

One of the major things to be presented at the time
of Mr. Baldwin's death was the entry of the Santa Fe Railroad
into St. Louis. The enclosed newspaper clippings outline
pretty generally the claims and counter-claims involved
in this proceeding.

NOTE BY R.J. NEFF

APPROX JULY 29, 1946

St. Louis Post Dispatch

CITY ASKED TO REMAIN NEUTRAL ON SANTA FE

4 Railroads Point Out Effect of By-Passing Freight—Say Revenue Will Be Lost.

Representatives of four railroads opposed to the proposed entry of the Santa Fe Railroad into St. Louis today requested that the city remain neutral in the controversy.

Paul J. Neff, president of the Missouri Pacific Lines and spokesman for the opposition group, at a meeting with city officials, at first asked that the city not intervene in the case.

Informed by Milton M. Kinsey, president of the Board of Public Service, that the city is required by law to intervene, Neff then suggested that the city file briefs with the Interstate Commerce Commission outlining its interests but taking no position for or against the Santa Fe petition.

Neff told the city officials, including Mayor Aloys P. Kaufmann and City Counselor George L. Stemmler, that if the Santa Fe application, now pending before the ICC, is granted, the city will lose \$100,000 a year in revenue from railroad freight tolls on MacArthur Bridge.

In addition, he said, the Santa Fe's entry would "practically liquidate" the Terminal Railroad Association because if the Santa Fe by-passed St. Louis with through freight by crossing the river at West Alton, other railroads would be forced to do the same to compete with the lessened travel time.

Neff explained the lines now operating here do not by-pass the city with through freight because it would require construction of terminals elsewhere. He added that 90 per cent of the freight handled here is through freight, and under present operations, Santa Fe freight from the west through St. Louis is transferred to railroads now coming into St. Louis.

Neff expressed the view that the Santa Fe's entry would not benefit St. Louis, and that if its entry is authorized, the resulting competition would affect the payrolls of existing lines here. Others opposed to the Santa Fe coming into St. Louis are the Cotton Belt, Brisco and Rock Island.

Mayor Kaufmann said that the city "wants to maintain itself as a railroad center and whatever action the city takes will be based on that premise." Kinsey announced a year ago he would appear before the ICC in behalf of the Santa Fe's plan.

4 B - ST. LOUIS GLOBE-DEMOCRAT - TUES. NOV. 12, 1946

Our study of the proposal shows that it does not offer a single benefit to St. Louis. It will not give any service to shippers and travelers that is not now available, nor will it create a single pound of additional freight traffic.

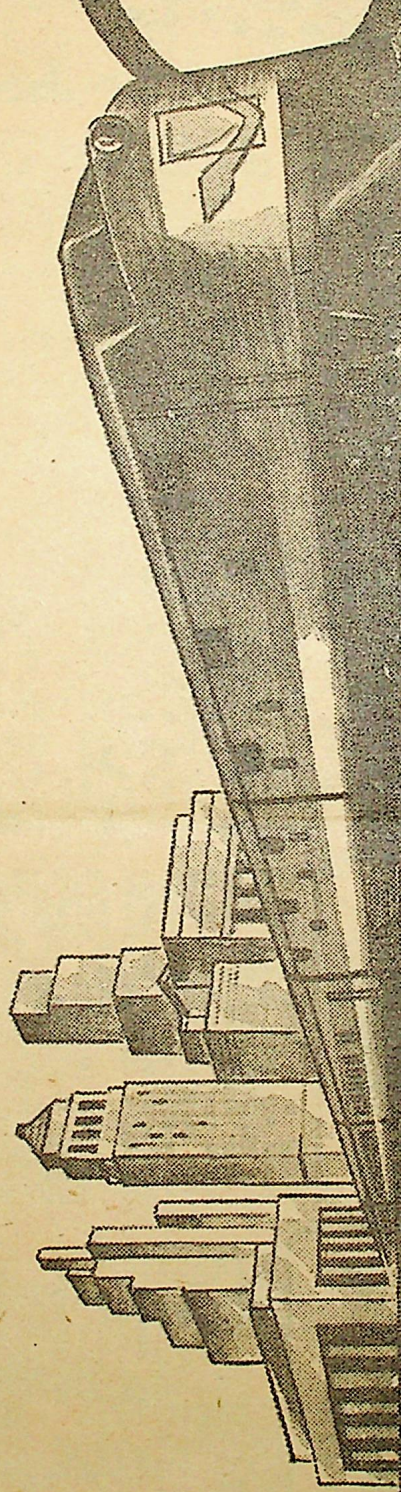
In brief, the Santa Fe is merely seeking to obtain a part of the business now handled satisfactorily by our own St. Louis railroads.

* * *

The Santa Fe's entry into St. Louis will mean that the revenues of St. Louis railroads will drop.

We thought you'd like to know all this because you too will feel the effect of the Santa Fe. Those of us who lose our jobs will be buying less at St. Louis stores. Our railroads will have less money for improvements, for supplies and for St. Louis promotion.

Many of us have lived all our lives here. We want a vigorous, prosperous and progressive community. Another railroad, such as proposed by the Santa Fe, will be our loss and your loss. That's why we are opposing its entry into St. Louis.



This message is sponsored by a committee of general chairmen of Railroad Brotherhoods representing 80,000 employees on the following railroads: the Cotton Belt, Frisco, Missouri Pacific, Rock Island, Wabash and the Terminal Railroad Association.
J. H. McDonald, committee chairman
Ira. F. Thomas, secretary

The Santa Fe's Proposal 'Does Not Offer a Single Benefit to St. Louis'

4B St. Louis Globe-Democrat. Tuesday, Nov. 12, 1946

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CLARENCE H. HOWARD JR. and Mrs. Frederick
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AT STAKE IN THE 'SANTA FE CASE' OUR JOBS...YOUR PROSPERITY

Railway labor has a story to tell which we feel is of considerable importance to ourselves and to the entire St. Louis community.

It concerns the efforts of the Santa Fe railroad to operate its trains in and out of St. Louis.

It means some of us will be out of a job.

The railroads with headquarters in St. Louis employ 90,000 persons...13,000 live in the St. Louis area. These home roads support a payroll and purchase supplies which amount to more than



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It concerns the efforts of the Santa Fe railroad to operate its trains in and out of St. Louis.

We've decided to appear before the Interstate Commerce Commission in opposition to the Santa Fe's application. We think you ought to know why.

* * *

Perhaps you regard a new railroad for St. Louis as you would a new factory or another store, bringing more employment, greater prosperity and better railroad service.

We wish that were the case. But it isn't.

The Santa Fe does not propose to build one mile of track in order to serve St. Louis. All of its traffic would move over lines already operated by the Alton and Burlington.

Our study of the proposal shows that it does not offer a single benefit to St. Louis. It will not give any service to shippers and travelers that is not now available, nor will it create a single pound of additional freight traffic.

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It means some of us will be out of a job.

The railroads with headquarters in St. Louis employ 90,000 persons...13,000 live in the St. Louis area. These home roads support a payroll and purchase supplies which amount to more than one-third of a billion dollars each year. They pay additional millions in taxes...in improvements on their service...in attracting new industry to St. Louis and promoting St. Louis progress.

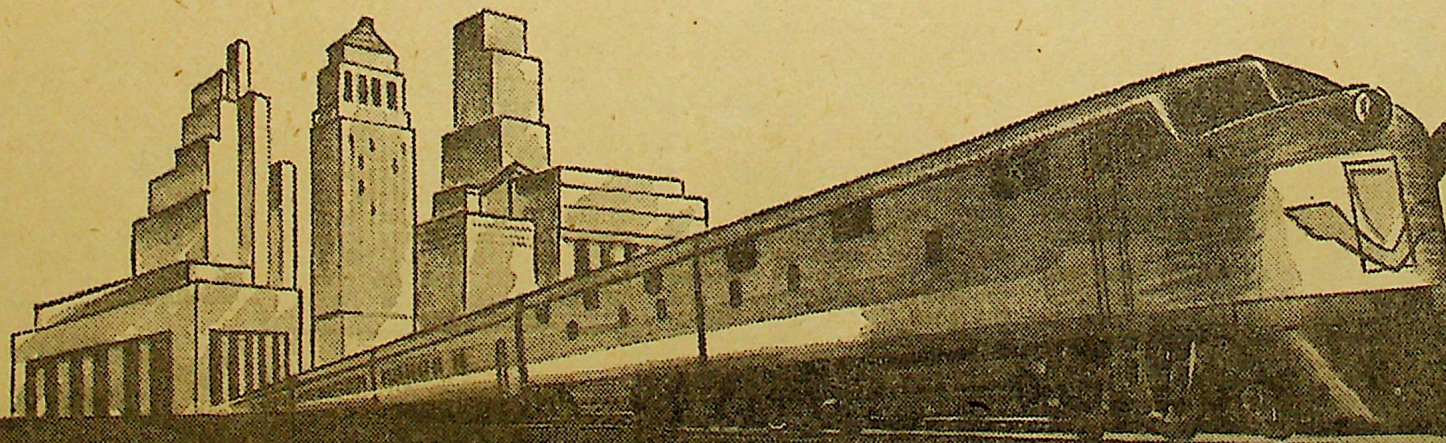
The Santa Fe's headquarters are in Chicago and Topeka. Any gain in their business is a gain for those two cities, a loss for St. Louis. Any increase in Santa Fe employment, as a result of traffic taken away from St. Louis roads, means a reduction in St. Louis employment.

* * *

You may think we can get another railroad job when the St. Louis roads are forced to lay us off. Perhaps we can, if we meet age requirements—but we would lose all our rights and seniority. We'd be starting at the bottom again.

We thought you'd like to know all this because you too will feel the effect of the Santa Fe. Those of us who lose our jobs will be buying less at St. Louis stores. Our railroads will have less money for improvements, for supplies and for St. Louis promotion.

Many of us have lived all our lives here. We want a vigorous, prosperous and progressive community. Another railroad, such as proposed by the Santa Fe, will be our loss and your loss. That's why we are opposing its entry into St. Louis.



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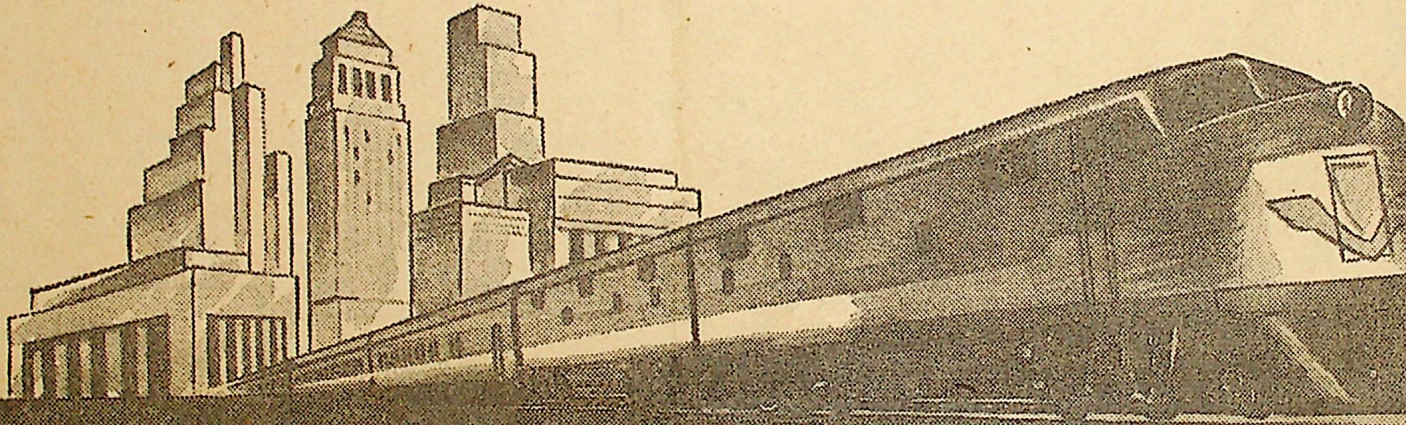
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ST. LOUIS GLOBE DEMOCRAT
WED. NOV. 13, 1946

Railway Executives of Nation Gather Here

St. Louis
Globe-Democrat *News* IN PICTURES



MORE THAN 200 RAILROAD EXECUTIVES AND ATTORNEYS attended the opening yesterday of the Interstate Commerce Commission hearing in City Hall on the application of Santa Fe Railroad for entry into St. Louis over the opposition of several lines with headquarters here. —Globe-Democrat Photo

You MAY NEED IT
SOME DAY *Help*
THE COMMUNITY CHEST

St. Louis Globe-Democrat.

VOL. 72—NO. 157—PART ONE

ST. LOUIS, WEDNESDAY MORNING, NOVEMBER 13, 1946—3 SECTIONS—24 PAGES.

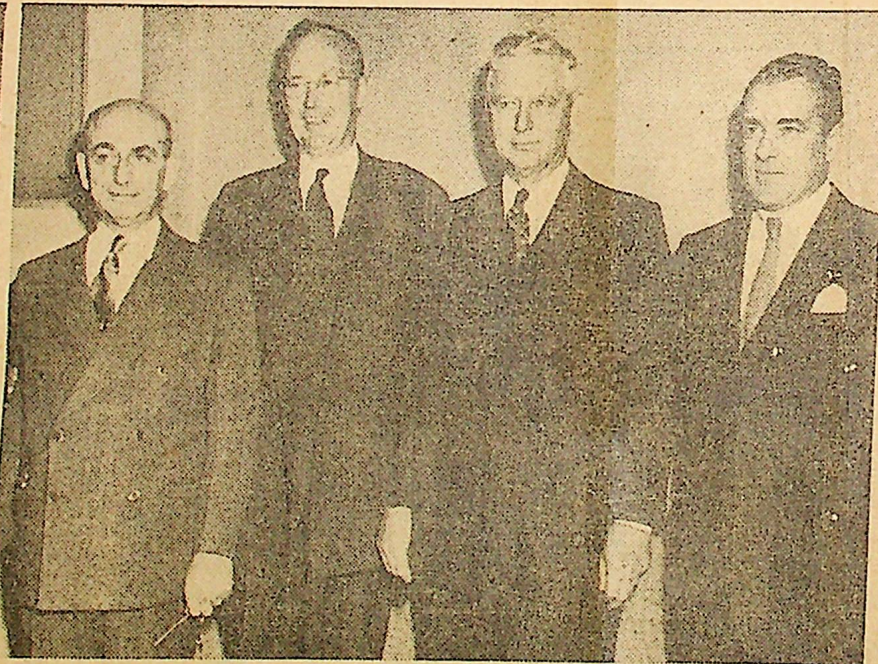
FIVE CENTS

SANTA FE OPENS FIGHT TO ENTER CITY

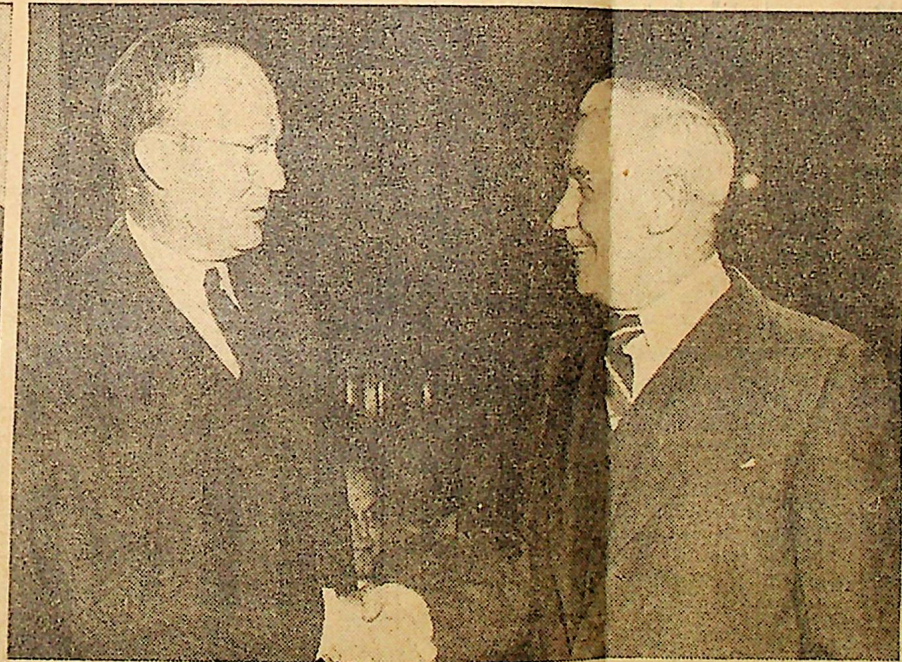
OPA Drops 10,000 Jobholders, 12,000 More to Go



SUPPORTERS of the Santa Fe application were Santa Fe President Fred Gurley (left) and Burlington President Ralph Budd.



OPPONENTS of the application were, from the left, R. C. Davidson of the Rock Island, A. L. Reed, chief attorney; President Neff of the Missouri Pacific and J. R. Coulter of the Frisco.



RIVAL ATTORNEYS at the hearing of the Santa Fe to enter St. Louis were Reed (left), who represented the opposing railroads, and Robert S. Outlaw, chief counsel for the Santa Fe and Burlington.



THE HEARING opened yesterday before C. E. Boles of the Interstate Commerce Commission.
—Globe-Democrat Photos

Glamour Rail Era Here Promised

Hot Rivalry Indicated if Santa Fe Enters City

Approval of the Santa Fe-Burlington application before the Interstate Commerce Commission for a St. Louis gateway for the Santa Fe would bring about some hot competition for passenger and freight traffic between St. Louis and Kansas City, it was indicated yesterday.

Ralph Budd, 67-year-old president of the Burlington, was the first witness as the two roads opened their fight for ICC approval of their application, and he spent most of the day on the stand at the City Hall hearing room, explaining why the Burlington wants the plan okayed.

Budd, after explaining how the two roads plan to spend \$11,000,000 improving the tracks they will use across the state, said that when the modernization program is completed the Burlington will offer faster freight service and faster, more comfortable passenger service than it now does.

PRESENT ROUTING

He explained that the Burlington's freight trains now must follow a 348-mile route to Kansas City, heading north to Hannibal, Mo., before cutting across the state. Its passenger trains use the 279-mile stretch that it would share with the Santa Fe under the joint plan, but part of that trackage now belongs to the G. M. & O., and the Burlington only uses it for passenger trains.

If the ICC approves, Budd said, the Santa Fe and Burlington together will buy from the G. M. & O. a 156-mile stretch of track from Mexico, Mo., west to Kansas City. That connects with track the Burlington already owns from Mexico east to St. Louis, for a total of 279 miles.

The 156 miles will be improved

greatly, with curves and grades reduced, ballast, ties and rails renewed. Then, Budd said, there will be 155 miles of track between here and Kansas City where trains can run up to 100 miles per hour, and 76 miles where the top speed can be 80 miles per hour.

In addition, Burlington freight as well as passenger trains will move over the 279-mile stretch, instead of the 348-mile route they now follow.

This will put the Burlington in a much stronger position in relation to the Rock Island, with a 300-mile track stretch between the two cities; the Missouri Pacific, with 279 miles already, and the Wabash with 278 miles.

K. C. TO ST. LOUIS SPEEDS

At present the Missouri Pacific, Wabash and Rock Island all schedule passenger trains from Kansas City to St. Louis in four hours 55 minutes. The Burlington's time for the distance is slower, although before the war it operated a five-hour train over its own and the G. M. & O. tracks.

Budd was cross-examined at length by Albert L. Reed of Dallas, Tex., chief attorney for the railroads opposing the Santa Fe-Burlington application.

Reed asked Budd if the Burlington, one of the richest of the Western roads, needed the help of the Santa Fe to improve its St. Louis-Kansas City tracks. Budd replied that in return for sharing those tracks with the Santa Fe, the Burlington would get to use part of the Santa Fe's superior tracks between Kansas City and Chicago.

OPPOSITION OVERRULED

Reed was overruled by C. T. Boles, I. C. C.'s associate director of finance, when he asked that the early Santa Fe-Burlington correspondence about this project be made a part of the files on the case.

He said it was his "object to show that the project between Kansas City and St. Louis was used (by the Burlington) as a trading wedge * * *" to get trackage rights on the Santa Fe's Chicago-Kansas City line in return.

Budd also said that the Santa Fe and Burlington would be stronger competitors, in some respects, than they are now, if their joint application is approved by the I. C. C. He pointed out that the Burlington's position in competing for Chicago-Kansas City traffic with the Santa Fe will be greatly improved if it gets to use part of the Santa Fe's track—from Bucklin, Mo., to Kansas City.

He pointed out that the Burlington's route from Bucklin to Kansas City was 134 miles, against the Santa Fe's 104 and that the Santa Fe's track was more modern.

CROSS-EXAMINATION

Reed spent much of the afternoon trying to establish by cross-examination of Budd that the Gulf, Mobile and Ohio Railroad, which now owns the Mexico to Kansas City trackage to be bought by the Santa Fe and Burlington, would suffer from the transac-

ST. LOUIS, MO.

PROBABLY:

ST. LOUIS GLOBE-

DEMOCRAT

NOV. 13, 1946

PAGE 2.

tion. The G. M. & O. is supporting the application, however.

Also questioning Budd was Renard LaTourette, St. Louis attorney representing the employees of the lines opposed to the Santa Fe's entry into St. Louis.

LaTourette asked Budd if any consideration had been given to the probable unemployment on the lines already operating from St. Louis if the Santa Fe came in as a strong competitor.

St. Louis will take a firmer grip on its position as the nation's second largest railroad center, with faster westbound passenger service and better freight hauling, if the Santa Fe Railroad is allowed to extend its system from Kansas City to St. Louis, Fred G. Gurley, president of the Santa Fe, said yesterday.

The 1930-a-year president of the powerful Santa Fe spoke at an Interstate Commerce Commission hearing on the proposed extension of the Santa Fe system from Kansas City to St. Louis. Gurley said that his application for a St. Louis gateway is in the public good.

The hearing room was crowded with railroad executives, lawyers, economists and statisticians, representing the roads which support the Santa Fe's battle to run trains into St. Louis and those which are bitterly against it.

CRACK STREAMLINERS

If the Santa Fe application is granted, Gurley promised, the Santa Fe will inaugurate St. Louis sections of its crack streamliners, the Super Chief and the El Capitan.

Gurley pointed out that much of the freight hauled west from St. Louis by the railroads now operating from the city is transferred to Santa Fe tracks at Kansas City and other junctions. He said St. Louis shippers and receivers would gain materially if the Santa Fe could haul their freight "all the way" west.

The day's testimony before C. E. Boles, ICC's assistant director of finance, opened a controversy between railroads that has excited national attention, because of the effect of the ICC's decision in this case on the expansion plans of other railroads.

HEALTHY COMPETITION

The Santa Fe and the Burlington, the Santa Fe's chief ally, admit that the Santa Fe plan, if approved, will increase competition among railroads operating from St. Louis to Kansas City and westward, and claim that is a healthy thing for the economy and good for the general public.

Opposing these two roads are three railroads with headquarters in St. Louis—the Missouri Pacific, Frisco and Cotton Belt—plus the Rock Island and some smaller carriers.

This group foresees financial trouble, unemployment and eventual injury to local business if the Santa Fe comes into St. Louis and if the Burlington, as is envisioned in the joint Santa Fe-Burlington application to ICC, speeds up its St. Louis to Kansas City service.

OTHERS WOULD LOSE

The opposing railroads now take in yearly about \$37,000,000 for hauling freight to territory served also by the Santa Fe. If that road can pick up freight at St. Louis, the other roads expect to lose \$20,000,000 of that.

Gurley was preceded on the witness stand by Ralph Budd, 67-year-old president of the Burlington, who told Boles why he thought the community, the Santa Fe and the Burlington would receive many benefits from the plan to bring about a glamorous era in railroading here.

He announced that if the application is approved, the Santa Fe and Burlington will spend \$11,000,000 improving the route they intend to follow across Missouri, part of which now is owned by the Burlington and part of which is to be bought by the Santa Fe and Burlington jointly from the Gulf, Mobile & Ohio Railroad.

G. M. & O. IMPROVEMENTS

Of the \$11,000,000, Budd said, \$9,000,000 would be spent on present G. M. & O. tracks between Mexico, Mo., and Kansas City—a distance of 156 miles, to put in heavier rails, replace ballast and ties, eliminate sharp curves and excessive grades.

Gurley, in advancing the Santa Fe's petition, said the railroads which now serve St. Louis operate only three sleepers between here and Los Angeles, the same number they operated in 1914. The fastest schedule provided he said is 40 hours and 35 minutes and that through St. Louis.

SLOW SERVICE TO EAST

He pointed out that St. Louis is about 172 miles closer to Los Angeles than the distance from Chicago to Los Angeles, and that the Super Chief and El Capitan operate from Chicago to Los Angeles on a schedule of 39 hours, 45 minutes.

The running time from St. Louis would be less than that from Chicago, Gurley said.

The Santa Fe president denied rumors that his railroad would "by-pass" St. Louis in its handling of freight—route it past the city without coming into it—by stating that the services of the Terminal Railroad Association here would be used to interchange freight cars with lines leaving for the East.

OTHER EFFORTS FAILED

He reviewed the history of the Santa Fe's previous efforts—dating back to 1887—to establish a gateway. Each attempt, he said, was blocked either by a war or a depression, including the latest in 1915, when the Santa Fe's ambitious plans to construct a large amount of new trackage across Missouri were canceled by World War I.

"I think we should keep in mind," Gurley said, "that if Santa Fe had succeeded in reaching St. Louis earlier, no one would suggest today that it would be contrary to public interest for Santa Fe to continue to serve St. Louis. * * *

"There are only three Chicago railroads which extend to the West and Southwest through Kansas City. These are the Burlington, the Rock Island and the Santa Fe. The first two railroads also enter St. Louis and it is the ambition of the Santa Fe to do the same.

INTERCHANGE AT CHICAGO

"There are five large railroads with which we interchange at Chicago, which are also at St. Louis, namely the Pennsylvania, the New York Central, the Baltimore & Ohio, the Nickel Plate and the Wabash. We think it is in the public interest that we have direct interchange with those railroads at St. Louis, as we do at Chicago. * * *

"St. Louis, next to Chicago, is the principal railroad center. In fact, the total mileage of Eastern and Southeastern railroads servicing St. Louis is greater than the total reaching Chicago."

Gurley, among letters he introduced to bolster the Santa Fe stand, included one from the Missouri-Kansas-Texas Railroad, written in 1931, which recalled how two years before the Katy had suggested a plan for use of its tracks "in case the Santa Fe desired to extend its service to St. Louis."

KATY WAS FAVORABLE

The communication reflected the Katy's favorable inclination toward the Santa Fe entry plan, Gurley said.

At the hearing were the representatives of numerous communities along the rights-of-way of the railroads involved, with each supporting his home town road. Also there were Chamber of Commerce men, attorneys for trucking interests who are against the Santa Fe plan, and others.

The railroad brotherhoods, both of the Santa Fe and the opposition group, also were represented by attorneys. The opposition roads have the support of their employes in fighting the Santa Fe.

Related Santa Fe story on Page 3A

Railroad Battles Now Fought With Maps, Statistics

Railroad expansion, frequently achieved in the old days by one line getting the desired right-of-way before the others, laying track and patrolling it to prevent opponents from laying cross-track, has now been resolved to orderly hearings in which lawyers carry the battle with expert witness, maps and statistics.

That was seen yesterday when the Interstate Commerce Commission hearing on the Santa Fe's application to enter St. Louis, opposed by four major lines and two smaller ones, got under way at City Hall.

There were eight attorneys at the Santa Fe counsel table, with an equal number across the room where the representatives of the opposing lines were grouped. The room, where the Board of Public Service convenes, was crowded with attorneys and others representing cities, counties and various organizations interested in the outcome of the hearing.

When the quiet-spoken ICC Examiner Charles E. Boles, an attorney with 25 years' experience with the commission, asked for intervenors, these men had identified themselves as standing either with or against the Santa Fe in its bid to enter St. Louis.

The preliminaries over, Ralph Budd, president of the Burlington, took the stand to give testimony on how the Santa Fe entry was proposed. Then followed a lengthy, detailed cross-examination by Albert L. Reed, Dallas attorney.

If the shrewd, deliberate Budd had been prompted, he could have told of the lustier days of railroad-ing.

He knows well the story of Royal Gorge, Colorado, wide enough for one right-of-way, over which the Santa Fe and the Denver & Rio Grande came to grips in one of the greatest railroad battles ever known.

Santa Fe got there first—and held with Bat Masterson and 100 prairie bad men arrayed against the forces of the narrow-gauge road.

The hard-fought battle, which went into the courts, ended when Santa Fe, looking to St. Louis more than a half century ago, agreed to stay out of Denver and Leadville if the Rio Grande agreed not to build to St. Louis or El Paso.

ST. LOUIS, NOV. 13, 1946

~~ST. LOUIS, NOV. 13, 1946~~

REFERENCE ? GLOBE DEMOCRAT - NOV. 13. ?

Case Against Santa Fe Entry Starts Today

**Lines Here Seek
to Rebut Claims of
Benefits to City**

The second round in the Santa Fe railroad's battle for a St. Louis gateway will begin at 9:30 a. m. today at the City Hall, before Interstate Commerce Commission Examiner C. E. Boles of Washington.

This time the Santa Fe's opponents will take over the center of interest at the ICC hearing as they bring their witnesses to the stand. The first 10 days of the hearing were occupied with Santa Fe testimony. During the next 10 days or two weeks, these major statements in the Santa Fe case will be challenged:

That elimination of inter-railroad switching of freight cars at Kansas City, as proposed by the Santa Fe if it extends its lines from there to St. Louis, would save time. The protesting railroads claim the joint Santa Fe-Burlington operation of the proposed line would involve just as complicated, time-consuming switching in Kansas City as now takes place when the Santa Fe transfers its St. Louis - bound freight cars to other roads.

ONE-LINE LINK

That a one-railroad link with the West Coast would benefit St. Louis. The opposition—led by the Missouri Pacific, Rock Island, Frisco and Cotton Belt—says this area's natural trade territory is the Southwest, already linked to St. Louis by one-railroad service or its equivalent.

That Santa Fe entry here would stimulate business. The protesting lines claim Santa Fe competition would weaken the roads here, cause many of their 13,000 St. Louis employes—who are paid a total of \$260,000,000 a year—to lose their jobs, and eventually damage the economy of the entire St. Louis area.

That the only way St. Louis can have fast passenger train service to the West Coast is by entry of the Santa Fe. The roads here will say they have offered to fit their passenger schedules to the Santa Fe's and carry its cars from here to Kansas City for transfer to its through trains.

CHICAGO ISSUE

That operation of the Santa Fe from St. Louis would divert traffic here that now passes through the Chicago gateway between East and West. The protesting roads are prepared to claim that it would not, because then the way would be open to roads radiating west from here to extend to Chicago. This, they will contend, would encourage the channeling of more transcontinental freight through that city. In addition, carriers here which serve such southern gateway cities as Memphis would be encouraged to route traffic through there to avoid Santa Fe competition.

That the Santa Fe and Burlington, which would let the Santa Fe use its tracks to enter St. Louis, would not take enough of the available business from roads here to weaken them severely. Much of the opposition testimony will be devoted to an attempt to prove this isn't so, that Santa Fe competition would be a blow.

Lead-off witness for the anti-Santa Fe group will be Paul J. Neff, president and chief executive officer of the Missouri Pacific. The head attorney for the railroads which are opposing the Santa Fe is Albert L. Reed of Dallas, Tex.

(CONT)

NOV. 13, 1946

PROBABLY GLOBE-
DEMOCRAT - ST. LOUIS

Big Rail Men Come to Hear Santa Fe Case

Many of the country's top railroad executives moved into St. Louis yesterday, preparing for the nationally - important Interstate Commerce Commission hearings at the City Hall, beginning this morning, which will determine whether the Santa Fe Railroad wins its 30-year fight for a St. Louis gateway.

Railroad men view the issue as not only a local one, but as a case which, whatever the decision, will set a significant precedent for the expansion dreams of other railroads.

The railroads for, and those against, the Santa Fe's plan have spent the last few months working energetically to line up support for their particular side. At stake are millions of dollars of revenues from hauling freight.

INDORSED BY C. OF C.

The prosperous Santa Fe, largest railroad involved in the controversy, has the backing of the Burlington and of the Gulf, Mobile & Ohio. It also has the indorsement of the St. Louis Chamber of Commerce and of some 30 other organizations and communities.

Leading the opposition is the Missouri Pacific, largest railroad with headquarters in St. Louis. With it are two other St. Louis-based lines, the Frisco and the Cotton Belt, plus the Rock Island, the Texas & Pacific and the Kansas, Oklahoma & Gulf. This side also has lined up communities and organizations in its favor, and has the support of the organized labor it employs.

C. E. Boles of Washington, assistant director of finance for the ICC, will hear the arguments of the contenders, with more than 200 attorneys, railroad officers and others scheduled to appear during the two or three weeks that the hearings continue.

WANTS ST. LOUIS LINE

The Santa Fe now runs from Chicago through Kansas City to the Pacific coast. It wants the ICC to give it permission also to run from St. Louis through Kansas City to the coast—using Burlington tracks from here to Mexico, Mo., and Alton tracks (to be bought jointly by the Santa Fe and Burlington) from Mexico to Kansas City.

In return for sharing its tracks into St. Louis with the Santa Fe, the Burlington would be allowed to use Santa Fe tracks part way from Kansas City to Chicago, which would cut down its running time there.

The Santa Fe, Burlington, and their supporters say that if the Santa Fe came into St. Louis it would increase the size of local rail traffic, create more jobs and leave enough business for all.

The three St. Louis roads opposing the plan all are in receivership. They believe that if the Santa Fe wins its case, the pending reorganizations of their lines will be endangered, their revenues cut drastically and their efficiency hampered.

OTHERS FEAR PRECEDENT

In addition, they will present voluminous evidence before the ICC designed to prove that a decision favoring the Santa Fe would encourage other railroads to do the same elsewhere, with long-range damage to railroad service, employment and quality.

The pre-hearing fight has been a bitter one. An example of the deep convictions of the contestants is a statement released yesterday by P. J. Neff, president of the Missouri Pacific. He charged the St. Louis Chamber of Commerce

had "gone off half cocked" in approving the Santa Fe's request.

Fred G. Gurley, president of the Santa Fe, and Ralph Budd, president of the Burlington, arrived yesterday, heading sizable delegations from their respective roads.

Budd told reporters that the Santa Fe's entry will improve existing train service from St. Louis, is definitely in the public interest, and will in no way impair the quality of railroad service.

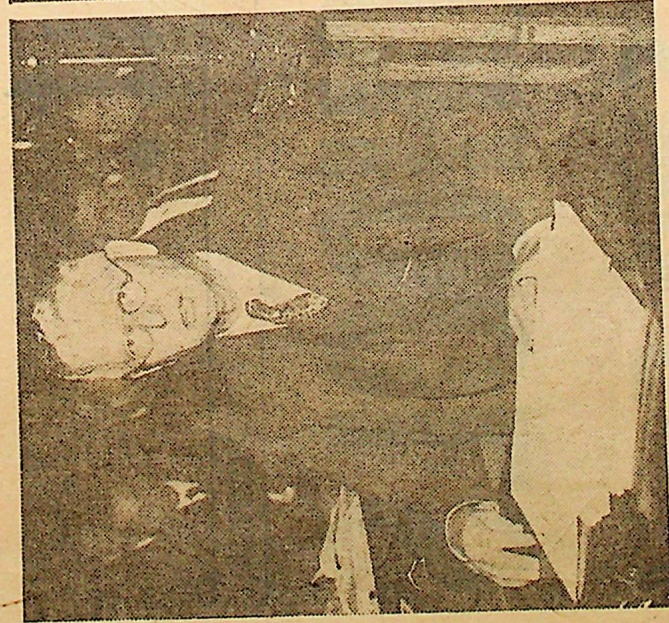
AID TO EMPLOYMENT

Budd said it generally is agreed by railroad operations men that the Santa Fe's entry into St. Louis will increase, not decrease, employment, because "their service is not going to be so much better than the others that it will run them out of here entirely."

Neff's allies also were here or en route. The anti-Santa Fe roads haul much freight that eventually is transferred to the Santa Fe. They claim that the Santa Fe will have to switch cars to its through trains at Kansas City and that there is no reason why they should not continue to haul those cars to Kansas City and other transfer points.

The city, which at one time unofficially came out for the Santa Fe, has filed a petition to intervene, stating that it does not wish to take an official position until testimony is heard.

ST. LOUIS GLOBE
DEMOCRAT - V. 72 - #170
PART ONE - PAGE 1
TUES, A.M. NOV. 26 - 1946



PAUL J. NEFF, president of the Missouri Pacific, opposed the Santa Fe's entry into St. Louis at the ICC hearing here. —Globe-Democrat Photos



OTHER OPPONENTS include, from the left: James W. Hill, G. D. traffic manager; John D. Farrington, chief executive of ex-ampck Island, and C. G. Hayes of the Texas & Pacific.

ST. LOUIS GLOBE
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TUES. A.M. NOV. 26 - 1946



PAUL J. NEFF, president of the Missouri Pacific, opposed the Santa Fe's entry into St. at the ICC hearing here. —Globe-Democrat Photos



ATTORNEYS Robert S. Outlaw of the Santa Fe and Frederic G. Dorety, chief counsel for the applicants, conducted the cross-examination of Neff as opponents began their testimony.



HARVEY M. JOHNSON, senior vice president of the Missouri Pacific, will testify in opposition to the Santa Fe's application.



OTHER OPPONENTS include, from the left: James W. Hill, freight traffic manager; John D. Farrington, chief executive of the Rock Island, and C. G. Hayes of the Texas & Pacific.

#170
PART 1

ROADS SAY SANTA FE ENTI

Mo. Pac. and Frisco Oppose Competition

Carriers' Heads Tell ICC City Doesn't Need More Service

The top operating officials of the Missouri Pacific and Frisco Railroads told the Interstate Commerce Commission yesterday that extension of the Santa Fe Railroad into St. Louis might cause their two lines to lose more than \$21,000,000 a year worth of business.

This estimate was made at the ICC hearing at the City Hall, which went into its third week with the first testimony from opponents of the Santa Fe's application for ICC authority to run its trains between St. Louis and Kansas City—where they would connect with its present trans-continental main line.

J. Russel Coulter, 47-year-old chief traffic officer of the Frisco, told ICC Examiner C. E. Boles that if the Frisco has to compete with the Santa Fe for business the Frisco now hauls to and from St. Louis it will lose not less than \$6,500,000 annually.

MO. PAC. FIGURES

And Paul J. Neff, president of the Missouri Pacific, said his railroad's potential loss to Santa Fe competition could reach \$15,000,000 a year.

The hearing room was crowded again as it was during the first few days when the Santa Fe was presenting its case. Like the Santa Fe, the protesting railroads—led by the St. Louis-based Missouri Pacific, Frisco and Cotton Belt, and the Chicago-based Rock Island—were putting on the stand first their chief executives.

Both Neff and Coulter emphasized their belief that St. Louis does not need any more railroad service, and that a fight for passenger and freight business between their still bankrupt lines and the powerful Santa Fe would result only in the serious weakening of the local roads.

Coulter, one of the youngest of the country's railroad heads, said if the Santa Fe wins a St. Louis gateway "the profitable operation of the Frisco would be almost impossible."

The Frisco's only out, he said, would be to abandon the branch line mileage it now supports because it hauls a lot of traffic between St. Louis and Memphis on the east and junction points in the West and Southwest where it is transferred to the Santa Fe.

Coulter estimated that about half of the Frisco's 4925 miles of track would become "wholly unprofitable" if the Santa Fe enters St. Louis.

FIGURES DISPUTED

Many freight cars which now either start or end on Santa Fe rails are hauled between St. Louis and Kansas City or other junctions by the protesting carriers. The percentage of this business the Santa Fe would haul all the way is an important issue in the case.

The Santa Fe and its ally, the Burlington Railroad, have estimated they would gain \$9,701,020 a year, gross, if the new line is approved. Their opponents say this figure is way too low, and much of the testimony yesterday was designed to indicate that.

Coulter testified that the Santa Fe could influence many shippers to route their traffic on its road all the way to St. Louis because the traffic, in many cases, starts on the Santa Fe. This would deprive the Frisco, he said, of much of the St. Louis-bound freight it now takes over from the Santa Fe at such junctions as Cherryvale, Kan.

One of the major Santa Fe selling points has been that it can give St. Louis passenger service to the West Coast that would be eight hours and 40 minutes faster than existing schedules, if it has a direct connection with this city. Coulter listed Frisco trains that will run faster than the Santa Fe's to Oklahoma and Texas points served by both roads.

NEW STREAMLINERS

New streamliners ordered by the Frisco will beat the Santa Fe to Oklahoma City by 2 hours and 29 minutes, to Tulsa by 2 hours and 24 minutes, and to Dallas by 6 hours and 49 minutes, Coulter said. He added that Frisco schedules eastbound from those cities were timed to make better connections at St. Louis with eastern trains than those of the Santa Fe.

Coulter presented statistics on his railroad's mileage, which, he said, is made up of 1951 miles of main line, and 2974 miles of "marginal branch line," some of them unprofitable.

"Any loss that the Frisco would experience on traffic interchanged with the Santa Fe and other lines, should the Santa Fe application be approved," he said, "would reduce the earnings on the high density lines and impair our abil-

THEM 21

ity to perform service on branch and marginal lines."

The declining freight volume his railroad has received from coal, petroleum products, grain, manufactured iron and steel and lumber was discussed by Coulter, who explained that "the territory served by the Frisco is more subject to competitive influence of trucks, water and pipe lines than any territory in the United States."

WHOLE PICTURE CHANGED

"The whole picture of Southwestern business from Santa Fe points in California and other Santa Fe territory to the Southwest will, of course, change from one of mutual assistance and cooperation on the part of both the Frisco and Santa Fe to one of competition on the part of the Santa Fe to get their haul to St. Louis," Coulter said.

"Their present long haul is with the Frisco (interchange of freight cars) at Kansas City. * * * They would certainly go after their long haul to St. Louis. * * * Having effected this, the Santa Fe on the one hand, and the Gulf, Mobile & Ohio, Southern, Illinois Central and Louisville & Nashville on the other, will then be closely linked by the fact that none of them short-hauls the other.

"The Santa Fe will, of course, solicit via St. Louis and the Southwestern lines will do the same thing, thus depriving the Frisco of its Birmingham or Memphis to Kansas City haul."

Under questioning by the Frisco's general attorney, Maurice G. Roberts, Coulter reviewed the Frisco's early history, including the period when it was owned by the Santa Fe, giving that railroad, briefly, a St. Louis gateway.

In 1896, the Santa Fe disposed of its controlling stock in the Frisco. Roberts said the Santa Fe "then deposited its infant child at the doorstep of the City of St. Louis and that child has been serving the city ever since."

Related Rail Stories Page 2A.

SEE NEXT PAGE

Neff Says Santa Fe Would Destroy Gateway

Paul J. Neff, president of the Missouri Pacific Railroad, predicted yesterday that the Santa Fe Railroad's "grasping proposal" to run its trains into St. Louis would "inevitably destroy" this city as a gateway, and ruin the lines already operating here.

The 60-year-old white-haired executive was the first witness for the 12 railroads and other interests which have appeared at the Interstate Commerce Commission hearing at the City Hall to ask the ICC to turn down the Santa Fe's bid for entry into St. Louis.

Neff referred several times to the Santa Fe's promise to give St. Louis far better passenger train service to the West Coast than it now enjoys. The Missouri Pacific, he said, stands ready now, as it has in the past, to co-operate with the Santa Fe to provide that service.

OFFER WAS REJECTED

"I deeply regret," he said, "that Mr. (Fred G.) Gurlley (president of the Santa Fe) is unwilling to join his super-service west of Kansas City with Missouri Pacific present super-service east of Kansas City. * * *

"Through service (to the West Coast) could be established from St. Louis tomorrow by co-operation of Santa Fe with Missouri Pacific. It should have been done yesterday and for many years in the past, and the offer of such service to the Santa Fe was made to them and rejected by them."

Santa Fe witnesses have said that the Missouri Pacific offer to haul sections of their transcontinental trains from St. Louis to Kansas City, where they would be connected with the Santa Fe, did not come until after the Santa Fe announced its plans to enter St. Louis. Neff contends that the Missouri Pacific always has been ready to do this.

PLANS COMPETITION

The Missouri Pacific itself hopes some day to give St. Louis one-railroad connection with the Pacific Coast, Neff said. He mentioned an ICC plan, adopted in 1929, which recommended that the Missouri Pacific system include the Denver & Rio Grande Western and the Western Pacific Railroads.

"Missouri Pacific has done the best it could to establish ownership in the route suggested by the commission," Neff said, "and still hopes to accomplish that end."

Neff said his railroad also has ordered the necessary streamlined equipment to give Santa Fe trains to the coast some real competition—if the Southern Pacific Railroad will haul them on west from El Paso, Tex., or if the D. & R. G. W. and the Western Pacific will carry the streamliners through from Pueblo, Colo., the Missouri Pacific's other Western terminus.

The 56-page prepared statement Neff read to ICC Examiner C. E. Boles strongly criticized the Santa Fe application, quarreled with most of the Santa Fe claims and contended that the fact the City of St. Louis has not announced

Russian Scientists Find New Method of Atom Disintegration

MOSCOW, Nov. 25 (AP).—Soviet scientists claimed today to have discovered a new kind of atomic disintegration and to have uncovered new and highly important data about cosmic rays and the earth's composition.

Prof. P. I. Lukisky, physicist and research expert, was credited with the atomic disintegration discovery. An article in Pravda quoted Dr. S. I. Vavilov, president of the Soviet Academy of Sciences, as saying that Lukisky had found "a new kind of disintegration of atomic nuclei."

which side it favors indicates it doesn't want the Santa Fe.

CAN'T BE FINANCIAL GOATS

"Mr. (George C.) Smith of the St. Louis Chamber of Commerce said they would welcome still more railroads, particularly the Union Pacific," Neff said. "If such program is proper for the most abundantly served gateway in America (22 railroads enter St. Louis), the interstate commerce act is, in my opinion, an empty gesture and the theory of regulated public service is a farce."

"We might as well return to the wild orgies of the early part of the century in which railroad manipulation and finance ran rampant until the boom finally burst. Certainly employes and investors of the St. Louis lines are not financially able to be the goats of this type of enterprise."

MUCH BUSINESS LOST

Neff said railroads serving St. Louis and the Southwest have lost to trucks, river barges and pipe lines much of the oil, petroleum products, coal, lumber and other freight they once handled. Competition from the strong Santa Fe would be ruinous, he added, as there only is enough business left to support existing railroads, many of whom get substantial revenues from connecting St. Louis with Santa Fe junction points.

He reviewed how the Santa Fe once had entry to St. Louis, by ownership of the Frisco, which it abandoned in 1896 while the Frisco was bankrupt.

"Now that there is a small chance for reward," Neff said, "the Santa Fe seeks to skim the cream of profitable traffic off Frisco built up by those who have helped it through two additional bankruptcies."

NO WILTING FLOWER

Attorneys for the Santa Fe tried to establish, by questioning Neff after his direct testimony was given, that "the Missouri Pacific is by no means a wilting, fading flower among railroads."

Fred G. Dorety, chief counsel for the Santa Fe and its allies, asked Neff if it wasn't a fact that in 1940 the Missouri Pacific made more on each \$1000 of its ICC valuation than the Santa Fe.

At another point in the cross-examination, Neff admitted that the Missouri Pacific, when looking for freight business, tries to sell shippers on the advantages of having the Missouri Pacific haul the cars all the way to the end of its line, without giving them to another railroad at a junction point.

WAR OF ATTRITION

The Santa Fe would enter St. Louis over tracks in part operated jointly with the Burlington Railroad and in part owned wholly by the Burlington.

Neff said, on his direct testimony, that this would be "a combination between two of the strongest financial railroads in the nation for the purpose of sharing expenses and capital expenditures in the inauguration of competitive service with the St. Louis carriers, who are still in the bankruptcy courts and would be unable to stand up in the war of attrition which would follow."

(CONT)

(68th Year).

ST. LOUIS, MONDAY, NOVEMBER 25, 1946

Witness



—By a Post-Dispatch Staff Photographer.
PAUL J. NEFF

NEFF OF MO. PAC. TELLS WHY ROADS OPPOSE SANTA FE

Opens Case Against Entry to City, Says Existing Lines Offer Adequate Service.

Paul J. Neff, chief executive officer of the Missouri Pacific Railroad, summarized today the arguments against the proposed entry of the Atchison, Topeka & Santa Fe Railroad into St. Louis. He was the first witness as interests opposing the Santa Fe application began presenting their case at the Interstate Commerce Commission hearing at City Hall.

He contended that:

Rail service in the area served by the existing St. Louis railroads already is adequate, and the capacity of the Missouri Pacific is greater than the amount of traffic it now handles.

All services which could be offered by the proposed extension are available now or could be made available by co-operation with existing lines.

St. Louis railroads would suffer "irreparable injury" from the extension, and might not be able to survive a resulting "war of attrition."

Many St. Louis railroad workers, which the Santa Fe has made no offer to hire, would have to be discharged because of loss of business.

Frisco Officer Testifies.

J. R. Coulter, chief traffic officer for the Frisco Railroad, followed Neff to the stand to reinforce the arguments of the Missouri Pacific executive and present detailed statistics concerning operations of the Frisco.

Coulter asserted approval of the Santa Fe application would result in \$6,500,000 revenue loss to the Frisco, placing the railroad in a position where it could not meet its fixed charges, and would ultimately mean reduction in service.

"To continue the operation of the Frisco on a profitable basis, we would have to abandon branch line mileage totaling about 50 per cent of the mileage of the Frisco Railroad," Coulter said.

"We would not be able to meet effectively the competition of the Santa Fe in connection with a substantial portion of our traffic because the Santa Fe originates a high percentage of the total traffic which it handles, some of which we receive through interchange."

Applies to All Opponents.

Neff said his arguments applied not only to the Missouri Pacific, but also to the three other major St. Louis carriers opposing the application. They are the St. Louis-San Francisco, Chicago, Rock Island & Pacific and the St. Louis-Southwestern.

In addition, Neff contended the Missouri-Kansas-Texas and Wabash Railroads would suffer "irreparable injury," even though the two roads are not opposing the extension.

In elaborating his four points, Neff said, "There is no area in the Southwest with more adequate transportation facilities, service and unused capacity than exists

Continued on Page 6, Column 2.

DISPATCH

CONT NEXT PAGE

NEFF OF MO. PAC. TELLS WHY ROADS OPPOSE SANTA FE

Continued From Page One.

in the area between St. Louis and Kansas City."

He quoted a 1935 ICC report which said:

"It is clear from the record that the territory is reasonably well served by existing railroads and other means of transportation; that the lines serving the territory have had heavy losses in recent years, have ample capacity to handle an increase in business, and could ill afford to lose traffic. The record fails to show that there is a substantial need for another railroad in the territory."

Mo. Pac. Improvements.

"Missouri Pacific," Neff asserted, "already has done all of the things which previous witnesses testified were necessary to have a railroad par excellence."

"Between the years 1918 and 1945, Missouri Pacific spent \$49,000,000 for improvements on its Kansas City-St. Louis line, including a second track, line and grade revisions, signals, heavier rail, roadbed stabilization, shops and engine houses and grade separations. Much of this line is operated by centralized traffic control."

Neff contended that no improvement in service would result from the extension which could not be made possible through agreements between St. Louis and western railroads.

"The Missouri Pacific has been trying for years to provide streamlined high-speed passenger trains between St. Louis and the Pacific coast," he asserted, "but the western lines, including the Santa Fe and Southern Pacific, have blocked us by refusing to cooperate."

Freight service now provided through interchange of cars between railroads at Kansas City is as fast as the service would be even if there were no interchange between carriers, Neff asserted.

He said the Santa Fe still would have to move cars to make up trains at Kansas City, and that none of the clerical or "wheel" work would be eliminated.

Under cross-examination by R. S. Outlaw, Santa Fe counsel, Neff expanded his contention that advantages claimed by Santa Fe for single-line service are largely spurious.

"Would you try to persuade a customer shipping freight from Pueblo, Colo., to St. Louis that it would be better to ship by Missouri Pacific all the way, rather than by Missouri Pacific to Kansas City and interchange there to the Wabash or Rock Island?" Outlaw asked.

"We'd try to fool him, like the Santa Fe does," Neff replied dryly. "If I were on your side of the table I'd argue for single-line service just as you are arguing, but in the back of my head I'd know that two-line service can be just as good."

ALSO: ST. LOUIS STAR-TIMES
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NOV. 25, 1946

The net operating income of St. Louis roads already is insufficient to cover fixed charges, he said, and in competition with Burlington and Santa Fe, "two of the strongest financial railroads in the nation, the St. Louis carriers who are still in the bankruptcy courts would be unable to stand up in the war of attrition which would follow."

Loss From Freight Diversion.

Neff stressed the heavy loss already incurred by railroads in this area from the diversion of freight to highways and rivers, and the laying of pipe lines, and pointed out that the virtual death of the lumber industry in Missouri has shut off a major source of revenue here.

On cross-examination, Neff denied the Santa Fe assertion that the railroad would gain \$9,701,020 in freight and passenger revenue, and set the figure at \$37,000,000. He said the computation was made by traffic experts of the protesting carriers.

After further questioning, he conceded, "I doubt if the St. Louis railroads would lose half of the \$37,000,000, but we could lose all of it, because it's there to be lost."

The entry of the Santa Fe might discourage the present railroads from bringing industries here, and might encourage them to develop other gateways, he said.

Commenting on the fact that the St. Louis railroads have lower operating expenses than the Santa Fe, despite shorter average hauls and consequently greater terminal and switching expenses, Neff said, "Maybe it's because of the higher pay of the Santa Fe executives." The railroad men in the audience smiled.

"The proponents in this case would lead the commission to believe that there will be plenty of traffic for everyone. If entry of the Santa Fe, and of the Union Pacific, as proposed by President George C. Smith of the St. Louis Chamber of Commerce, is proper for the most abundantly served gateway in America, the Interstate Commerce Commission Act is an empty gesture and the theory of regulated public service is a farce."

"We might as well return to the wild orgies of the early part of the century, in which railroad manipulation and finance ran rampant until the boom finally burst."

END

IN STAR-TIMES MENTION
MADE THAT SANTA FE ONCE
OWNED R.R. IN ST. LOUIS
(FRISCO) BUT RELINQUISHED
IT AS UNPROFITABLE.

Santa Fe Irks Kirk, Spoils Mo. Pac. Man's Plan to Quit

The Santa Fe attempt to enter St. Louis irks William Frank Kirk, assistant general manager of the Missouri Pacific, personally as well as in his official capacity with an opposing road, because it has frustrated his often-delayed retirement after 46 years of rail-roading.

Like a lot of rail men who have farms, Kirk has a beautiful country home near Kansas City, appropriately named "Dunrovin." He has talked glowingly to colleagues of the day when he could do more than visit the place, and intimated he didn't care if his home proved to be beyond whistle range of a locomotive.

PLANS DISRUPTED

His plans for being a gentleman farmer were disrupted by the war. With two of his sons in uniform, Kirk dismissed retirement with characteristic vigor: "To hell with

it! I'm sticking around as long as I can be of any service, whether it's general manager, a station agent or a crossing watchman."

He was destined to handle the greatest responsibility in his career, that of Western director of the Office of Defense Transportation, with complete control over routing of rail traffic west of the Mississippi for nearly three years.

Any qualms that may have been entertained by railroad men that Kirk would favor his own road were quickly dispelled shortly after he took over, because one of his first acts was to divert 150 cars from the Missouri Pacific to a competitor he believed could handle them more advantageously at that particular time.

The tremendous job of keeping materials shuttling through the comparatively few Western gateways is indicated by the official records of Kirk's department.

Santa Fe Net Income Rises \$6,226,060

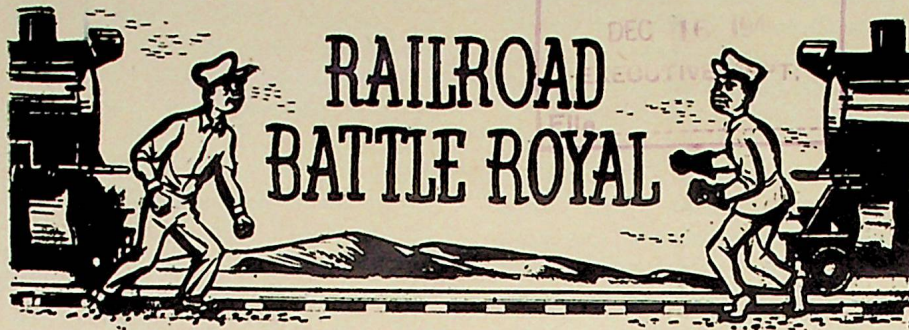
The Santa Fe Railroad announced yesterday, after the monthly meeting in Chicago of its Board of Directors, that net railway operating income for the first 10 months of this year exceeded last year's total for the same period by \$6,226,060, although gross for the same period was less than in 1945.

Fred G. Gurley, president of the railroad, said his line's 10-month net was \$38,338,534. The gross was \$340,733,808, as compared with \$456,949,920 for the first 10 months of 1945.

A dividend of \$2.50 per share

was declared on Santa Fe preferred capital stock, payable Feb. 1, 1947, to stockholders of record Dec. 27. A dividend of \$1.50 per share was declared on common stock, payable Mar. 3, 1947, to stockholders of record Jan. 31, 1947.

? SOURCE



By WILLIAM GARDINER

THE railroad battle royal being waged in St. Louis before the Interstate Commerce Commission may have far reaching effect on America's transportation system and the country's economic set-up.

The spark which set off this railroad battle of the century was application by the powerful, prosperous Santa Fe for permission to extend its service into St. Louis from Kansas City, a distance of 279 miles.

This action provoked loud wails from the eight Class A railroads serving this territory. With four of these lines in, or just out of receivership, the charge was hurled that the powerful Santa Fe was trying to "muscle in" on a rich and growing territory at the expense of the lines which are giving and have been giving adequate and satisfactory service. To which the Santa Fe replied it merely is seeking authority to offer through service between St. Louis and the Pacific Coast.

Interstate Commerce Commission practitioners declare there never has been a railroad battle quite like this one which opened in St. Louis November 12. It is more than a battle of railroads for a lush purse. It pits two of the industry's most dynamic and progressive personalities, one against the other.

In one corner stands Fred G. Gurley, Santa Fe's President. Across the ring is Paul J. Neff, President of the Missouri Pacific Lines. Both are rough and tumble fighting men. Both have come up from the ranks. And with Gurley and Neff, each convinced his side is in the right, railroad men, shippers, and investors the country over expect to see the fur fly in a battle in which the verdict may well result in charting a new course for America's rail lines.

Railroads, of course, have requested permission to extend their lines before, but the nub of this controversy envisions joint operation.

The Santa Fe does not seek permission to build its own tracks. In a petition it filed jointly with the Chicago, Burlington & Quincy Railroad the Santa Fe asks authority for joint purchase by it and the Burlington of all the capital stock of the Kansas City, St. Louis and Chicago Railroad Company. The two lines offer to guarantee the outstanding bonds of this company in the amount of \$2,093,000.

The joint petition also asks for trackage rights for the Santa Fe over the Burlington branch line from Francis, Missouri, via Old Monroe into St. Louis and trackage rights over the Santa Fe for the Burlington from Bucklin via Camden into Kansas City.

Over these properties the Santa Fe and Burlington seek to operate joint freight and passenger trains from Kansas City into St. Louis, with joint employes for both passenger and freight train operations.

THIS phase of proposed joint operation finds more than a score of union organizations of the protesting lines and some in other railroads lined up solidly against the Santa Fe. The unions are convinced approval of the Santa Fe's proposal by the ICC would force other lines to make similar arrangements and the result, so far as railroad employment is concerned, would be disastrous. They further claim that general adoption of such a policy sooner or later would result in less convenient and efficient service in all parts of the country.

The Santa Fe got off to a rousing

start when Gurley appeared in St. Louis more than a year ago for a conference with a few members of the Chamber of Commerce, following which it was announced that the Chamber would "welcome" the Santa Fe as a new member of the already large family of St. Louis railroads. This action aroused so much criticism from the more than 6,000 St. Louis railroad workers, who charged the Chamber of Commerce had gone off "half-cocked" without realizing that the Santa Fe plan would injure St. Louis institutions, the city of St. Louis withheld its formal approval, contenting itself with filing a notice it would intervene "as its interests may appear."

But the opposition railroads pulled no punches.

Led by the vociferous Neff, the opposition derided the Santa Fe's claim that better passenger service to and from the West Coast would result from its entrance into St. Louis. They made no bones about what, in their opinion, the Santa Fe really is interested in—the vast amount of freight that now flows through St. Louis to and from the West. Much of that freight is interchanged with the Santa Fe at Kansas City and other points West and Southwest. A longer haul on such traffic would enable it to obtain a larger share of the revenue.

Another argument of the opposition is that over a long period of years they have invested scores of millions of dollars in improving their properties and in providing the kind of service that has helped St. Louis and the West and Southwest enjoy a constant growth and development. They intend to resist with all vigor possible the Santa Fe's attempt to come in at this late date and with little effort and a comparatively insignificant investment, siphon off a large share of the traffic they developed.

But the prospect of having St. Louis served by the Santa Fe appeals to many and the question of whether St. Louisans should approve the "more the merrier" theory or adhere to the "enough of a good thing is plenty" saying is a question which only time and the decision of the Interstate Commerce Commission may settle. **END**

DECEMBER - 1945

ARMY TRANSPORTATION JOURNAL

Santa Fe To Press For Entry Despite Adverse Report

Oral Arguments To Be Made In Advance Of ICC Ruling; If Still Unfavorable, Case Will Be Appealed, C. Of C. Head Says

Battle lines were being drawn today for a legal fight which may wind up in the U. S. Supreme Court over yesterday's report by two Interstate Commerce Commission examiners recommending against giving the Santa Fe Railroad an entry into St. Louis.

Fred G. Gurley, president of the Santa Fe, clearly indicated in a statement that his railroad and the Chicago, Burlington & Quincy, which joined in the petition, will leave nothing undone to bring about its acceptance.

"In further argument in the ICC, the Santa Fe will continue its efforts to bring its services to St. Louis," he said.

Meanwhile, George C. Smith, president of the St. Louis Chamber of Commerce, who supported the Santa Fe application, told The Star-Times that "unquestionably exceptions to the adverse recommendation will be filed with the ICC."

Predicts Reply Brief.

A spokesman for one of the five railroads which protested the Santa Fe's proposal, to The Star-Times that if Santa Fe files the anticipated exceptions, "we will file a reply brief."

The procedure, Smith said, undoubtedly will include oral arguments before the ICC in advance of the commission's final ruling on the Santa Fe application.

If that ruling is still unfavorable to the Santa Fe, Smith added, it may be appealed to the federal courts, and ultimately may reach the U. S. Supreme Court. The same avenues of appeal are open to the protesting roads, in event the commission reverses the examiners.

Gurley said in his statement that while the examiners' adverse report was "disappointing," it nevertheless represented "only one of the procedural steps in the effort of the Santa Fe to serve St. Louis."

Says Benefits Are Underplayed

"A preliminary examination of the findings," he said, "indicated

the examiners have unduly emphasized the probable harm to competing railroads, and greatly under-emphasized the benefits to St. Louis and the shipping and traveling public."

The protesting line spokesman, however, emphasized that "Santa Fe failed to make out its case that the proposed entry was for the 'convenience and necessity' of the public, as required by law."

"There was no other recommendations possible in view of the evidence submitted at the 20-day hearings conducted here by Examiners C. E. Boles and A. G. Nye," he asserted.

Say Area Would Be Hurt

In their report, Boles and Nye concluded that the proposed rail changes involved in Santa Fe's entry into St. Louis would adversely affect "the transportation facilities of the entire southwestern section of the country."

"Traffic losses of other carriers . . . might be so great as to result in curtailment of service or abandonment of their lines, either of which would be detrimental to the public interest," the report stated.

"There is no lack of transportation facilities or of competition in the area served by the joint applicants. Unless justified by future developments, additional rail service would be wasteful and unwarranted."

Opposition to the Santa Fe-Burlington plan was spearheaded by four railroads, the Missouri Pacific, Frisco, Cotton Belt and Rock Island. Those favoring the application included the City of St. Louis, the Chamber of Commerce, the parent St. Louis organizations of the C. I. O. and A. F. L. labor unions, and numerous shippers and other witnesses.

ST. LOUIS STAR-TIMES - NOV. 15 - 1947

Crossing Out A Crossroads



EDITORIAL
ST. LOUIS POST-DISPATCH
NOV. 15-1947

The Santa Fe Loses

It is not surprising that two examiners of the Interstate Commerce Commission, in a report based on St. Louis hearings, have rejected the proposal that the Santa Fe be permitted to enter St. Louis. They do so on the broad grounds that additional rail service to the city would be wasteful and unwarranted and would be injurious to roads now providing comparable service.

As we said in an editorial of June 27, 1946, opposing the Santa Fe petition, the idea had much surface attractiveness. The Santa Fe is one of the finest of American railroads, and it is an old tradition of progressive citizenship that invites new corporations as creators of business and of payrolls.

However, the city already has ample rail facilities to the West. Even at wartime peak, the westward lines could have handled from 35 to 50 per cent more freight than they did. If they should face a new and very powerful competitor, the Frisco, Rock Island, Missouri Pacific and the M-K-T—all of whom have been in serious financial difficulty without such added competition — might again be in fiscal jeopardy. This is the reasoning which was apparent then and which has been adopted in the examiners' report.

It was beguiling to hear the Santa Fe argument that, if it were permitted to enter St. Louis, our citizens could ride the Chief and Super-Chief to the Pacific Coast. Those are marvelous trains, but their main sections would not have originated here. We would have had to join the main sections at Kansas City. If railroad politics were set aside, the Santa Fe could give St. Louis this same service now by agreement with St. Louis railroads.

To oppose the Santa Fe's entrance was to expose oneself to the charge of harming the city's interests. The effect, however, would be not to create a great deal of new transportation business, but to divide up a traffic that does not tax the existing rail facilities, and to do harm to roads which have served St. Louis for many years. There was a time when rail lines were a matter of life and death to American communities, but long ago the Interstate Commerce Commission began to be worried about duplication in rail transportation. It drew up a plan for rail consolidation to avoid duplication and waste. The report of the examiners is in line with this thinking.

Since examiners' reports are usually accepted by the Commission, it can be assumed that the Santa Fe matter is now dead. The St. Louis lines have won a victory important for themselves. Let them now—to soften the disappointment of many St. Louisans—redouble their efforts to give St. Louis the best rail service in their power.

ST. LOUIS STAR-TIMES
FRIDAY JULY 16, 1948

HEADLINE: ICC REFUSES SANTA FE ENTRY INTO CITY.

Seven Oppose, Three Favor Railroad Plea

Dissenters Trace Ruling To Fears Of Competing Roads

(Related Story on Page 15)

The Interstate Commerce Commission, by a split vote, today denied the application of the Santa Fe Railroad for permission to enter St. Louis.

Seven of the commissioners voted to reject the application, three voted for it and one did not vote. The dissenters were Chairman William Lee and Commissioners Charles Mahaffie and William M. W. Splawn.

The dissenting opinion said the rejection appears to have been based "almost entirely" on possible loss of business to competing railroads but that the dissenting commissioners saw no prospect of any extensive diversion of traffic from these roads to the Santa Fe.

Finds Merit in Rivalry

"Competition, unless clearly shown to be destructive, still has merit as a spur to progress," said the minority opinion.

Granting of the application, the opinion said, would bring about the improvement of an existing line of railroad and the extension of Santa Fe service into St. Louis.

The majority of the commission, however, upheld the recommendation of its two examiners, who last Nov. 14 recommended the application be denied.

On Nov. 14, last, ICC examiners C. E. Boles and A. G. Nye submitted their report to the commission, recommending denial of the Santa Fe's application for entry into St. Louis.

Supporting the application were the City of St. Louis and the St. Louis Chamber of Commerce, while opposing it were four major southwest railroads, the Missouri Pacific, the Frisco, the Cotton Belt and the Rock Island.

The proposal, offered jointly by the Santa Fe and the Chicago, Burlington & Quincy, involved a plan for Burlington to shorten its route between Kansas City and St. Louis, and make this trackage available to Santa Fe Trains.

In their recommendation, the examiners asserted that under the suggested operations "the transportation facilities of the entire southwest section of the country would be adversely affected."

Foresees Curtailed Service

They added:

"Traffic losses of other carriers, including the protesting railroads unable to compete with such a powerful combination, might be so great as to result in curtailment of service or abandonment of substantial portions of their lines, either of which would be detrimental to the public interest.

"There is no lack of transportation facilities or of competing competition in the area to be served by the joint applicants.

"Unless justified by future developments, additional rail service would be wasteful and unwarranted."

Proponents of the application contended that entry of the Santa Fe here would provide healthy competition, cause improved train service for both freight and passengers, stimulate business and greatly increase the total volume of rail traffic handled in St. Louis.

ALSO: SAT. JULY 17, 1948

ST. LOUIS POST-DISPATCH
FRIDAY - JULY 16 - 1948

SANTE FE DENIED DIRECT ACCESS TO ST. LOUIS BY 8-TO-3 I.C.C. VOTE

Gulf, Mobile & Ohio
Also Fails to Get
Permission for Track-
age Right in Missouri
Counties.

WASHINGTON, July 16 (AP)—
The Interstate Commerce Commission rejected today a proposal by which the Atchison, Topeka & Santa Fe Railway would have acquired direct access to St. Louis.

The vote was 8 to 3, with Chairman William Lee and Commissioners Charles Mahaffie and William M. W. Splawn dissenting.

Specifically, the commission denied the application of the Chicago, Burlington & Quincy Railroad and the Santa Fe to acquire control of the Kansas City, St. Louis & Chicago Railroad, and to lease the latter's tracks in seven Missouri counties.

The commission denied also the application of the Gulf, Mobile & Ohio Railroad Co. for permission to acquire trackage rights over the Kansas City, St. Louis & Chicago railroad line in the same seven Missouri counties—Audrain, Boone, Randolph, Howard, Saline, Lafayette and Jackson.

The commissioners who disagreed with the decision said the application contemplated in substance "the improvement of an existing line of railroad and the extension of Santa Fe service to St. Louis."

They said the ICC denial appeared to have been based "almost entirely" on possible harm to some railroads from additional competition. They said, however, they saw no prospect of extensive diversion of traffic.

"Competition, unless clearly shown to be destructive, still has merit as a spur to progress," Splawn said in an opinion presenting the views of the three dissenters.

EDITORIAL
ST. LOUIS POST-DISPATCH
JULY 17 - 1948

The ICC's Sound Decision

By a decisive 8-to-3 vote the Interstate Commerce Commission has turned down the Santa Fe Railroad's application for direct access to St. Louis. The plea was rejected on the ground that the entrance of the Santa Fe would threaten excessive competition and so endanger lines already operating into the city. This is a sound ground for a sound decision. When the Santa Fe made its application more than two years ago the Post-Dispatch said:

The overriding reason why the Santa Fe should not come to St. Louis is that it would add to the existing excess of rail facilities serving the territory and weaken lines that are too weak already.

More than half the eight Class A railroads serving the St. Louis territory have been in receivership within the past few years. They are all solvent now, and the ICC's decision will help them remain so.

By joint operating arrangements with the lines already entering St. Louis, the Santa Fe can give the city any improved service it could have provided by direct entry. St. Louis would be delighted to see the Santa Fe complete the necessary arrangements.

ICC REJECTS PLAN OF SANTA FE FOR ST. LOUIS ENTRY AS UNWARRANTED

Vote Is 8 to 3—Majority
Says Little Evidence
Was Provided of Dis-
satisfaction With Exist-
ing Service.

The Santa Fe Railroad's plea for a direct entry into St. Louis was rejected at Washington yesterday by the Interstate Commission, which found that the additional rail service would be "wasteful and unwarranted." The ruling was by a vote of 8 to 3.

Sustaining the recommendation of two ICC examiners, who submitted a similar finding last November, the commission majority found the proposal for joint operation of existing lines from Kansas City by the Santa Fe and Burlington railroads might result in such serious traffic losses to other railroads that they might be forced to curtail service or even abandon parts of their lines.

The decision was a victory for five roads which bitterly opposed the application, alleging they would lose from \$18,300,000 to \$23,680,000 a year in gross revenues if the Santa Fe were permitted to compete with them in entering the city.

Dissenting Opinion.

In a dissenting opinion, the three-man minority on the commission denied that the additional service would jeopardize transportation service to the Southwest, as contended by opponents.

"The reasoning of the report, if applied generally, would pretty much freeze the railroad plant," said Commissioner Charles D. Maffie, who wrote the dissenting opinion.

"If it had been applied to all transportation as of, say, 1920, it would have prevented the entry of motor carriers and perhaps of air carriers into the transportation field . . . Competition, unless clearly shown to be destructive, still has merit as a spur to progress."

Possible Courses.

Under commission regulations, the Santa Fe can ask for a reargument and, if it has new testimony, can ask for a new hearing before an examiner. If denied any further consideration, the railroad could ask for review by a three-judge federal court, and ultimately take the case to the Supreme Court.

The Santa Fe-Burlington plan called for acquisition of control of the small Kansas City, St. Louis & Chicago Railroad and leasing of that line's tracks in seven Missouri counties—Audrain, Boone, Randolph, Howard, Saline, Lafayette and Jackson. Santa Fe thus would have acquired a new eastern terminus at St. Louis and been able to provide single-line service from here to the West Coast. The proposal was favored by the City of St. Louis and the Chamber of Commerce.

Little evidence was provided, the majority opinion said, of any dissatisfaction with the existing service, except passenger service between St. Louis and points in Santa Fe territory. Deficiencies in present freight service of the protesting railroads, pointed out by the applicants, "appear to be due to conditions incident to the war and are rapidly being corrected," the opinion said.

Proposes Mutual Effort.

"If any improvements are necessary in order to make the present joint-line service to, from and via St. Louis more efficient, no sound reason exists why they should not be accomplished by mutual effort and co-operation of the railroads concerned," the opinion continued. "We have given a careful consideration to the Santa Fe's contentions to the contrary but must reject them."

"For the successful operation of the proposed joint service between Kansas City and St. Louis, the Santa Fe would be compelled to depend on the co-operation of the Burlington, which would be a strong competitor for traffic between the two cities as well as for traffic between other points.

"There appears to be no sound reason why it should not be able to establish the same type of co-operation with the Burlington as a connecting carrier at Kansas City as it proposed to establish in co-operation with the Burlington as a partner."

No historical evidence was given, the commission went on, that St. Louis had been handicapped in its growth by lack of through connections to the West Coast, "nor is there any evidence that St. Louis is handicapped now in its competition with Chicago or any other city, by lack of transportation facilities."

"Matter of Speculation."

Development of St. Louis as a gateway for through passenger service between East and West would depend not only on Santa Fe operations but on service by Eastern railroads comparable with that now available at Chicago, the ruling said. Benefits to St. Louis are matters of speculation," and there is evidence that gains in some sections of the city's economy might be offset by losses in others," the opinion asserted.

Railroads opposing the application, the Missouri Pacific, Frisco, Cotton Belt, Rock Island and Texas & Pacific, argued the Santa Fe entry would duplicate existing service. They pointed out that granting of the application would jeopardize the \$38,000,000 they planned to spend for new equipment. Railroad labor unions of the opposing railroads joined in the fight against the Santa Fe.

St. Louis city officials and the Chamber of Commerce had declared the city, as the chief railroad center of the west, next to Chicago, needed direct singleline service to the Pacific coast. They pointed to the Santa Fe's claim that such service might reduce passenger time to Los Angeles by as much as eight hours.

ICC Approves Examiner Report Barring Santa Fe

The Interstate Commerce Commission, in a decision yesterday at Washington, upheld a report by its examiners rejecting a proposal by the Santa Fe Railroad to enter St. Louis. The vote was 7 to 3, with one commissioner, J. Monroe Johnson, not voting.

The commission's decision was anticipated after ICC Examiners C. E. Boles and A. G. Nye recommended on Nov. 14, 1947, that the Santa Fe's application, be denied because it would do more harm than good, economically speaking. Their recommendation was made after analysis of testimony given before them in a 20-day hearing in St. Louis, ending Dec. 6, 1946.

Despite this unfavorable report, the Santa Fe continued its fight and this spring presented testimony before the commission. Opposition to the plan again came from lawyers from the Missouri Pacific and most of the other railroads that operate into St. Louis.

The ruling specifically denied the application of the Santa Fe to acquire control of the Kansas City, St. Louis and Chicago Railroad and to lease the latter's tracks in seven Missouri counties.

The dissenting opinion yesterday was filed by Chairman William Lee and Commissioners Charles Mahaffie and William M. W. Splawn. They said the ICC denial appeared to have been based "almost entirely" on possible harm to some railroads from additional competition by the Santa Fe.

The application of the Gulf, Mobile & Ohio Railroad, which was involved in the Santa Fe agreement, also was rejected by the ICC. The G., M. & O. asked for permission to acquire trackage rights over the Kansas City, St. Louis & Chicago Railroad line in the same seven Missouri counties — Audrain, Boone, Randolph, Howard, Saline, Lafayette and Jackson.

After improvements to the line, the two railroads proposed to operate joint service over it, also using jointly the 117-mile Burlington-owned link from Mexico to St. Louis.

The Missouri Pacific, Rock Island, Frisco and Cotton Belt lines opposed the plan. Supporters of the Santa Fe included the City of St. Louis and the St. Louis Chamber of Commerce.

The dissenting commissioners said they saw no prospect of extensive diversion of traffic under the Santa Fe plan.

"Competition, unless clearly shown to be destructive, still has merit as a spur to progress,"

The majority opinion held that under the suggested operations "the transportation facilities of the entire southwest section of the country would be adversely affected."

"Traffic losses of other carriers * * * might be so great as to result in curtailment of service or abandonment of substantial portions of their lines, either of which would be detrimental to the public interest. There is no lack of transportation facilities or of competing competition in the area * * * and unless justified by future developments, additional rail service would be wasteful and unwarranted."

Mo. Pac. Drops Its C. of C. Membership

The Missouri Pacific Railroad, apparently displeased with the St. Louis Chamber of Commerce's support of the Santa Fe Railroad's application for entry into St. Louis, has ended its 36-year-old membership in the Chamber of Commerce, it was learned yesterday.

The Missouri Pacific and several other railroads opposed the entry of the Santa Fe at hearings held here before an Interstate Commerce Commission examiner. Shortly after the hearings, on Jan. 1, 1947, the railroad failed to renew its membership. The ICC yesterday upheld the examiner's recommendation that the Santa Fe's application be denied.

No statement as to the reason for the Missouri Pacific's withdrawal was forthcoming. The other railroads which protested the Santa Fe's application are still members of the Chamber.

'Stand Still, St. Louis,' Say ICC Examiners

It is indeed disappointing that the Interstate Commerce Commission examiners have reported adversely on the application of the Santa Fe Railroad to enter St. Louis. This action is, of course, not final and President Fred G. Gurley of the Santa Fe has said, this is only "the first round," and that the Santa Fe would appeal the case to the full Commission. They also can take the case to a three-judge Federal District Court if the Commission rules adversely, and from there to the U. S. Supreme Court.

Under normal circumstances it might be said that the chances of success before the full Commission and the courts after an adverse ruling of the examiners are remote. However, the practices of the ICC are molded in a pattern of antiquity. They are so far outmoded in this fast moving age that the pressure of public opinion eventually will bring them up to date.

How ridiculous it is that the airline service to St. Louis increases every year, the bus service is enlarged every year, the interstate truck traffic increases by leaps and bounds, but the railroads must remain static because the members of the ICC haven't a faint conception of what the railroads must do to keep abreast of progress.

Even if the advent of the Santa Fe caused a temporary falling off of business in other lines, the new business it would bring to this community would far outweigh that disadvantage with resulting greater prosperity to the city, to its industries and to the railroads themselves. The backers of the project include, in addition to the St. Louis *Star-Times*, the city administration, the St. Louis Chamber of Commerce, the Merchants Exchange, the Real Estate Exchange, important local labor organizations (both A. F. of L. and C. I. O.), and dozens and dozens of civic groups. The St. Louis *Globe-Democrat* finally joined the St. Louis *Star-Times* in supporting the project. The opposition of the *Post-Dispatch* can be discounted, because that newspaper evidently forgot that in the year 1931 it said, in support of the Santa Fe's entrance: "It is inevitable that the economy of the Southwest should relate this great railroad to the metropolis of the Southwest, which is what St. Louis has come to be.

"Railroads bear a lesser relation to the growth of great cities than they formerly did, but the Santa Fe is no less welcome to St. Louis. It is one of the great Southwestern systems."

After considering the 1,200,000 lines of

testimony, the ICC examiners held that "there is no lack of transportation facilities or of competition in the area to be served by the joint applicants."

They accepted this argument against evidence that Santa Fe would provide:

1. A new service between St. Louis and areas representing 6.8 per cent of the nation's economic wealth.
2. Passenger service on crack trains that would cut at least eight hours and 40 minutes from existing schedules to the West Coast.

3. Better freight service, including no-stop single-line transportation for cattle from Kansas, Oklahoma and Texas.

None of these points the existing roads could effectively refute. Their central argument was that the Santa Fe would cut into their business, and the ICC examiners have agreed that their traffic losses might be such as to "result in curtailment of service or abandonment of substantial portions of their lines."

No one would wish for these railroads such a fate. But in prophesying impoverishment or ruin they take a view that is not shared, by any means, by persons who take a broad and progressive view of the economic future of St. Louis and the region it serves. Overlooked entirely it would seem, is the rapid growth of the Pacific Coast and its new importance to the many St. Louis industries whose activities are nation-wide in scope. This city's interests and attitudes were ably summed up before the examiners by President George C. Smith of the Chamber of Commerce, a man whose background, incidentally, includes 27 years of active railroading:

So long as we have improvement in the standards of living, a dynamic technology developing new goods and new or improved processes, combined with an increasing population, especially to the west of St. Louis, any conclusion based on the assumption that the amount of transportation required at St. Louis is fixed and will not increase is fallacious and cannot be proved.

This view must take precedence over any assumption that St. Louis and the nation are static in business and transportation.

St. Louis has been trying for 100 years to get a direct railroad line to the Pacific Coast. It has such, of course, by airlines, bus lines and truck freight lines. But with the present backward attitude of the ICC it will probably be another 100 years before one railroad connects St. Louis and the West Coast.

Decision Against Growth

Two opinions have been handed down by the Interstate Commerce Commission on the Santa Fe Railroad's application for entrance into St. Louis. It is, unfortunately, much easier to follow the reasoning of the minority, which held in favor of that entrance. The controlling opinion against the Santa Fe, signed by seven of the 11 commissioners, makes no sense at all.

As the minority opinion pointed out, rejection of the application seemed to be based "almost entirely" on possible loss of business to competing railroads. Yet "competition, unless clearly shown to be destructive, still has merit as a spur to progress." Entrance of the Santa Fe would have let St. Louis tap markets in the Southwest that are presently closed to us; it would have diverted traffic from the Chicago gateway efficiently and economically; it would have provided the city with a much-needed, attractive, swift through passage to the West Coast. Beyond all debate, as the minority held, entrance of the Santa Fe would have resulted in "improvement of an existing line of railroad," for the road proposed to modernize a stretch of Burlington track between here and Kansas City.

Unduly fearful of the forces of progress in the city, unduly pessimistic about the prospects of growth in the Southwest, the majority held differently, however. The Chamber of Commerce, which has a tremendous stake in the prosperity of the city, had argued for the Santa Fe. So had the city's administration itself. Neither wants to see existing railroads or businesses threatened. Nevertheless the commission ruled that "Traffic losses of other carriers, including the protesting railroads unable to compete with such a powerful combination, might be so great as to result in curtailment of service or abandonment of substantial portions of their lines, either of which would be detrimental to the public interest." On a most improbable "might" the City of St. Louis loses a tremendous potential advantage.

Fortunately the commission's decision can be altered by "future developments." It is sure that the growth of St. Louis and the territory on which it depends will one day make the entrance of the Santa Fe mandatory. It is only regrettable that the commission decided not to aid that growth by admitting the Santa Fe now.

Santa Fe Plans Next Step After Entry Denial

Road Can Appeal To Courts Or Ask Rehearing By ICC

Fred G. Gurley, president of the Santa Fe Railroad, and L. R. Capron, vice-president of the Chicago, Burlington & Quincy, arrived here today for conferences on the Interstate Commerce Commission's rejection of their joint application for rail entry into St. Louis.

Gurley, accompanied by Robert S. Outlaw, chief counsel for the Santa Fe, told The Star-Times:

"We are here to consider what our next move shall be."

There are two possible avenues of appeal from the ICC decision, which was handed down late yesterday in Washington:

1. A request for a rehearing of the protracted controversy by the ICC itself.
2. An appeal to the federal courts, with the possibility of an ultimate final decision by the U. S. Supreme Court.

Gurley Won't Comment

Gurley would not comment on which of these two steps was under consideration.

While in St. Louis, Gurley, Capron and Outlaw were expected to get in touch with George C. Smith, president of the St. Louis Chamber of Commerce, whose organization actively backed the Santa Fe application, and possibly with officials of the City of St. Louis, which also supported the rejected plan.

Smith declined to comment on the ICC decision, as did George L. Stemmler, St. Louis city counselor, who filed a brief on behalf of the city in the ICC proceedings brought by the two roads.

Mo Pac Head Silent

Moreover, no comment was forthcoming today from Paul J. Neff, president of the Missouri Pacific Railroad, whose road successfully fought the Santa Fe application in conjunction with several other lines, including the Frisco, Cotton Belt and Rock Island.

Following spirited ICC hearings here on the Santa Fe application, the Missouri Pacific, as announced by The Star-Times yesterday, withdrew its 36-year membership in the St. Louis Chamber of Commerce. Neff gave no explanation for this action, and Smith would not comment.

Seven of the 11 ICC commissioners voted to reject the Santa Fe plan on the basis of recommendations submitted last Nov. 14 by two trial examiners, C. E. Boles and A. G. Nye. Three dissenters were Chairman William E. Lee and Commissioners Charles D. Mahaffie and Walter M. W. Splawn. Commissioner J. Monroe Johnson did not vote.

Fears For Competitors

In a 45,000-word decision accepting the trial examiners' recommendation that the Santa Fe application be rejected, the commission's majority held, in brief, that the proposal was "not in the public interest," and might lead to serious financial difficulties for competing railroads.

A dissenting report by Commissioner Mahaffie, concurred in by Chairman Lee and Commissioner Splawn, held that if joint operation of the two roads resulted in more economical and efficient handling of traffic, then some diversion of traffic "could and should result."

The reasoning of the majority, if applied to all transportation, would freeze the railroad plant of the country and preclude any improvements, Mahaffie, Lee and Splawn contended.

Basically, it was the Santa Fe-Burlington plan to acquire control of the Kansas City, St. Louis & Chicago Railroad, acquire trackage rights, and for Burlington to operate a direct service from Kansas City to St. Louis, serving both railroads, thus giving Santa Fe direct connection from here to the West Coast.

The majority decision of the commission held that records do not show present rail service to St. Louis to be inferior, that Santa Fe might not give better service than now exists. It further concluded that protesting roads might lose up to \$10,000,000 to \$11,000,000 a year in freight revenues.

Holding that the Santa Fe was financially stronger than the protesting lines, the majority added:

"The protesting companies could not absorb the losses which might result without injury to their service or credit, and until their credit is established they must look to their earnings to improve their property and their service to the public."

"Carried to its logical conclusion," the majority report stated, "the argument that transactions should be approved as in the public interest because they provide for substitution of single-line for multiple-line hauls would call for consolidation of all railroads of the country into one system."

Combating this line of reasoning, the dissenters said the majority rejection of the application appeared to be based "almost entirely" on possible loss of business to competing railroads, but that the dissenting commissioners saw no prospect of any extensive diversion of traffic from these roads to the Santa Fe.

"Competition, unless clearly shown to be destructive, still has merit as a spur to progress," said the minority.

Missouri Pacific Permits Its Membership In C. of C. To Lapse; No Reason Given

Renewal Date Was Jan. 1, 1947, Shortly
After Hearings On Santa Fe's Entry Plea
Supported By Chamber And The City

BY FOSTER EATON
Star-Times Staff Writer

Without any public explanation, the Missouri Pacific Railroad has permitted its 36-year-old membership in the St. Louis Chamber of Commerce to lapse, The Star-Times learned today.

Renewal date for its corporate membership was Jan. 1, 1947, shortly after spirited hearings here on the Santa Fe Railroad's proposal to enter St. Louis—a proposal backed by the chamber and the City of St. Louis and opposed by Missouri Pacific and three other major railroads.

Neither George C. Smith, president of the chamber, nor an official spokesman for the Missouri Pacific, would comment when asked the reason for the lapsed membership. It was learned, however, that the railroad declined to pay its membership fee for 1947, and was dropped from the rolls of the chamber last Oct. 23.

Other Opposing Roads

In addition to the Missouri Pacific, the other major roads which fought the Santa Fe entry here were the Cotton Belt, the Frisco and the Rock Island. Membership of these last named three roads in the Chamber of Commerce have not lapsed.

Meanwhile, the Santa Fe application for entry into St. Louis is pending before the Interstate Com-

merce commission. No mention of the St. Louis County Chamber of Commerce.

Points Of Article

However, the St. Louis Commerce article pointed out:

1. Negotiations were opened by the St. Louis Chamber of Commerce and Standard Pipeprotection as long ago as last February.

2. The chamber's transportation bureau, under Carl Giessow, director, brought about a major freight rate concession from the executive committee of the Southwestern Freight Bureau on behalf of Standard Pipeprotection.

3. The chamber arranged for officials of the Missouri Pacific to conduct company officials on a tour of possible plant locations, and John D. Kerr Jr., industrial bureau di-

tioned partition—is only this: Arabs and months after the nations of the world sanc- What has happened now—almost eight to get a new and longer truce in Palestine. tion of Israel. It was only an action to try- lution in favor of partition and the crea- an action to insure application of the reso- forceful action in Palestine. But it was not backed by the British, were arguing for U. N. United States delegates, surprisingly was solemnly adopting that plank, the Nov. 29 resolution was again being ignored in For even as the Philadelphia convention by for the creation of a Jewish state." 1947, by the United Nations General Assem- the adoption of the resolution of Nov. 29, President Truman played a leading role in the United States under the leadership of The formation of German government planned by the escape from the powers were to immediate future infiltration and su infant government As Russia clos tighter, the Weste hard against a s highest sort of s quired if war or which the democ averted. Among sibility that Berlin on the premise th risking war or sac