer at Kramer, Pa., and the steel strike, have taken their toll.

#### Improvement Seen

However, improved coal traffic is predicted in 1960 due to the general upturn in steel production and the increased demand for coal by utility companies. To restore coal volume to the rails, new rates and routes are being established.

The need to place iron ore as close to mills as possible during the steel strike resulted in nearly 550,000 tons going into storage at Erie's facilities at North Randall, Ohio.

Total ore shipments, however, in 1959 were nearly 7% below 1958 revenue tons, due primarily to reduced handlings from steel company off-line docks during the strike. Revenues from iron ore now in storage will be reflected in income as the ore is shipped out.

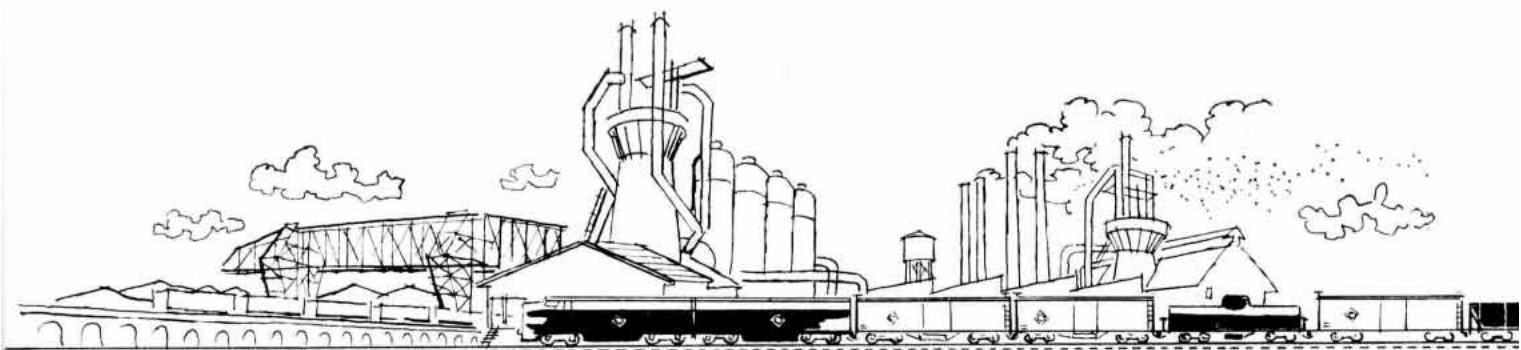
#### Passenger Business

Aggressive travel - promotion work in organizing special party and week-end tours as well as other group movements helped to keep our passenger revenues at about the same level as in 1958, even though the government almost entirely diverted military traffic to the non-scheduled airlines. This meant a loss of about \$150,000 in revenue to the Erie.

Our passenger revenues were also affected by the discontinuance of certain suburban trains and Delaware Division summer trains during 1959. However, these were unprofitable trains and the savings in operating expenses more than offset these losses.

In view of these adverse factors and the reduced business travel due to the steel strike, our passenger revenue of \$6,612,629 for 1959 compared favorably with the \$6,708,437 received in 1958. The decrease was 1.4%.

Head-end passenger train revenues from mail, baggage and express (Please turn the page)







**SKILLED EMPLOYEES** in all departments, working as a team, make the Erie better.

press in 1959 showed an increase of \$178,094, up 3.1% after eliminating a back mail pay settlement of \$1,173,501 earned in 1956-1957 but included in 1958 revenues. Diversion by the Post Office Department of most of the mail to truck movement in the area Port Jervis and east reduced Erie's revenue by about \$720,000.

To partially overcome this revenue loss some new mail traffic was developed. Increased express revenue, brought about by a

reorganization of Railway Express Agency, contributed greatly to improved earnings in head-end passenger traffic.

Other income received, such as rent, interest, dividends and from other sources \$2,446,568 compared with \$2,268,846 or 7.8% more than the previous year.

#### Improvement Program

The Erie's capital improvement program has not advanced as rapidly as the management would like. For the past three years many projects had to be postponed due to the lack of funds. It has been a question of "cutting the cloth to fit the pattern." However, some progress has been made.

A total of \$6,126,044 was spent for additions and betterments to the property, principally on projects that will produce a high rate of return. Emphasis was placed on those things that would cut costs and improve service.

During the year 200 new box cars were purchased. These were equipped with D-F (damage-free) loading devices to protect shipments in transit. In addition 275 cars were equipped with special devices for transporting and protecting automobile parts, coil steel and other specialized commodities.

#### Track Changes

One of the major accomplishments was the completion of track and signal changes so that trains of both the Erie and the DL&W could use the same tracks in the 75-mile territory between Bing-

hamton and Corning, N. Y. Joint operation began August 31 with satisfactory results.

The Erie will save approximately \$500,000 a year by this arrangement. These savings are indicative of the possibilities for economies that can result from the elimination of duplicate facilities and functions, particularly if the present merger plans of the two railroads mature.

Also completed was the third segment of an overall plan to convert existing double track on the Marion Division to single track with the installation of special traffic control systems. By means of these modern electronic signal devices fewer tracks can be utilized with greater flexibility of train movements. This, of course, reduces track maintenance costs.

With the conversion of 14 additional miles in 1959, this now provides a single track traffic control system from Huntington to Aldine, Ind., a distance of 70 miles all controlled from the dispatcher's office at Huntington.

#### Other Improvements

New rail totaling 13.5 miles was laid last year. It is expected 14.9 miles of new rail will be laid in 1960. Ballast work was performed on 163 miles of track and 300 miles are scheduled for 1960.

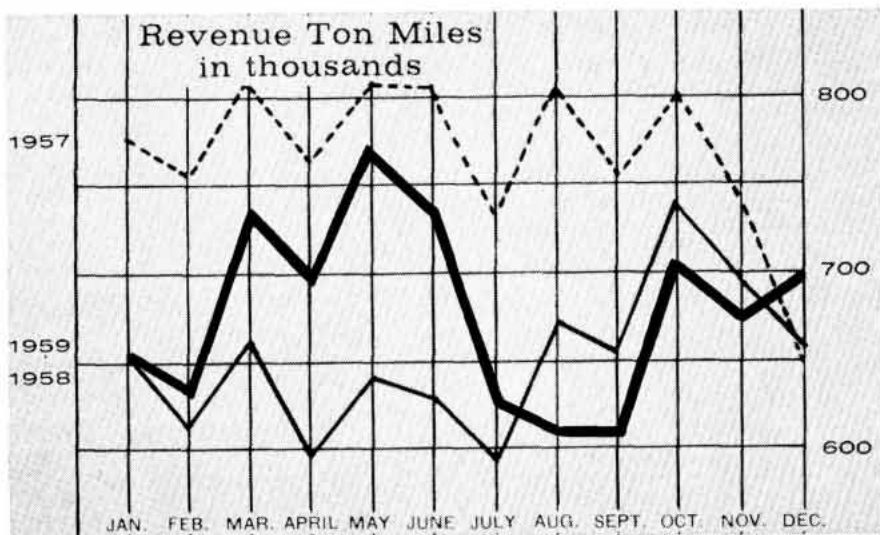
The list of improvements made in the last year includes hundreds of engineering and maintenance items both large and small that must be added to the railroad plant each year to keep pace with modern railroading and the inflationary rise of labor and material costs.

The combination of increased operating costs and below normal traffic conditions has presented extraordinary challenges in the operation of the railroad over the past few years.

#### Wage Cost Rises

Ways and means must constantly be found to operate safely and economically without impairing the quality of service. In this process new opportunities for savings have been discovered.

Of necessity the emphasis has been on economy which has created some deferred maintenance both in road and equipment. As business conditions improve, the



**THE LONG STEEL STRIKE** caused a slump in the number of revenue ton miles, after a very auspicious first half-year.



first need will be to restore the physical condition of the property to its full strength.

Employee wages consumed a higher percentage of the total income than ever before—53.5c out of every dollar received by the company. During the year employees received a cost-of-living increase of 3c an hour.

### Other Payroll Costs

Effective June 1, 1959 Congress passed amendments to the Railroad Retirement Act which increased the maximum taxable earnings on employee wages from \$350 to \$400 per month and at the same time increased the tax rate from 6¼% to 6¾%.

Congress also voted an increase in railroad unemployment insurance tax rates from 3% to 3¾%. These changes in the law will add approximately \$1,600,000 a year to Erie's expenses.

The total payroll cost per employee including wages, railroad retirement, unemployment insurance and health and welfare benefits is now averaging \$6,536 annually compared with \$4,024 ten years ago.

### Maintenance Costs Up

In 1959 the Erie had an average of 14,656 employees throughout the year. This compares with 15,021 in 1958 and 17,245 in 1957. Ten years ago the Erie had 21,456 employees.

The maintenance program in 1959 was reduced to a minimum consistent with what was necessary to be done, however the actual work performed exceeded that of 1958.

With increased labor costs this increased expenses by \$3,491,731 or 2.7%. Total operating expenses were \$131,114,773.

The cost of maintaining the track, roadway and bridges and other structures was \$17,172,001. This was an increase of \$578,384 or 3.5% over 1958.

Maintaining cars and locomotives required \$25,965,851 or \$2,133,292 more than in the previous year. This was an increase of 9%.

Erie's equipment ownership at the present time includes 380 Diesel locomotives, 20,029 freight cars

of all kinds, 535 passenger cars and 772 miscellaneous units including marine equipment.

Transportation expenses which include all station, yard and train operating costs amounted to \$74,650,797, an increase of \$831,256 or 1.1%.

### Work Rules Problem

A cloud of unsettled labor conditions is hovering over the railroad industry. The railroads are endeavoring to establish more efficient work rules to take advantage of the technological advances that have been made over the years. They are determined to eliminate featherbedding which is costing the industry more than \$500 million each year.

Many of the rules are outmoded, having been in effect for the last forty years, and are not in step with today's advanced operating practices.

With the expiration of a three year labor contract on October 31,



**MODERN, EFFICIENT facilities**, like this freight yard at Hornell, help keep Erie cars on the move for faster deliveries.

1959, both management and the unions served notices of changes in wages and working rules. Practically all of the labor organizations have requested wage increases.

Those representing non-operating employees also requested more  
(Please turn to page 24)

## The Erie Income Where It Came From

Freight,

85.9%



Passengers, Mail and Express,

8.0%



Miscellaneous,

6.1%



Total 100.0%

## Where It Went

Wages,

53.5%



Material, Supplies, etc.

29.8%



Taxes,

9.0%



Interest on Debt, etc.

5.3%



Depreciation,

6.0%



Total 103.6%

**WAGES TOOK MORE THAN HALF** the Erie's income during the year.

# Rails Take Commuters Home as Other Transport Stops

## Travelers Laud Work of Erie

The commuters, too, praised the railroad. Here are three typical letters:

Sir:

I wish to commend your railroad on the excellent manner your Newark Branch handled the passenger service during the most unusual and crippling storm of the winter.

Several passengers on the west-bound 5:01 P.M. and 5:30 P.M. train had waited for hours to get bus transportation to New Jersey and finally decided to return to Hoboken to seek rail transportation which was so adequately provided with the addition of several coaches.

Again thanks to all the men—especially those of the Newark Branch—who aided us to return to our homes.

Russell G. Wallace  
Bloomfield, N. J.

Sir:

In the confusion that reigned on the New York-New Jersey train last Thursday evening, March 3, during that bad snowstorm, apparently no fares were collected.

I feel it would be taking unfair advantage if I did not remit to you herewith a check for \$.95, which I believe is the fare charged for the trip from Hoboken to Oradell, N. J.

I'm normally a bus commuter, but it will take a long time for me to forget my gratitude to the Erie Railroad on that memorable night.

Robert J. Bisbe  
412 Prospect Ave.  
Oradell, N. J.

Sir:

During the heavy snowfall, the Erie Railroad and the Lackawanna did a magnificent job of carrying  
(Please turn to page 26)

TRACK DOWN...THEN CRACK DOWN!



## Friends Shocked as Two Erie Leaders Die

Friends of two Erie Railroad men, John J. Collins and Robert E. O'Grady, were shocked last month at news of their deaths.

Robert E. O'Grady, retired assistant vice-president, traffic, died of a heart attack suffered at Scottsdale, Ariz., where he lived at 4615 Royal Palm Circle. He was 64, and in his active years with the Erie, from 1921 to 1958, he had made a host of friends outside the railroad business as well as within it.

He came to the Erie as commercial agent at New York, was successively perishable freight agent and manager of perishable freight traffic there, and in 1941 became coal traffic manager at Cleveland. He became assistant vice president, traffic, Chicago, in 1946.

He is survived by his wife, Emma Palm O'Grady, a daughter and two sisters, all of New York.

John J. Collins, manager of the dining car department, Jersey City, was 50 when he died in a Jamaica, L. I., hospital after heart surgery.

Under his management the din-  
(Please turn to page 26)

## Newark Newspaper Praises Job of Roads

On March 3 snow struck New York City while its millions were at work. Snow traditionally snafus the big city's streets, slowing traffic to a crawl, and many who have shunned the railroads suddenly return to them.

On this March 3, however, things were worse than usual. A highway vehicle jack-knifed in the Lincoln Tunnel, just as everyone started home. Chaos was twice confounded in a few minutes, and streets leading to the tunnel blocked.

The railroads suddenly found themselves deluged with passengers who had no other way to get home. As the Newark Evening News said in an editorial:

**T**HE GOOD OLD RAILROADS came through again.

With air and highway traffic paralyzed by the snowstorm, the trains kept running. And if they were running late, it was chiefly because they were swamped by refugees who normally use buses, cars, and planes that weren't running at all.

The railroads, so often accused of shirking their responsibilities to the traveling public, put on extra cars and special trains. And they must have lost money because thousands crowded aboard without bothering to buy tickets and rode free because collectors couldn't push through the jammed cars.

The collapse of rubber-based interstate transportation was complete, with the Lincoln Tunnel blocked and Port Authority Bus terminal officials halting ticket sales and advising commuters to seek other transportation. The vulnerability of  
(Please turn to page 27)

Erie Railroad Magazine

# Self-Help Alone Not Enough to Offset Handicaps on Rails, Von Willer Tells Shippers

## Government Policy Keeps Brakes On as Technology Advances

**R**AILROAD technology is moving ahead at a rapid pace, but self-help alone will not be able to overcome the handicap of competing against continued one-sided government policies which favor other carriers in the field of regulation, taxation and publicly financed facilities, Harry W. Von Willer, president of the Erie Railroad told a meeting of 300 members of the Alleghany Regional Advisory Board on March 17.

He spoke at a meeting of the shippers' group held at the Penn-Sheraton Hotel in Pittsburgh, and aimed his address at criticism that railroads should be doing more to help themselves out of their financial plight and diminishing traffic status.

"I heartily subscribe to the principle of self-help", he said, "but those who make the statement are either unaware of the things that are being done in the railroad industry, or they know better and are merely passing the buck as the easy way out of facing up to a serious problem that seems to be too big to handle."

### Railroad Improvements

He pointed out that railroads have spent an average of \$1 billion a year during the last decade, while earning only \$750 million a year, to provide new construction, new tools and the latest technological advances to increase efficiency and lower costs.

He said he doubted, however, that even under the best of free-enterprise conditions there will ever be enough money available to the railroad industry under present conditions to come anywhere close to matching the huge funds that are being poured into highway, waterway and airway facilities used by other carriers without adequate user charges.

He stated that the technical progress made by the railroads in the last ten years is perhaps as great if not greater than any other

industry, but added, "If unrealistic government policies remain with us, we will have gained nothing. All the self-help in the world cannot compete against these odds. Unless the railroads are allowed to compete on an equal basis, the nation cannot expect to have the strongest possible transportation system to meet its future needs."

He charged the various governments—Federal, state and local—

are spending more of the taxpayers' money on transportation than for any other purpose, except national defense. This year alone, Federal government expenditures for all forms of transportation will amount to \$4 billion, he said, but not one cent is for the purpose of promoting railroad transportation.

### "Happy Pills"

"How long can the so-called caretakers of our economic health keep the American taxpayer on tranquilizers before he realizes these 'happy pills' are merely giving him a temporary and false sense of contentment at a pretty

(Please turn to page 26)



HAROLD E. MILLER, Erie agent at Mantua, has just entered upon his duties as lieutenant governor of Kiwanis. Here he poses beside the banner his home club, Aurora, will display during his term of office.



# Less Regulation Seen Answer to Railroad Problem

Release by the government of the Commerce Department's year-long study of the transportation problem in the United States touched off an immediate storm of protest from the truckers and barge line operators.

The objections of the railroads' competitors were founded on the fact that the report, were its recom-

mendations carried out, would result in a freer atmosphere of competition; user charges would be levied on waterways operators and the powers of Federal agencies to regulate rates would be lessened.

The Wall Street Journal on March 15 made this comment on the protests:

## The Monopoly That Used to Be

**I**T should surprise no one that the trucking associations and waterways users are opposed to the Commerce Department's study of the nation's transportation. For the study, like its 1955 predecessor by the same government agency, does give comfort to their chief competitor, the nation's railroads.

The comfort, though, is likely to be small unless Congress pushes the report's proposals to free the railroads from the kind of government control that has kept them, in far too many ways, from helping themselves. Nor does the study, as the American Trucking Associations and the American Waterways Operators seem to argue, unduly favor the railroads.

What it does do is to make clear that a number of policies that now affect transportation hinder the railroads in two ways. One is the restrictions on railroad rate-making, mergers and consolidations. The other is the way in which Federal and state policies subsidize other means of transportation. Truckers do not have to build their roads, nor do waterways users have to dig their canals and cutoffs. Neither have to maintain their avenues of transporting the goods they carry. The taxpayers do it for them.

The government a very long time ago undertook to regulate transportation at a time when the railroads were dominant in the field. However useful and neces-

sary to the economy trucks, barges and planes now are, the railroads are still the backbone of the transportation industry. But they are no monopoly. They are, in the words of the report, "the outstanding unsubsidized sick man" of the industry.

Taken as a whole, the national transportation system is so out of kilter as hardly to be a system at all. Taken individually, the reason becomes apparent; the railroads are not subsidized. Nobody, for example, suggests that the Federal Government should help a community build a railroad station. But any ambitious village, if its congressman and Chamber of Commerce work at it, is likely to get Uncle Sam to put up money to help build an airport.

We aren't by any means proposing that subsidy is the answer to the railroads' trouble. Less subsidy for others and less regulation for railroads is more the answer. "Transportation should be regulated by the same forces as the rest of the American free-enterprise system: Fair competition in price and service to the customer" is the way the Commerce Department puts it.

To be sure, the remark is so true as to be almost a truism. But it is obvious that there can be no competitive prices and services when one of the competitors is wrapped up in regulations as though it were still the monopoly it used to be.



**FOUR VISITORS FROM IRAN** see how the Erie does things. The visitors spent a week at Erie headquarters, looking for methods to apply to the Iranian State Railways. Left to right: Hassan Malekjah, assistant chief, personnel, ISR; Sohrab Amjadi, secretary to directors, ISR; Glen F. Dunathan, auditor of machine accounting, Erie; Abass Pourhashem, chief of traffic, ISR; George W. Oakley, comptroller, Erie, and Gholam Hussein Ghafuri Ashtiyani, director of statistics, ISR.

# Rate Department's Work Fills Volumes, Lets Freight Roll

## But Subject Is Closed Book to Many

**R**ATES, the heart of the transportation business, are a closed book to many railroaders not directly concerned with them—partly because they fill so many books.

For the majority of railroaders it's a subject they would just as soon stay away from because of its highly technical and complex nature.

This is a specialized field requiring great skill and experience, for rates must be low enough to attract the business, and allow freight to move, yet high enough to let the movement of freight pay its way.

Striking the nice balance between what the shipper can afford and what the Erie Railroad needs to survive are 84 men and women led by Frederick M. Klitz, assistant vice president freight—rates. He makes his headquarters at New York, where 51 of the department are stationed and work under Herbert (Herb) C. Well, freight traffic manager. The balance are stationed at Chicago, where Leonard M. Schukei is freight traffic manager.



**HERBERT C. WELL** is freight traffic manager, rates, New York.



**FREDERICK M. KLITZ**, assistant vice president, freight-rates, directs a staff of 84 men and women. He makes his headquarters at 50 Church St., New York.

Always of first importance, rates are even more important today than ever before. For all kinds of competition, much of it free from government regulation, and most of it subsidized directly or indirectly by the government, exist today.

Besides common carrier water and highway transport, inroads made by private carriage — i.e. trucks owned by the shipper—have cut deeply into the traffic available to the rails.

### Basis of Rates

Before World War I, rates were to a large extent, the province of the division freight agent at the point of origin of the traffic. By conferring with the shipper, he could propose a rate. Today, however, if no satisfactory rate exists in the published tariffs—and there are literally thousands of rates—he refers the matter to the rate department.

Factors that determine rates include the value of the service to the shipper, the cost to the carrier,

the value of the article carried, the risk involved, the manner of shipping, the nature of the commodity, the distance shipped, the volume of traffic, and the competitive situation. In recent years the last named factor has been of increasing importance.

Today an orderly procedure has been set up to deal with requests for rates for new commodities, and the number of new commodities is steadily increasing as the standard of living rises. Many of the devices that we use in our daily life, from new types of food to television sets, were unknown just a few years ago. Industry, too, consumes new chemicals and raw materials that never moved before World War II.

When a shipper has a new commodity that needs a rate, it is first assigned a classification rate. These rates, as the name suggests, are rates determined by the general kind or class of thing the commodity is.

(Please turn the page)

# Rates

(Story begins on page 13)



**FRANK K. NOONBURG**, general freight agent (left), and **Jesse H. Sisco**, assistant freight traffic manager, tackle a knotty rate problem.

For example, when a solution to be used for growing cultures for penicillin—itsself a new drug—was developed, it was classified with the solution that had long been used for growing another similar substance—brewer's yeast.

Should he feel the classification rate is too high, the shipper may

ask for an exception to the classification, or for a specific commodity rate. If he is granted either of these, and still believes his rate is too high, he may ask for a public hearing before the proper rate-making committee.

After the public hearing, should a new rate be given him, the rate

will be filed with the Interstate Commerce Commission. Should there be no objections, the rate will then go into effect.

But should someone object—and the objector may be some other shipper whose business might be hurt by the change, or another common carrier who might lose traffic—the ICC may suspend the rate while an investigation proceeds.

Should the rate pass scrutiny by the ICC, it will then be ordered into effect.

## Nature of Shipment

All this sounds complicated. Actually the description above is a simplified one, that has carefully steered clear of the various sorts of hearings needed before classification committees, rate committees and the like.

Rates vary according to the characteristics of the commodity shipped. Coal, for example, is a bulk commodity, shipped in large quantities and needing no special protection from the weather. One cubic foot of coal is very much like the next one.

Precision instruments, on the other hand, are small. They demand special protection from all sorts of risks, from slight jarring to theft, to say nothing of the



**CONFERENCE ON OFFICE** procedures is held by three rate department men. Left to right: **Fred M. Zitto**, chief clerk to assistant vice president; **James J. Hotaling**, assistant to general freight agent, and **Kenneth E. Pritchard**, chief of divisions bureau.

**MISS ROSE ROONEY** is secretary to Mr. Klitz.





weather. They come in many diverse patterns, and are most expensive.

### High Cost of Errors

Naturally, transportation of the instruments will cost the railroad more than that of coal; too, the high value of them, whether measured by the cubic foot of load or by weight, is better able to bear a higher rate than coal, all other factors being equal.

Once rates have been established, they are published in tariffs. These tariffs, or listings of rates for classes and commodities and exceptions, are published in standard forms, and regulations prescribe what kind of type is to be used as well as the spacing and arrangement on the page.

Great care must be taken in compiling the tariffs, for, should some rate appear incorrectly, the rules require that, until a new supplement is effective, the printed rate will govern. Thus, should a rate be 72 cents, and the figures were transposed in printing to 27 cents, the 27-cent rate would govern; or should the correct rate be 27 cents and the figures appeared as 72 cents, the 72-cent rate would be charged, but the shipper may receive the benefit of the low rate by having the railroad handle the matter with the ICC for reparation.

(Please turn to page 28)

**STENOGRAPHER** Miss Mary Flusk is a member of the typing pool.



**FRANK J. NELSON**, chief of tariff bureau (left), talks over a problem with two of his team, **George E. Daly**, compiler, and **William G. Captain**, assistant chief of tariff bureau.



**THREE RATE QUOTATION** clerks take time to smile for the photographer. Left to right they are: **Lawrence W. Foley** and the **Coughlin** brothers, **James J.** and **Raymond E.**



**FOUR TARIFF COMPILERS** consult a tariff. Left to right: **Joseph Mamary**, **Joseph Portanova**, **Samuel T. Comer**, and **Thomas E. Whalen**.

# PEOPLE YOU KNOW



**ELSWORTH J. CAREY**  
Foreman Truck Shop

## All Working for the Erie at Marion Diesel Shop



**WILLIAM R. KEPLER**  
Electrician



**CHARLES D. NAPPER**  
Machinist Apprentice



**FRANK DE ERAMO**  
Pipefitter



**JOHN J. SIMMONS**  
Machinist Helper



**EARL C. KLINGEL**  
Machinist



**EDGAR D. BEATTY**  
Machinist



**DAVID F. STAUB**  
Machinist Helper



**JOHN H. CRANE**  
Machinist



**DONALD E. WHETRO**  
Machinist



**RICHARD W. NEIDERHAUSER**  
Electrical Foreman



**HOMER L. DIXON**  
Electrician



**A. RAYMOND STRAUSER**  
General Foreman



**ROBERT R. FORSYTH**  
Machinist



**FOREST H. SMITH**  
Machinist Helper



**FLOYD E. BUTZ**  
Electrician Helper



# Loss and Damage Prevention Could Help All on Railroad

## Erie's Account for 1959 Is \$3,162,977

By DAVID C. MITCHELL  
Superintendent of Station Service  
and Freight Claim Prevention

**L**OSS AND DAMAGE can be prevented—and with worthwhile results for everyone who works for the railroad.

The \$114,500,000 paid out in claims last year is only part of the cost of loss and damage. To it

must be added the not inconsiderable cost of settling the claims.

And then there is a third figure, one that cannot be accurately assessed, but is, perhaps the most crippling of them all: The loss of future business from the men who wanted their goods delivered on time and in good condition.

The 114 plus million dollars the railroads paid out could have gone for many constructive things to improve railroad service and facilities that would all help to enhance the future security of the jobs of all railroad men. Instead it is a

complete waste that benefits no one.

The Erie's own total freight claim account for 1959 was \$3,162,977, enough to buy 372 new box cars, or paint stations, freight houses, buildings and bridges—in fact there are lots of places where this money could be used to good advantage year after year. It would even build a new electronic freight yard.

Money like this is big money. It's also bad money. Everyone knows that there will always be a residual number of claims that no one can prevent, just as there will be automobile accidents. But by being continually alert any one of us can cut his auto accidents down, to the point where his principal danger is that some careless driver will run into his parked car.

### Self-Discipline Needed

Just so it is with loss and damage claims. We can cut them down; they should not continue to rise year after year. It demands a lot of self-discipline, a "tightening-up" all along the line.

Management is doing its part. Conferences with employees and shippers have resulted in a new approach to questions of careful handling packaging, loading of cars and of the placement and kind of dunnage used.

But one error by any number of persons may undo all the good that has been done. Sometimes these errors, besides being costly, may be embarrassing for many years.

Nor are switching crews the only ones who need to be constantly on the alert against errors of commission or omission that might lead to loss and damage.

### All Must Help

All those concerned with movement of goods, whether the movement itself or the clerical work connected with it, must be constantly on the alert to prevent any possible trouble.

(Please turn to page 27)

Erie Railroad Magazine

**Bowl 'em over!**

**TEAM WORK**

**INSECURE BRACING**

**POOR PACKAGING**

**ROUGH HANDLING**

**UNFIT CARS**

**CARELESSNESS**

**IMPROPER MARKING**

**The Perfect SHIPPING TEAM**

	1	2	3	4	5	6	7	8	9	10	TOTAL
SHIPPERS	X	X	X	X	X	X	X	X	X	X	300
RAILROADS											300
RECEIVERS											300

**PRACTICE PERFECT SHIPPING EVERY DAY**

NATIONAL ASSOCIATION of SHIPPERS RAILROADS RECEIVERS  
National Freight Loss and Damage Committee  
This is the National Freight Loss and Damage Committee's official poster. It is the only poster of its kind in the world. It is the only poster of its kind in the world. It is the only poster of its kind in the world.

THIS YEAR'S PERFECT SHIPPING poster calls for teamwork from shippers, railroads and receivers.

# Praise Earned by Erie Men, Women at Work

Sir:

I have just returned from the trip to the coast and wish to express my appreciation to you and your co-workers, who so ably handled the transportation. Both my wife and I appreciate the arrangements made by your office.

On our arrival at Chicago, we were met by Phil Morgan of your Chicago office, who offered any assistance we might need, and on our return to Chicago we were met by Charles A. Crim, Jr. of your Chicago office, who also offered any assistance we might need.

The steward, Gerald Hinch, of the Erie dining car service, took excellent care of our eating needs, and our thanks is also extended to J. J. Collins, manager of the Erie dining car department. I would also like to express our appreciation to Mrs. Neisten, to whom I talked several times, in reference to the transportation.

The pullman reservations secured by your office on the various railroads were very pleasant, and we are grateful.

I also wish to thank you for completing the emergency call made to you by my secretary in locating me on my return to Chicago, which message I received upon arrival and communicated with my office.

I trust the foregoing mentioned people will in some way be notified of our appreciation, as they were advised of our dates of travel, and we wish to extend our sincere thanks to each and everyone of them.

My father was connected with the Erie Railroad for many years, and I feel quite at home calling upon the services of the Erie for transportation whenever needed.

Sometime in the future I may plan another trip west, and hope I may feel free to call upon your good office to make further transportation arrangements for me.

LaRue C. DuVall, President  
Spring Valley Savings and Loan  
Spring Valley, N. Y.

Sir:

Attached, please find check in the amount of \$43.30 for bus transportation and handling of baggage at New York.

We would like to take this opportunity of expressing our grateful appreciation to you and other representatives of the Erie in helping to make our trip such a real success.

Last but not least, we must mention the kindness and attention of Mr. John Collins, manager, dining car service.

With kindest personal regards.

Edmund S. Finucane  
Elliott-Finucane & Co.  
Sharon, Pennsylvania

Sir:

I wish to commend you on your excellent service.

Last month my sister and I went to Mansfield, Ohio, . . . as we usually do when not driving through. Inside the Mansfield station, the Erie ticket agent looked so willing to be helpful that we asked him how to get a taxi, and then how to get a rented car during our stay.

He phoned for a taxi and also the rented car office. He was so obliging that we were impressed to the extent of looking him up when we were ready to return, and we came back to N. Y. by the Erie, as a result. The Mansfield agent, who was so helpful, is Sam Ruley and we feel that you, as well as we, should feel grateful to him.

We found the Erie track far smoother than the . . . , and all personnel made an effort to be of assistance. We also found the motor coach is the easier way to come into the city, and with less trouble with baggage, than going from the . . . station to the Grand Central. At Rockefeller Plaza, the porter put us and our baggage in a taxi which took us to Grand Central.

Miss Katherine M. Benson  
Hartsdale, N. Y.

Sir:

I would like for you to know how much I appreciated the assistance of Mr. Carpenter of your office and Mr. Crim at the Dearborn Terminal in helping me to make arrangements to get between Chicago and Wadsworth, Ohio, over the weekend.

In an age when all of us are concerned chiefly with the mechanics of doing a job, it's especially gratifying to be treated with genuine courtesy and in a thoroughly personable manner.

John L. Callahan, Jr.  
Ass't Director, Student  
Activities  
The University of Chicago  
Chicago, Ill.

Sir:

Our Mr. Atkins has informed me of the splendid job that your company performed for us over the weekend with the movements of an 85-foot piece of equipment from Air Products, Wilkes Barre, Pa. to our company at Butler, Pa. via D&H-Carbondale-Erie-Shenango-B&LE.

It is our understanding that the line-up of cars was as follows: PRR 470214, Idler; PRR 474209, Loader; PRR 475186, Idler.

Mr. Atkins tells me that he was informed by Mr. Hoffman in Mr. Adler's office here, that these cars moved out of Hornell 3:30 A.M. and were turned over to the B&LE 9 P.M. the same day.

This is to advise you further that these three cars were in Butler this morning, and will enable us to proceed with some badly needed plant expansion at Butler immediately, instead of having to wait several more days.

The purpose of this letter, of course, is to express our appreciation to you for the fast movement of these cars, especially in view of the length involved, which could easily have created serious operating problems.

Your assistance is deeply appreciated, and once again the Erie has come to our rescue.

J. W. Peterson  
General Traffic Manager  
Air Reduction Sales Company  
New York 17, N. Y.

(Please turn the page)

# Letters

(Please turn to page 19)

Sir:

One morning I sleepily climbed on the 9:30 train out of Hoboken. When the conductor came for my ticket, I was unable to find it.

Though very sympathetic, the conductor naturally charged me for the one way fare to Binghamton, my destination.

When we stopped at Port Jervis, I was awakened by a kindly gentleman who presented me with a freshly stamped round trip ticket for the New York to Binghamton route. (At the same time, I was refunded for my one way ticket, purchased aboard.)

Evidently, the ticket agent in Hoboken had found my ticket on the counter, where I had failed to pick it up after purchasing it. He had wired ahead and the people in Port Jervis had taken over from there.

In an age when the railroads are the brunt of much criticism, this seemed to me to be a tremendous example of their continuing service to the public, above and beyond the call of duty.

Unfortunately, I cannot identify the three men who were so personally considerate in this case. I am grateful to them, and for more than the money involved. If possible, I would appreciate it if you could extend my gratitude to them. You also should be grateful and proud.

Again, my deep appreciation.

Philip E. McPherson  
Andover, Mass.

Sir:

I am writing this short note just to convey our company's appreciation for the railroad's fine cooperation during our recent strike emergency.

Mr. Bemiller has told me that your railroad was most cooperative in filling our very short notice request for freight cars.

I am happy to add that our labor differences are now settled, and that your railroad's action will not soon be forgotten.

H. L. Albrecht

Treasurer

The Faultless Rubber Company  
Ashland, Ohio

Sir:

Once again, I'd like to extend the appreciation of the Knolls Atomic Power Laboratory and myself for the fine job of railroading performed by the Erie Railroad.

As you know, considerable attention and emphasis was given toward moving car SOW 50009 from Chattanooga, Tennessee to Ballston Spa, N. Y. Each of the railroad participating in this move were alert to our requirements, and they met the challenge without difficulty.

You received the car at Lima, Ohio at 2:00 a.m. and delivered it to the D.L.&W that same day.

This, to me, is "hot" railroading and railroading at its best.

I'd like you to know that as a result of this move, the unit was delivered to its installation position (8 miles overland) before the men returned from their Christmas holiday.

My special thanks to Everett Talbot, Mr. Seib and Mr. Metcalf of Mr. Clark's office and Ed Robisch at Marion for their contribution.

J. J. Berlinger

Supervisor, Traffic Control  
General Electric Co.

Knolls Atomic Power Lab  
Schenectady, N. Y.

• • •



NAME	POSITION	LOCATION	YEARS DATE SERVICE
James P. Ambrose	Marine Engineer	Jersey City, N. J.	2-23-60 33
Gustave H. Bohrer	Machinist	Buffalo, N. Y.	2- 5-60 45
Everett E. Bonecutter	Engineer	Marion, O.	2-29-60 42
Walter B. Coston	Examiner, Wage Bureau	Hornell, N. Y.	2-29-60 42
Angelo F. Cotroneo	Crossing Watchman	Passaic, N. J.	3- 2-60 33
John J. Crane	Road Conductor	Hornell, N. Y.	2-15-60 45
Robert E. Curtis	Division Car Foreman	Port Jervis, N. Y.	3-31-60 38
Harry E. Decker	Patrolman	Port Jervis, N. Y.	4-30-60 37
Emil M. Dill	Conductor	Meadville, Pa.	2-15-60 46
Herbert L. Deterick	Car Repairer Helper	Port Jervis, N. Y.	2-26-60 38
Frank A. Edwards	Laboratory Engineer	Meadville, Pa.	3-31-60 43
Michael Fecanin	Car Repairer	Jersey City, N. J.	2-18-60 39
Francis V. Fields	Freight Conductor	Huntington, Ind.	2- 5-60 47
John E. Gerber	Car Shop Foreman	E. Buffalo, N. Y.	3-31-60 48
John Guzek	Carman	E. Buffalo, N. Y.	2- 2-60 31
Joseph P. Hollarn	Car Inspector	Buffalo, N. Y.	2- 1-60 46
Harry E. Joyce	Yard Brakeman	Youngstown, O.	2-25-60 44
Hugh M. Kirkwood	Trackman	Ravenna, O.	1-31-60 24
John W. Lindsay	Blacksmith Helper	Hornell, N. Y.	2-16-60 36
Harold P. Lyon	Road Conductor	Hornell, N. Y.	2- 5-60 42
John Maksimowicz	Stower	Jersey City, N. J.	1-31-60 30
Leo C. McCauley	Yard Conductor	Dundee, N. J.	2-29-60 50
Charles H. Mercereau	Road Conductor	Hoboken, N. J.	2-29-60 40
Allie H. Morse	Crossing Watchman	Hornell, N. Y.	10-22-59 35
Walenty Mroz	Welder	Susquehanna, Pa.	2-10-60 36
Arthur T. Neilsen	Carpenter Foreman	Weehawken, N. J.	2- 8-60 44
Domenico Quattrocchi	Trackman	LeRoy, N. Y.	2-26-60 29
Antonio A. Raffaele	Assistant Track Foreman	Waldwick, N. J.	2-17-60 39
Mrs. Adelaide B. Rizzo	Interline Code & Routing Clerk	Caldwell, O.	3-31-60 33
Edward D. Rollins	Checker	Jersey City, N. J.	12-22-59 32
James N. Scizas	Asst. Section Foreman	Youngstown, O.	2-25-60 35
William G. Smith	Yard Conductor	Jersey City, N. J.	2- 5-60 44
Donald J. Starbird	Engineer	Port Jervis, N. Y.	2- 3-60 45
George E. Sutton	Road Conductor	Port Jervis, N. Y.	2-23-60 47
Martin G. Sweeney	Conductor	Avoca, Pa.	1-31-60 40
Milton R. Walker	Agent-Operator	Great Bend, Pa.	2- 9-60 39
Francis Wilcox	Engineer	Port Jervis, N. Y.	2-17-60 37
Jacob L. Williams	Road Brakeman	Hoboken, N. J.	3- 3-60 37
Loretta C. Young	Statistician	Youngstown, O.	3-31-60 37
Anthony V. Ziarnowski	Accountant—R&BM	Hornell, N. Y.	2-29-60 42
Francis Switalski	Yard Conductor	Buffalo, N. Y.	1-20-60 35
Harry A. Teems	Train Dispatcher	Huntington, Ind.	2-29-60 46
Russell M. Terhune	Chief of Divisions Bureau	New York, N. Y.	2-15-60 31
Herman G. Violand	Asst. to Vice President	Cleveland, Ohio	2-29-60 49
Ford L. Wallis	Trucker	Akron, Ohio	1-18-60 23
Herman S. Wartens	Pipefitter	Hornell, N. Y.	1-27-60 38
Alexander Weiss	Asst. to Gen. Frt. Agt.	New York, N. Y.	2-29-60 52
Edward F. Worzel	Track Foreman	Port Jervis, N. Y.	1-11-60 39
Frederick W. Yonkers	Trucker	Jersey City, N. J.	9-11-59 32
Alexander Zukowski	Machinist Helper	Jersey City, N. J.	1-30-60 47
Walter J. Hoke	Engineer	Meadville, Pa.	1-31-60 50
Walenty Kruszdlo	Car Repairer	Jersey City, N. J.	2-3-60 33
Wesley J. Pattysen	Trucker	Jamestown, N. Y.	1-21-60 31



# Erie Veterans News

Fellow Veterans,

We will soon be approaching important doings in our organization. I have in mind the ballots for our 1961 officers, these will be mailed the latter part of May. Please exercise your right to vote, and mail it to the election committee.

In addition of course, is our goal of at least 5000 members by June 30th, applications are coming in very well please keep up the good work.

Don't forget that men and women with only 15 years' service can join this year.

Fraternally yours,

**L. H. Arold**

Financial Secretary

for **H. C. Travis**, President

## Jersey City

By **G. C. Kalle**

The monthly meetings effective beginning in April will be held on the first Thursday of each month at the Veterans of Foreign Wars Hall, 272 Ellison St., Paterson, at 8:30 P.M.

We hope to see many of you at the meetings.

A party of 45 veterans and their wives journeyed to Scranton, under the leadership of **J. F. Hazzard**, second vice president and his co-chairman, **J. J. Callahan**, to attend the annual installation and dinner of the Dunmore-Avoca chapter.

**F. P. Belling**, social director, was the installing officer of the officers of the chapter and the auxiliary.

The membership committee was hard at work in January and February and reported a total of 97 new members enrolled since our Hornell meeting.

**J. F. Hazzard**, committee chairman and **Dave Tice**, chapter chairman, congratulated the members of the committee who worked so diligently to enroll so many new members.

With the fifteen year rule in effect for a temporary test period,

all eligible candidates can join by securing an application blank from any veteran or by sending your name, address, work location and date of entering service to **J. F. Hazzard**, chairman, Jersey City, or to **G. C. Kalle**, secretary, Weehawken, with \$2.00 fee which covers initiation fee and first year dues.

The Ladies Auxiliary is again planning trips for all who can attend, the next will be to Radio City.

The Ladies Auxiliary is a lively, energetic group and if your husband or brother is a veteran, you are eligible to join.

The auxiliary meets the same night and at the same place as the veterans.

All of the 1960 dues cards have been mailed or are in the hands of the collectors.

If you have not already taken care of this small obligation won't you please do so at once.

If for any reason you have severed your membership in our chapter and desire to rejoin, you may do so until June 30th, 1960 at the regular fee of \$2.00.

## Marion

By **Lucile Osman**

**W. O. Wilkins**, retired operator, "AC" tower, Marion, was presented a 50-year diamond pin at the monthly meeting of the Marion Chapter.

This was the highlight of a potluck supper meeting attended by 75 members of the veterans and Ladies Auxiliary.

The 50-year pin was presented by **D. J. Schoonmaker**, chief train dispatcher.

The 1960 membership cards are on hand, it would be appreciated if they could be picked up promptly.

## Akron

About 130 veterans and guests enjoyed the veterans annual banquet at the Moose Club in Cuyahoga Falls.

Out-of-town guests were **H. C. Travis**, system president and wife, **L. P. Reebel**, system recording secretary and wife and **Mrs. Esley Nesbit** of the Hornell Chapter Auxiliary.

**Albert Coffman**, president, acted as toastmaster honoring all retired veterans present.



**CHARLES LODS**, chief waybill clerk at Akron, has retired after 47 years of service to the Erie. He will continue to live at 1741 Union Street, Cuyahoga Falls, O.

**Mr. Coffman** reported 12 new members.

**Mr. Travis**, system president installed the following officers:

**L. V. Brownell**, president; **George Hannan**, vice president; **A. J. Campbell**, secretary-treasurer; **T. G. Wogan**, **F. D. Ball** and **M. O'Donnel**, trustees.

At the meeting of the Ladies Auxiliary the following officers were installed.

**Mrs. D. L. Jenkins**, president; **Mrs. A. W. McCullough**, vice president; **Mrs. C. D. Carnes**, recording secretary; **Mrs. W. R. Wachter**, treasurer; **Mrs. L. W. Brillhart**, chaplain; **Mrs. T. H. Gleespin**, guard; **Mrs. A. T. Johnson**, historian; **Mrs. W. J. Charles**, sunshine chairman; **Mrs. T. G. Wogan**, publicity and **Mrs. C. O. Ritter** and **Mrs. L. V. Brownell**, telephone communication.

## Salamanca

By **W. E. Pierson**

Our January meeting was cancelled due to the annual system meeting and installation of officers at Hornell.

The February meeting was postponed for several days because of severe weather conditions and was finally held at Myers Hotel, Salamanca.

The meeting had a fine turnout, including five new members.

The membership committee is very active with 33 new members this year.

The 1960 officers which were in-

stalled are **J. G. Ainey**, chairman; **C. E. Stein**, vice chairman; **Fay Barhite**, **C. R. Fralick** and **J. W. Childs**, trustees; **L. P. Johnson**, secretary-treasurer and **W. E. Pier-son**, corresponding secretary.

Following the February meeting, colored motion pictures of "Bow-hunter's African Safari" and an "Air Flight to Rome" were shown by **Frank Haudenschild**.

The secretary-treasurer reports that 1960 dues are coming in fine, thanks are extended to those col-lecting.

## Buffalo-Rochester

By Jan Bender

At the installation dinner **Michael Redding** was master of cere-monies, **Bob Symington** was the installing officer and **John Brill**, vice president of the D.L.&W. vet-erans, spoke briefly.

Life membership cards were pre-sented to:

**George Feltz**, retired engineer; **Larry Leprell**, retired air brakes inspector; **Mike Mirco**, retired sec-tion foreman and **Frank Halbleib**, retired chief clerk to master me-chanic.

Newly installed chairman, **Henry J. Schultz**, announced the Spring Hop will take place on April 30th in the Harugari Temple.

Birthday greetings to auxiliary members, **Mrs. Henry A. Brundt** and **Mrs. Henry Matthies**.

The revised requirements for eli-gibility has resulted in a bonanza of new members. Twenty in all! They are:

**James T. Buck**, **James W. Dow-er**, **John J. Flynn**, **Charles J. Hu-dack**, **Joseph Horn**, **Miss Florence Hurley**, **R. E. Johnson**, **William H. Judd**, **Robert V. King**, **Judson J. Mings**

**Kenneth W. Hicks**, **Leonard Stein**, **Benny F. Zeitz**, **Robert J. Green**, **Edward C. Mine**, **L. J. Piatt**, **Joseph P. Miller**, **Harry Buckert**, **Thomas J. Redding** and **William J. Jahnke**.

## Cleveland

By Bob Johnston

Wednesday, May 18th has been selected as the date for our Spring Dinner meeting at the Pickwick Room, 613 Euclid Ave., Cleveland.

Veterans and their wives or hus-bands are urged to attend this meeting which we hope to make as



"A nickel isn't much good for anything any more, except for a tip."

enjoyable as our past affairs.

**Marty Nolan**, entertainment committee promises a fine pro-gram.

**Joe Braun**, chairman, and his committee are busy with the pre-liminary arrangements for the in-stallation of **C. J. R. Taylor**, as sys-tem president in January 1961.

Retired veterans and their wives are particularly welcome, and we are anxious to see them and renew friendships.

**Louie Drew**, retired from the auditor of revenues department, visited the general offices with news of many retired vets in Flor-ida.

**Louie** is a walking advertisement for retirement in the southland.

The engineering department is shooting for the distinction of be-ing the first to have a 100% mem-bership of all employes with 15 or more years seniority.

## Salamanca

By W. E. PIERSON

"Newcomers and oldtimers night" was held at a dinner meeting at Myers Hotel with representatives from Wellsville, Olean, Bradford, Kennedy, Allegany, Jamestown, Niobe and Salamanca.

Following the dinner and meet-ing, **J. G. Ainey**, on behalf of the chapter, presented a gift to **J. L. Murray**, past chapter chairman, for his work in the association and the membership drive in which 47 have been enrolled since the new year.

**Louis Rossman** and **Robert Howe** were co-chairmen on the attend-ance committee.

# Latest Chatter About All the Erie Family

New York Division

SUPERINTENDENT'S OFFICE  
HOBOKEN

By Mary A. D. Meyer

Keep May 7th open on your cal-endar because that is the date chosen for the dinner dance of the New York Division Welfare Asso-ciation to be held at the Casino de Chariz, 120 Union Boulevard, Totowa Borough, N. J.

Recent visitors to our office were **Helen Hopple**, **Joe McGirr**, **Roy Haslam**, **Neil Fulton**, **Stanley Mc-Granahan**, **Leo J. McCauley**, con-ductor, Dundee Yard and **Danny Rooney**.

Cards have been received from **Mr. and Mrs. Harry Coleman**, both retired, who are spending the win-ter at Lake Worth, Florida.

**Jim Farrell** is now temporary 2nd trick side line dispatcher and **Herbie Vonderheyde** is temporary relief dispatcher.

Washington's birthday weekend was spent by **Dick Young** photo-graphing the remaining steam lo-comotives of the Grand Trunk Rail-way at Detroit, along with about 125 other fans, riding the electric North Shore Line from Chicago to Milwaukee.

The special train had to buck plenty of snow but an enjoyable time was had.

## PASSAIC, N. J.

**Mary M. Molinaro** is studying a European tour this fall.

**N. Siems**, conductor, is the new conductor of the Garfield drill.

**Winnie Wagner** enjoyed a few days of his 1960 vacation at home.

**John Sees** donated a frankfurter party to the children of the Holy Name school in Garfield, N. J.

**Harry Flanagan** is looking over sport magazines selecting new fish-ing equipment.

**F. Keesler** did not do much fish-ing this fall, but he is planning an active season in the spring.

**Mary M. Molinaro** went to visit her folks in Scranton, Pa.

## Kent Division

### AKRON

By Besse Westbrook

Welcome to **Ed Shanholtz** the new clerk at the yard office.

Congratulations to **Harrison Mitchell Stowman** and **Jane Hunt** on their marriage. They spent their honeymoon in Lineton, Virginia, Mr. Stowman's home town.

**F. M. Smith**, claim clerk and **Esther Martin**, general clerk, are both driving new cars.

**C. O. Ritter**, trucker and wife traveled to Tampa, Florida to spend their vacation with Mr. Ritter's brother.

The **Ritters** will also motor to Ridge Manor to see **Fred Bott**, retired chief clerk in the yard office, and wife.

• • •

## Marion Division

### TRANSPORTATION DEPT.

#### AND

M. OF W. DEPT.

By H. V. Welker

Best wishes for a happy retirement to **E. H. Guess**, engineer, Hammond; **F. V. Fields**, freight conductor, Marion Division and **Harry A. Teems**, train dispatcher, Huntington.

•

## HAMMOND CONSOLIDATED

By Grace Connoles

Congratulations to **Mr. and Mrs. Robert Buttray** of Meadville, daughter and son-in-law of **Harold A. Dean**, general yardmaster, Chicago, who became parents for the first time with the birth of their child, **Lonnie Dean**.

•

## 14TH STREET, CHICAGO

By Chris Hardt

Following their 25th wedding reception, **Blase and Mildred Zera**, proprietors, 14th St. Erie lunch canteen, enjoyed another honeymoon in several cities in Florida.

At the reception the Erie and Lifschultz employees and management had a real get-together.

Guests especially enjoyed the native dances of their countries by **Frankie Savage**, check clerk.

**Mike DeVincenzo**, Lifschultz driver, entertained with his dance and opera songs and **Nick Lazzaro**, Lifschultz driver, and **Mary Parrilli** did country dancing.

There were happy moments when **Robert J. Meek**, freight agent, Youngstown, stopped in at our of-

fice to say hello during the Washington birthday holiday.

After 49 years service, **Nellie Walsh**, biller at the 14th St. office was honored with a parting gift on her retirement.

30 employees were present in the office of **George Sheridan**, freight agent, when **Nellie** was wished many years of happy retirement. Cake and coffee were served after the presentation.

• • •

## Susquehanna Division

### HORNELL BACK SHOP

#### AND DIESEL SHOP

By R. L. Hammond

**B. P. Casey**, shop nurse, vacationed in Texas.

**O. Higgins** and **B. Higgins**, electricians, vacationed in Florida.

Other Florida vacationers were **Harold Maine**, laborer and **Leith Grounds**, Diesel clerk.

**M. J. Brunskill** is driving a new car.

•

## Mahoning Division

### POLICE DEPARTMENT

By J. O. Sheets

Patrolman **A. Herrick** and wife celebrated their 14th wedding anniversary.

Patrolman **J. M. Buda's** daughter, **Susan**, age 11, has been given a letter of commendation from her school principal on her third year as an "A" student.

**Lieut. D. Downie** and wife are planning a vacation in California.

Patrolman **M. Banyas** reported good ice fishing on Lake Erie.

**Pvt. Lewis O. Owens**, son of Patrolman **L. E. Owens** enlisted in the U. S. Army and is stationed at Fort Knox, Ky.

Patrolman **D. H. Karr** and family enjoyed ice skating at Pymatuning Lake.

• • •

## Stores

### HORNELL

By Lois R. Bossard

& Dominic Gallicchio

**Paul Condon** spent three days in Detroit.

Congratulations to **Mary Lou** and **John Kelleher** on the recent birth of their son, **Daniel Patrick**.

**Bill Hahn** was a visitor at the Stores department.

**Don Lindeman** came to work one morning without a left front fender.

**Francis Williams** got stranded

in Pennsylvania on his vacation due to a snow storm.

**Richard Smith** got a new car.

• • •

## Accounting

### AUDITOR OF

#### MACHINE ACCOUNTING

By Bernice Batcha

& Dennie Kish

**Mabel Goss** is looking fine with her new hair cut.

Also sporting becoming hair-dos are **Helen Martonicz** and **Rennie Belden**.

**John Badaracco** predicts forty or more home runs for **Rocky Colavito**, making it three consecutive seasons.

**Helen Frankovits** joined a skiing contest to see how close she could come to a plate glass window without going through it.

**Ella Flaningam** and husband, **Jack**, have been taking dancing lessons.

**Kathy Branch** heard the cry of "Fire" the other morning a few doors from her home.

**Kathy** ran to the scene and upon returning home, found she had locked herself out.

Ensign **Ronald Daley** graduated from Naval Supply School in Atlanta, Ga. permanent quarters in San Diego, California. His father is **Leonard Daley**, methods and procedures analyst.

•

## AUDITOR OF REVENUES

By Dick Bruyere

**Maxwell Payne** retired after 49 years service.

**Anne McCaffery** became **Mrs. James Feeney**.

**Betty Krych** and **Florence Cregan** took the Erie to New York to see "Gypsy", a Broadway show, stopped in at Sardi's for strawberry cheesecake and happened to see **Lauren Bacall** at another table.

**Kay Nolan** and her mother traveled back east to visit relatives in the Bronx.

**Joe Alieo** took to the hills of Stoney Mountain, Michigan to try his luck at skiing.

**Marty Marcellino** took his family sled riding in Eastlake, Ohio.

**Janet Locher**, **Irene Haborak** and **Marge Stattler** attended the annual meeting of Railroad Business Women held at the Greenbrier in White Sulphur Springs, West Virginia.



Russ and Betty Williams announced the arrival of their third child, **Patricia Ann**.

In the Erie Bowling League, the Interline team has a slim margin on first place by a scant  $\frac{1}{2}$  point ahead of the Research team.

The Agency men are only 1 point out of first place, while the Columbians are 8 points behind.

## NEW YORK STATION

By Joe Barry

A retirement dinner was given in honor of **Florence M. Murphy**, cashier, who retired after 44 years service.

Your columnist acted as master of ceremonies for **Florence's** retirement dinner.

**Margaret Cull**, chairlady of the retirement dinner, her committee, **Charlotte M. Schall** and **John J. Wilson**.

Happy birthdays to **William C. Ryan**, **Charles Massey**, **Harvey Gray**, **Marcel Rogers**, **William Schneider**, **Francis Dunne**, and **John O'Brien**.

**John Shannon** is back at his desk after a short sojourn in sunny Florida.

Recent visitors to our bureau were **Jasper Van Hook**, treasurer and **J. L. Gould**, chief clerk, overcharge claims department in the auditor of revenues office, Cleveland, Ohio.

Congratulations to **Nick Passarelli**, former assistant chief accountant, on his advancement to assistant cashier.

**Nick** succeeds **John Vitrone**, who replaced **Florence M. Murphy** as cashier upon her retirement.

## Mechanical

### SUSQUEHANNA

**Elmer F. Hoffman**, who retired, was chief clerk at Susquehanna and was honored at a testimonial dinner by his co-workers.

Several guests from out-of-town attended the affair, **Charles H. Zimmerman**, trainmaster, presided as toastmaster.

**David H. Decker**, supervisor of car repairs, presented **Mr. Hoffman** with a gift from his fellow co-workers and friends.

**John E. Bowen**, division car foreman, **Hornell**, presented him with his retirement certificate.

**Mr. Hoffman** completed 49 years of service with the Erie.

# Annual Report

(Story begins on page 5)

liberal vacation allowances, an increase in the number of paid holidays from 7 to 9 per year, additional health and welfare benefits and a life insurance policy for each employee to be paid for by the company.

## Negotiations Proceed

The railroads, including the Erie, have made counter-proposals for the cancellation of cost-of-living escalator provisions and a general reduction in basic wage rates to bring wages paid to railroad workers more in line with wages paid in other industries.

Notices were also served on the labor organizations representing employees in engine, train and yard service proposing changes in rules covering job assignments and duplicate wage allowances. The roads also proposed a change in rules which require employment of firemen on Diesel locomotives in freight and yard service.

These matters are now being actively negotiated under the process prescribed by the Railway Labor Act. It is not likely they will be resolved until April or May at the earliest.

## Merger Advances

During 1959, great progress was made toward accomplishing the merger of the Erie and the Delaware, Lackawanna and Western Railroads. The merged company will be called the "Erie-Lackawanna Railroad Company."

As stated in the 1958 Annual

Report and in previous issues of the Erie magazine, preliminary studies were made as to the feasibility of a three-way merger involving the Erie, Lackawanna, and Delaware and Hudson Railroads. However, in April 1959, with the consent of all three railroads, negotiations of a three-way merger were terminated because it was felt that, under then existing conditions, it would be impossible to arrive at merger terms which would be fair and equitable to all parties.

Immediately thereafter, negotiations for the Erie-Lackawanna merger were begun and promptly progressed with the result that merger terms were agreed to by the Boards of Directors of both companies and incorporated in a "Joint Agreement of Merger" dated June 24, 1959.

Each share of Erie common stock will be converted into  $1\frac{1}{4}$  shares of the common stock of the merged company, and Lackawanna common stock will be converted share for share.

## Shareowners' Approval

Erie preferred stock will remain outstanding without change as the preferred stock of the merged company. The bonds, debentures, and equipment trust obligations of the Erie and the Lackawanna, likewise, will become the merged company's securities.

At special meetings held in September 1959 the shareowners of both companies overwhelmingly approved the merger terms. Similarly, the bondholders of both companies overwhelmingly approved various changes which the merger will require in certain affected mortgages.

## ICC Hearings

As required by law, the Erie and the Lackawanna applied to the Interstate Commerce Commission for authority to carry out the merger. A Joint Application was filed on July 1, 1959. Hearings were held before an Examiner of the Commission during September and October in which extensive proof supporting the merger was presented and the record was closed on October 22, 1959.

Many of the directors and most of the officers of both companies



"Does the company frown on getting hurt off the job?"

appeared as witnesses or participated actively in the preparation of testimony and exhibits.

Briefs have been filed, and the next step will be the issuance of the Examiner's proposed report, or recommended decision, which is expected shortly.

Thereafter, the proceeding will be decided by the Commission. While some opposition to the merger developed at the hearings, it is contemplated that nevertheless the merger can be made effective well in advance of the end of 1960.

#### Promise for Future

This merger holds great promise for the future because of the benefits which are expected to flow from it, including a reduction in the cost of operation and an improvement in service generally. It is estimated that the net gain from savings and increased traffic potential, realizable over a five-year period, will be in excess of \$13,000,000 annually, before Federal Income taxes.

This figure represents the increased income available for the fixed and contingent charges of both railroads combined at current revenue and expense levels that the merger is expected to produce.

The new system will have more than 3,200 miles of line with about 7,500 miles of track. The main routes between New York and Buffalo and Chicago will serve such large traffic centers as Jersey City, Hoboken, Weehawken, Newark, Passaic and Paterson, N. J., Scranton, Pa., Binghamton, Elmira, Corning and Jamestown, N. Y., and Youngstown and Akron, Ohio.

#### Additional Revenues

Secondary main routes will serve such important points as Utica, Syracuse, Oswego, and Rochester, N. Y., Kingston, Pa., and Cleveland and Dayton, Ohio. The merged company will own about 700 Diesel locomotive units, 33,000 freight cars and 1,200 passenger cars. As to total revenues, the Erie-Lackawanna Railroad Company will rank about twelfth among the nation's 110 major railroads.

From the standpoint of the Erie and the Lackawanna, the most fruitful way to improve their position on a large scale is through

#### WHY NOT LET HIM OFFER THIS?



this merger.

The additional income which the merger is expected to make possible will help substantially to provide the money necessary for improving facilities and better service, for protection of bondholders, for fairer treatment to shareowners, for job security and for keeping the railroads in a sound competitive position. All of these factors are greatly in the public interest.

#### Commuter Losses

The heavy loss incurred by the Erie in operating commuter service has been discussed in previous annual reports. This problem, which is one of the most difficult and important faced by the company, is shared by the Erie with many other railroads, particularly in the New York-New Jersey suburban area.

Constant efforts have been made, and are being made, to reduce the loss occasioned by the decline in demand and increase in costs of operation. Generally, the methods used are (1) discontinuance of poorly patronized trains, and (2) increases in fares.

It is abundantly clear, however, that discontinuing trains and increasing fares, while helpful in reducing the loss, are not sufficient to eliminate it.

Despite the continuing efforts that have been made in these directions, the loss still exists and is currently running in excess of \$2,000,000 annually on an out-of-pocket basis.

This is a tremendously heavy burden to carry since it weakens the company's financial position and reduces the amount of money available for fixed charges, dividends, capital improvements and other general corporate purposes.

Since the volume of service which must be provided and the level of fares which can be charged are strictly controlled by public authorities, the problem is basically political in nature, and political action will have to be taken to solve it.

#### Time for Solution

The time has come when it must be solved. Aside from elementary considerations of fairness and square dealing, the railroads can no longer afford to subsidize the commuting public by providing the required service below cost.

The Erie management believes that a governmental agency, financed from public funds, should be established for the purpose of determining and assuming financial responsibility for such suburban passenger service by rail as should be provided.

This authority would fix the level of fares to be charged, would receive all the revenues earned by the service, would determine what train service should be operated, and would pay the railroads their full costs for operating it.

#### Railroad Facilities

In other words, the railroads would continue to provide the facilities and operate the trains as they always have, but would receive full compensation from the commuters themselves.

In this way, the broad policy question as to how much rail commutation service should be operated and at what price to the commuters would be put squarely in the hands of a governmental agency as contrasted with the existing unsatisfactory condition under which the responsibility for such matters is divided among railroad management, the Interstate Commerce Commission and State commissions.

The great benefits of such an arrangement would be that this essential service would continue to be operated by private enterprise,

(Please turn the page)

# Annual Report

(Story begins on page 5)

the continuance of the service would be insured, the amount and price of the service to the public would be determined by public authority, and the drain upon dwindling railroad resources would be ended.

## Not a Subsidy

Such an arrangement would not be a subsidy to the railroads. The railroads would simply be providing the essential public service upon the demand of the government and would be paid for it.

This would be no more of a subsidy than when the Erie transports an army tank from Cleveland to New York for the Defense Department and is paid a compensatory rate for so doing. Indeed, it can be said that under present conditions the railroads, their shippers and shareowners are subsidizing the commuters.

Problems, of course, would arise in setting up such a governmental agency, but they would not be insurmountable once there is a clear recognition of the problem and a sincere desire to meet it. Legislation, obviously, would be required. It is hoped that substantial progress along this line can be made in the near future.

## Industrial Development

There is nothing more important to the future growth of the Erie Railroad than to have prosperous

industrial plants along its line. This naturally increases the number of customers we can serve. For this reason, industrial development work is carried on with vigor and determination. Over the years, progress in this direction has been very satisfactory.

While industrial expansion and new plant construction slowed down somewhat in 1959 as a result of business uncertainties, we were able to attract many new industries to our territory. During the year, 43 industries purchased sites or located new facilities along our railroad and 23 industries expanded their operations.

This is a slight increase over the number of plants reported in 1958.

However, several large plants of well-known American concerns were obtained this year with the result that the potential revenue will nearly double that of the previous year. It is estimated that when these plants are in full production, they will add about \$3 million annually to Erie's revenues.

## Report Offered

Any employee who would like a copy of the complete report may have one by writing the Erie Magazine, 1327 Midland Building, Cleveland 15, Ohio.

In the report to the shareowners Mr. Von Willer said, "In reading this report I hope you will gain a clearer understanding of the challenges and opportunities that confront the railroad. "This digest of the report is presented to employees through the Erie Magazine for the same reason.

• • •

## Friends Shocked

(Story begins on page 10)

ing car department was the first to win the coveted A certificate of the United States Public Health Service, an award first granted in 1957, and since that time awarded again and again to the Erie.

He entered Erie employ as a detective in 1930. He became head of the dining car department in 1940.

He lived at 399 Washington Avenue, Rutherford. He is survived by his wife, the former Marie Michelson, a brother and a sister.

## Von Willer

(Story begins on page 11)

high price?" Mr. Von Willer asked.

He declared that in the opinion of some people, "a wholesale railroad crisis will have to take place before the country is jarred into doing something about developing a sensible and unbiased approach toward transportation", adding "let's hope the leaders in government soon recognize the seriousness of the situation and give intelligent and undivided consideration to the over-all effect their actions and policies are having on the strength of the nation's transportation system."

The Erie president advocated a coordinated procedure whereby the nation's transportation needs can be appraised and guided along sound and constructive lines. "Only then will we have a balanced system of transportation capable of making its greatest contribution to the industrial strength of our economy at the lowest possible cost", Mr. Von Willer said.

## Commuters

(Story begins on page 10)

twice their usual load out of Hoboken. This was eloquent testimony to the efficiency of their physical plant and the spirit and determination of the operating men.

Sometimes, trains were delayed as long as 20 minutes but they got on their way and made good time. Even when one diesel unit stalled, it was promptly replaced and the train proceeded.

On the other hand, nearly all flights leaving the Port Authority's airports were cancelled. The Holland and Lincoln tunnels were closed. The George Washington Bridge was hopelessly snarled. The P. A. bus terminal in Manhattan was completely swamped, with buses delayed as long as 4 hours.

Ironically, the railroads, which did so much to alleviate the crisis, are fined millions of dollars yearly for providing their service, while the Port Authority is tax-free, regulation-free and subsidized with public funds. Is this the way to encourage reliable transportation?

William J. Brennan  
Stevens Tech.  
Hoboken, New Jersey

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## Storm

(Story begins on page 10)

the motor vehicle to the rigors of winter was demonstrated anew, and the storm reinforced, if reinforcement were needed, the argument that railroad service must somehow be preserved.

So, it should be added, must local public transportation systems. Around here the buses didn't do too well during the worst of the storm. As usual, they were delayed by private cars not equipped for snow. But they did get through eventually, while a lot of cars didn't. And yesterday, like the railroads, they were jammed with extra riders, the inevitable foul weather friends.

## Loss, Damage

(Story begins on page 18)

Employees at freight stations, pick-up and delivery draymen, and all others through whose hands the goods may pass must use great care in seeing that those shipments that must move with a certain side or end up do so. They must beware of dropping packages, or handling them in any rough way when tilting them off hand trucks.

Clerks must be sure that no wrong car numbers creep into their work, that the description of articles on the waybill is correct in every way. In case there are special instructions from the shipper, he must be sure that all forms on which those instructions should appear are properly and fully made out.

Errors in such matters can cause delays, dissatisfaction and even damage to perishables.

Those who load cars, and those who check the loadings, must always be on the alert against mistakes in packing the boxes into the cars and clerical errors, often easy

to make.

Too, cars should be fit and ready for the type of goods they are to carry.

All in all it amounts to continual teamwork, with every member of the team taking constant pains with his job, and realizing that any job done with haste is likely to be done with waste. The shippers expect their goods to be delivered in perfect condition. With a little forethought, there is no need for that type of last-minute hurry that leads to shifted cargo, dropped or transposed car numbers, or roughly handled individual cartons.

### Year-Round Job

"Perfect" shipping should be a year-round task. Statistics point the way. Pictures show what is happening. Impact recording devices test handling skills. Posters repeat over and over the lessons to be learned to provide dependable transportation. Meetings provide a common ground for discussions. Proper supervision is fundamental in the guidance of this continuous process of making a good transportation system better — safer.

However, knowing how to do a job is not enough by itself. We must practice what we learn. Whether we are hustling cars in a yard, fixing broken couplers, tamping ties in a stretch of track, working with papers in some remote office, or whatever the task might be. Each and every detail, conscientiously done and skillfully blended together will go a long way toward creating that "perfect" score, a satisfied customer.

To overcome bad practices and achieve a "perfect" score every time, as in tenpins, we must play the game according to the rules—it is the winning combination, the sporting thing to do, the proved way to improved transportation service.

In fact—we can do no less, to survive in a competitive field where service and satisfaction is the only thing we have to offer. Each of us doing the job in the way we are supposed to do it will help reduce this terrific loss in wasted dollars.

As in the legendary story of Rip Van Winkle, rolling a mythical bowling ball down the equally mythical alley of "Perfect Shipping" will not resound with a reverberation like that of thunder, but the results will be most striking nonetheless—surely much more rewarding—much more satisfying.

The reward will be in dollars and cents. More money in the pocketbooks of our customers will yield richer returns for the railroads, reflected in turn in the greater well being of railroad employees.

Satisfaction for our customers will create satisfaction for railroad

(Please turn the page)



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Railroad Department  
**THE TRAVELERS**  
Insurance Company  
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**WHAT'S THE SUBJECT?** Rates, of course. Left to right: John E. Trumpler, rate clerk; James E. Davies, chief rate clerk, Walter J. DeHert, and Paul Knapp, rate clerks, confer.



**THESE THREE MEN** work in the divisions bureau. Left to right: Christopher C. Marley, percentage clerk; Cecil R. Markham, chief percentage clerk, and Michael Vargo, percentage clerk.

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CERTIFIED RUBBER DRAFT GEARS

POWER HAND BRAKES

TRUCK SPRING SNUBBERS

THE ROOKERY

CHICAGO

## Loss, Damage

(Story begins on page 18)

service in preference to any other, a satisfaction which can be shared by railroads and their employees in terms of more business and greater prosperity.

To "Bowl Them Over" then means following the rules, which in turn will mean improved service and a reduction in loss and damage. By reducing loss and damage we can and will satisfy our customers, the shipping public, retain business we already have and get more by giving them an incentive to continue using our transportation service. This will insure a continued livelihood for all of us.

If railroads are to continue to hold their place in our country's transportation system, which is so essential to our national economic vitality and security, we must come to grips with the causes for loss and damage. We must "bowl over" bad practices which stand in the way of greater prosperity and can only result in useless waste.

...

## Rates

(Story begins on page 13)

Thus, such an error could cost the railroad concerned thousands of dollars, either by keeping the traffic from the rails because it was too high, or flooding the railroad with traffic that did not pay its way.

And compilation of rates is one of the responsibilities of the office of the assistant vice president, rates.

When freight travels over more than one railroad, all roads concerned share in the revenue. Determination of the basis for division of the revenue is arrived at by agreement between the roads concerned, largely on a basis of relative mileage plus other services, such as lighterage, floatage, switching, etc.

This function too, falls under the rate department.

### Product Competition

All these factors make rate making, rate analysis and rate quotation an extremely important subject.

Also influencing rates, besides  
(Next page, please)

*Erie Railroad Magazine*

## Rates

(Story begins on page 13)

the competition between modes of shipping and those of cities, and within industries are those between industries.

For example, some manufacturer of a product may find that one of its parts may be made of either steel, aluminum or plastic. Naturally, other things being equal, he'll want to use the cheapest component that will do the job.

Immediately the suppliers in the three possible industries set to work to supply him at the lowest possible cost that will provide them with a profit. And this leads to another series of attacks on rates.

### Volume after Volume

Again there is work for the rate departments, rate committees, rate analysts and everyone concerned, including the printers of the tariffs.

Some small stations, where perhaps only one or two commodities are shipped, will get along with one or two tariff binders, holding perhaps ten tariffs each. A large station may have 900 such binders, about 450 of them concerned with merchandise rates, and the rest with bulk commodities such as coal and coke, and a general office may need 2500 such binders.

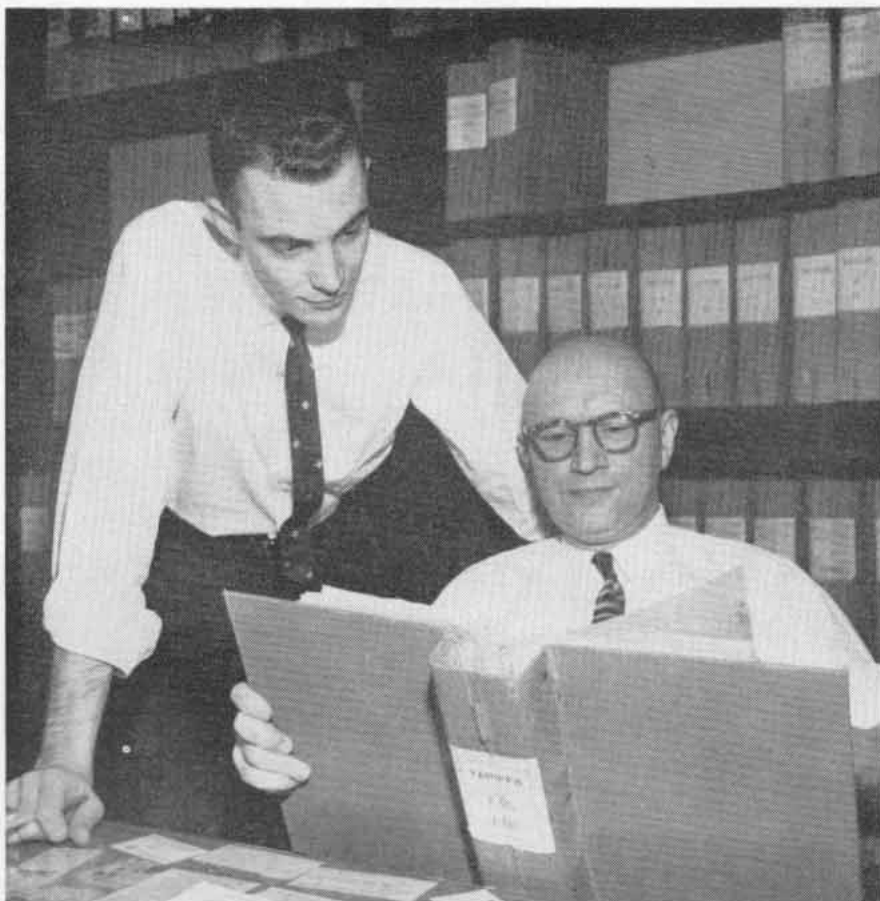
When ex-parte increases (general increases granted to all roads by the ICC) in rates, are authorized by the ICC, supplements are published to the tariffs, and before rates are quoted they are first figured on the old basis. Then the quotation clerk looks up the commodity in the supplement, and is referred to a table that gives him the new rate.

### Work Never Ends

All this makes rate quotation a field of its own, and quotation clerks in the rate office must know how to find and figure a rate—and that problem is never a simple one.

Immediately following an ex-parte rate increase, shippers naturally study the new rates and advance arguments for reductions in the new tariffs, so that the work of the rate department is never-ending.

• • •



TWO MEMBERS OF THE COMMERCE bureau of the rate department at work. Standing, Charles W. Kane, claim clerk; seated, Thomas Van Kleeck, commerce statistical clerk.

*Nalco*

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*Lighter than leather! Lighter than rubber!*

**THE  
FLEISHEL  
LUMBER  
COMPANY**

**SAINT LOUIS,  
MISSOURI**

## Losses in the Erie Family

NAME	OCCUPATION	LOCATION	DATE OF DEATH
Andrews, George	Clerk	Prt. Trf. Dept., N. Y. C.	1- 3-60
*Bertram, Conrad Frederick	Tender Repairer	Hornell Shop	1-26-60
Blake, Shack	Trucker	Chicago, Marion Division	1-17-60
*Brindley, George Francis	Asst. Signal Foreman	New York Division	2-13-60
*Brody, Leland Edgar	Telegraph Operator	Marion Division	1- 3-60
Brown, Daniel	Trackman	Mahoning Division	1-25-60
*Cassidy, William Harold	Machinist	Hornell Back Shop	2-14-60
*Coffman, Charles Herbert	Icing Inspector	Marion	2- 2-60
*DeLaney, Leo Aloysius	Road Conductor	Port Jervis, N. Y.	2-13-60
*DiTommaso, Paolo	Laborer	Brier Hill Loco. Shop	2- 6-60
*Donovan, Patrick Lawrence	Yard Conductor	Mahoning Division	2- 4-60
Fitzgerald, Edward Paul	Checker	Chicago, Marion Division	2-12-60
*Fulop, Alex	Car Repairer	Brier Hill Car Shop	11-14-59
*Comperts, Charlotte Elizabeth	Asst. Chief Telephone Opr.	Jersey City	2-25-60
Hart, Earl Leroy	Train Yard Foreman	Kent Car Department	1-29-60
*Hausmann, Henry William	Car Inspector	Jersey City	2-24-60
*Junker, Carl Fred	Engineer	Allegany Division	1-10-60
Knell, Wellington Carl	Asst. Chief Clerk	Kent Division	2- 1-60
*Kobell, Herbert Aloysius	Binder Operator	Jersey City, N. Y. Div.	2-11-60
Lackey, John Mitchell	Yard Conductor	Kent	1-31-60
*Lockwood, George Oney	Engine Dispatcher	Marion	1-23-60
Maroney, Robert Kinley	Engineer	New York Division	2-11-60
McKee, Kenneth Carlton	Arc Welder	M/W Frog Shop, Meadville	2-20-60
*McMahon, Patrick Francis	Boat Inspector	Marine Department	2-10-60
*Ramser, Charles Herbert	Locomotive Engineer	Mahoning Division	1-15-60
*Reish, Forest Earl	Maintainer	Kent Division	1-26-60
*Riggs, Augustus	Box Packer	Port Jervis Car Dept.	1-29-60
*Rollhaus, John	Rate Revision Clerk	Aud. of Rev. Dept., Elmira	1-27-60
*Rossiter, Michael Leo	Yard Conductor	Youngstown	2- 1-60
*Salley, Mary Loretta	File Clerk	Cleveland	2-21-60
*Sherry, Frank James	Train Yard Foreman	Meadville	2-15-60
*Shirr, James Aloysius	Car Inspector	Jersey City Car Dept.	1-29-60
*Smith, James Edward	Laborer	Brier Hill Diesel Shop	1-29-60
Souers, Ralph H.	Welder	Marion Car Department	1-20-60
*Stein, George Washington	Conductor	Mahoning Division	1-30-60
*Stuck, Gordon Boyd	Trackman	Allegany Division	1-24-60
*Sweeney, John Henry	Car Repairer Helper	Port Jervis Car Dept.	2- 5-60
Taylor, Walter Floyd	Engineer	Mahoning Division	1-22-60
*Tripp, Edward Newell	Machinist	Hornell Shop	2-10-60
Verhoest, George Gustave	Train Dispatcher	N. Y. Division	12-27-59
Walsh, John Joseph	Road Brakeman	N. Y. Division	1-31-60
*Ward, Thomas Patrick	Special Accountant	Aud. of Disbursements, N. Y. C.	1-29-60

\*Retired Employees

• • •

### THE ERIE DOCK COMPANY

CLEVELAND, OHIO

### IRON ORE UNLOADING DOCKS

Unloading Capacity 2,400 Tons per Hour from Vessel

### SLAG RAILROAD BALLAST

Sand & Gravel

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# NOBIYUKU TETSUDO

(Meaning: Progress on Japan's Railroads!)



Japan has never neglected its railroads. Rather, it has encouraged them to modernize and expand.

For Japan has always recognized railroads as the backbone of a modern industrial society...essential to booming production and the nation's economic growth.

This attitude has paid off in rich rewards, especially in Japan's postwar recovery and development program. In the 1946-56 decade alone, railroad freight traffic increased approximately 90%.

\* \* \*

In the United States, by contrast, public policies tend to reflect indifference toward the railroads, while they encourage the railroads' competition.

Railroads are burdened with over-regulation and excessive taxation — while their competition uses highways, waterways and airways built and maintained by the government.

\* \* \*

The railroads ask no special favors. All they ask is the equality of treatment and opportunity fundamental to the American concept of free enterprise. Granted this, the public would then be assured of the efficient, low-cost rail service which a dynamic economy and national defense demand.

ASSOCIATION OF  
**AMERICAN RAILROADS**  
WASHINGTON 6, D. C.

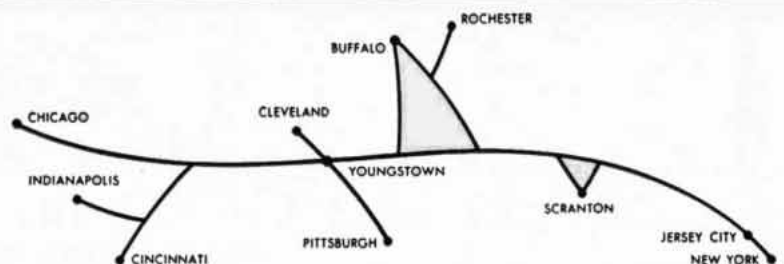
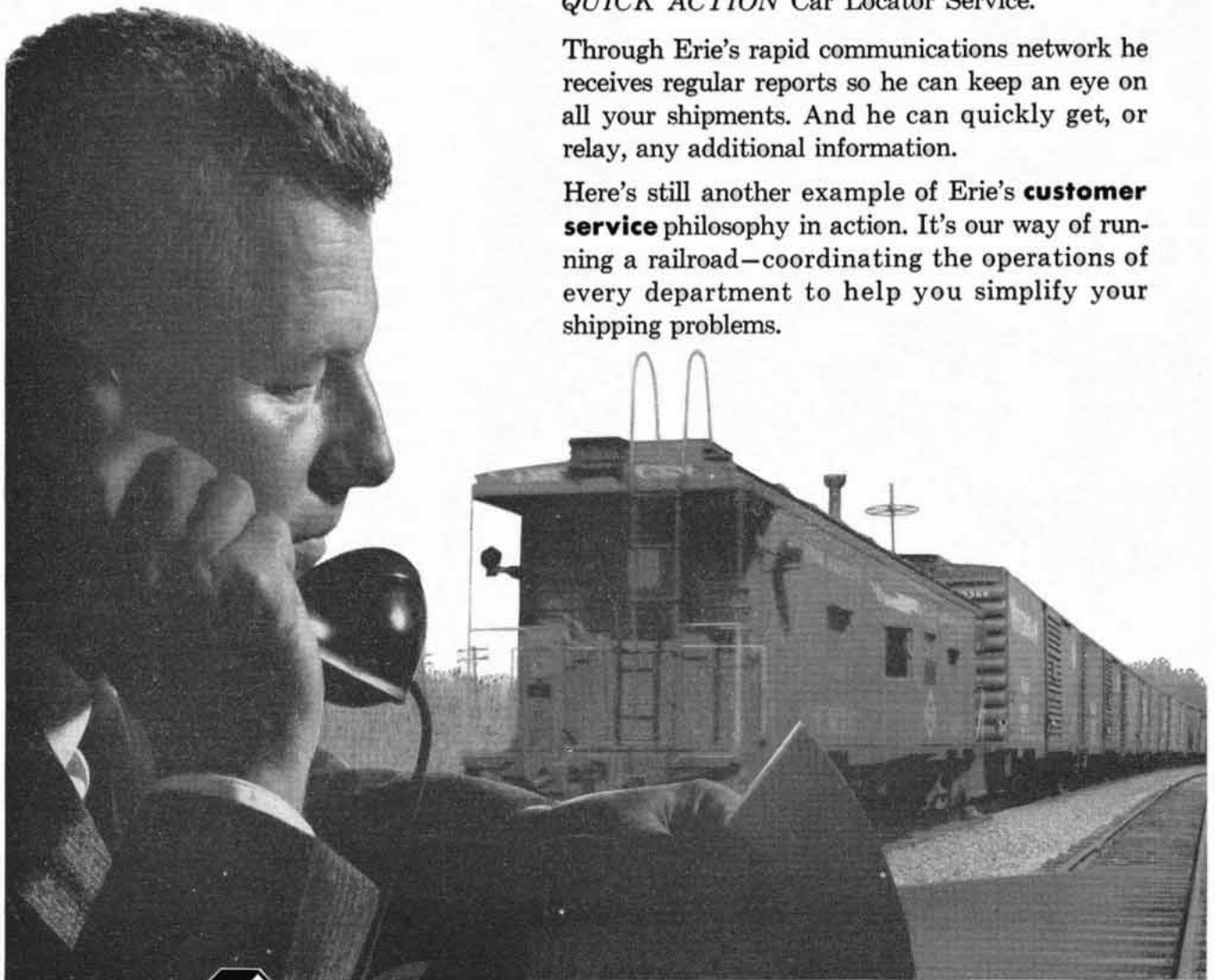
**Your Erie customer service man has...**

# An eye on your shipment all the way!

Your Erie **customer service** man can answer questions about your shipment *fast*. Usually while you hold the phone he can tell you where it is—when it will get there—thanks to Erie's famous **QUICK ACTION** Car Locator Service.

Through Erie's rapid communications network he receives regular reports so he can keep an eye on all your shipments. And he can quickly get, or relay, any additional information.

Here's still another example of Erie's **customer service** philosophy in action. It's our way of running a railroad—coordinating the operations of every department to help you simplify your shipping problems.



## Erie Railroad

*Dependable Service For  
The Heart Of Industrial America*

(REPRINTED AS AN EXAMPLE OF MAGAZINE ADS RUN TO INFORM SHIPPERS OF ERIE SERVICES)