

MARCH, 1950

Proceedings of The PACIFIC NORTHWEST ADVISORY BOARD Silver Anniversary

1925 - 1950

and

**SEVENTY-SIXTH REGULAR
MEETING**

Portland, Oregon, March 23, 1950

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ADMINISTRATIVE OFFICERS:

President: AVERY M. CLONINGER, Manager, Traffic & Warehousing,
Longview Fibre Co., Longview, Washington

Vice-President: R. V. BOYLE, T.M., Brown & Haley, Tacoma, Washington

Executive Secretary: L. R. PUGH, President, St. Maries Lumber Co., St.
Maries, Idaho

Chairman, Executive Committee: H. T. STODDARD, T.M., Soundview
Pulp Co., Everett, Washington



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President's Message —

C arriers and shippers
O f all types must now
O ffer a helping hand to
P reserve our present free
E nterprise system for all
R ailroad operation. The
A dverse structure of rail
T axes coupled with the
I ncreased costs of many
O perations makes this
N eed an absolute necessity.

—Avery M. Cloninger

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FORECAST OF CARLOADINGS IN PACIFIC NORTHWEST ADVISORY BOARD TERRITORY SECOND QUARTER OF 1950 COMPARED WITH ACTUAL CARLOADS SECOND QUARTER OF 1949

ADVISORY BOARD CLASSIFICATION No. COMMODITY	Actual 1949	Estimated 1950	Incr. %	Decr. %	Cars Incr.	Cars Decr.
1. Grain, All	14,477	15,765	8.9		1,288	
2. Flour, Meal & Mill Products	7,786	7,342		5.7		444
3. Hay, Straw, Alfalfa	224	130		42.0		94
4. Cotton						
5. Cotton Seed, etc.						
6. Citrus Fruits						
7. Other Fresh Fruits Total	6,821	7,018	2.9		197	
(a) Apples	5,188	5,354	3.2		166	
(b) Other Fresh Fruits	600	464		22.6		136
(c) Bananas	1,033	1,200	16.2		167	
8. Potatoes	1,289	1,289				
9. Other Fresh Vegetables	324	340	5.0		16	
10. Live Stock—Total	2,578	2,320		10.0		258
(a) Cattle	981	883		10.0		98
(b) Sheep, Hogs & Goats	1,597	1,437		10.0		160
11. Poultry & Dairy Products—Total	231	248	7.4		17	
(a) Poultry & Eggs	146	153	5.0		7	
(b) Dairy Products	85	95	11.7		10	
12. Coal & Coke	2,377	2,615	10.0		238	
13. Ores & Concentrates	1,762	1,903	8.0		141	
14. Gravel, Sand & Stone	7,531	7,983	6.0		452	
15. Salt						
16. Lumber & Forest Products—Total	173,934	181,953	4.6		8,019	
(a) Fir Lumber	68,765	74,954	9.0		6,189	
(b) Fir Logs	52,989	47,690		10.0		5,299
(c) Pine Lumber	29,470	31,830	8.0		2,360	
(d) Pine Logs	22,710	27,479	21.0		4,769	
17. Petroleum & Petroleum Products	6,961	6,070		12.8		891
18. Sugar, Syrup & Molasses	601	500		16.8		101
19. Iron & Steel	1,225	857		30.0		368
20. Other Metals—Total	2,299	2,752	19.7		453	
(a) Aluminum	1,923	2,308	20.0		385	
(b) Except Aluminum	376	444	18.0		68	
21. Machinery & Boilers	411	411				
22. Cement	4,379	4,948	13.0		569	
23. Brick & Clay Products	356	335		6.0		21
24. Lime & Plaster	343	343				
25. Agricultural Implements & Vehicles (other than autos)	142	140		1.4		2
26. Automobiles & Trucks						
27. Fertilizer—All Kinds	454	504	11.0		50	
28. Paper, Paperboard & Prepared Roofing	9,279	9,279				
29. Chemicals & Explosives	986	1,134	15.0		148	
30. Canned Food Products	3,455	3,144		9.0		311
30a. Frozen Foods—Fruits & Vegetables	1,102	900		18.3		202
Total—All Commodities Listed	251,327	260,226	3.5		8,896	
COMMODITIES NOT LISTED IN NATIONAL FORECAST						
Wool	63	50		20.6		13
Furniture	755	679		10.0		76
Dried Peas & Beans	638	510		20.0		128
Packing House Products	556	600	8.0		44	
Wood Pulp	2,357	3,208	36.1		851	
Dried Fruits & Vegetables	52	77	48.1		25	
Sugar Beets						
Scrap	994	300		69.8		694
Railway Track Material	147	135		8.2		12
TOTAL—Supplementary Items	5,562	5,559		.05		3
GRAND TOTAL FORECAST	256,889	265,785	3.5		8,893	

PROCEEDINGS OF THE SILVER ANNIVERSARY MEETING PACIFIC NORTHWEST ADVISORY BOARD

MULTNOMAH HOTEL—PORTLAND, OREGON

MARCH 23, 1950

H. T. STODDARD, President, Presiding

PRESIDENT STODDARD: 'Good morning, gentlemen. Will the meeting please come to order.

Your officers welcome you to this 25th annual and 76th regular meeting of the Pacific Northwest Advisory Board. It is always pleasant to meet in Portland. The record of successful meetings here is very favorable.

Our meeting today has special significance. On August 27, 1925, at this hotel, the organization meeting of this Board was held. As our March meeting in Portland is always our annual meeting, it is appropriate that we consider this our Silver Anniversary meeting.

I have had the opportunity to read the printed proceedings of that organization meeting. To me, the calibre of the men who attended, the high level of management from which they came, and the fundamental principles for forming this Board, were very impressive.

The two principal addresses were given by Mr. Ralph Budd, then President of the Great Northern Railway, and Mr. Donald D. Conn, that very capable gentleman who was so active in the formation and organization of the various Advisory Boards, who was then Manager of the Public Relations Section Car Service Division, American Railway Association.

So impressive was the address by Mr. Conn that yesterday the Executive Committee authorized the reprinting of a portion of his address in the printed proceedings of this meeting. I urge you to read it.

The major problem then, as it is now, was one of adequate and satisfactory car supply and to provide service for cars in transit. As many have recognized, the unusual thing about our Advisory Boards is the meeting of buyers and sellers to discuss their mutual problems to make private enterprise in transportation work.

As you hear the various reports that will be given this morning you will agree, we believe, that we are meeting here today in the same spirit of mutual help and understanding that sponsored the organization of this Board and that has been reflected through the last quarter of a century.

Please remember that this is your meeting and you are urged to take a part in it if you so desire.

Our first item on the docket is a report of the Executive Committee. It will be given by our immediate Past President, the Chairman of the Committee. I am pleased to present to you the Sales Manager of the C. D. Johnson Lumber Corporation, Mr. Ralph Benson. Mr. Benson.

EXECUTIVE COMMITTEE REPORT

MR. BENSON: Thank you, Mr. President; good morning, gentlemen. The Executive Committee met yesterday afternoon and a great deal of ground was covered in a short space of time allotted for our meeting.

The forecast of carloadings, copies of which you have at your places this morning, was approved by the Executive Committee. The forecasts for a few of the commodity groups were accepted with some reservation, as it was judged that in some cases they were a little conservative. However you may feel sure that the forecast as presented to you is as accurate as we can possibly make it after weighing all factors very carefully. Russ Boyle, our Executive Secretary, will review the highlights of the second quarter 1950 estimate of carloadings later on this morning's program.

The report of the Transportation Committee was re-

viewed and recommendations made by this Committee were acted upon by the Executive Committee, and further progressed. These were namely:

1. The promotion of the Clean Car Program.

This program was vigorously sponsored by the National Shippers Advisory Board at the meeting held in St. Louis last October. A resolution adopted by the National Association appeared in the printed proceedings of that meeting, urging cooperation of all Boards in this program. It was the suggestion of the Transportation Committee that a group be appointed by the Executive Committee to delve into the problem and report their findings to the Board at the June meeting this year. A committee of three (3) was appointed consisting of Mr. T. B. Dynes, Traffic Manager of the Hyster Company, Portland, as Chairman, and to serve with him Mr. W. C. Cole of Portland and Mr. F. M. Van Schaik of Everett. We feel sure that these men will come up with some constructive ideas regarding the Clean Car Program.

2. It was also strongly urged and further discussed and pointed out at the Executive Committee that the railroads should continue their program of car building and also speedy repair of the present car fleet to augment the car supply. Larry Pugh will give you a more complete digest this morning.

A report of the financial committee was made by Mr. H. D. Smith, Chairman of the Committee. A motion was passed that a letter requesting contributions to defray expense of our delegates to the National Convention be again submitted to our membership. It was further suggested that this letter be presented to the membership at an earlier date than heretofore, possibly in May.

Mr. Avery Cloninger and Harold Stoddard reported briefly upon the activities of the National Association meeting held last October in St. Louis. It was their consensus and also that of the Executive Committee that our Board can profit greatly by having a representation at these meetings. The work of our delegates at this meeting, namely Avery Cloninger and Harold Stoddard, certainly helped to bring out the seriousness of the car supply problem in our Board territory at our time of the peak loading season. At least it has made our position out here look a little more encouraging.

The report of the Membership Committee was read and approved. And it was suggested that a more active campaign be conducted by our membership to bring in new members and also to encourage a greater attendance at our Board meetings by the present membership. Mr. Pete Stallcop will give you a detailed report on this later in the program.

The report of the Freight Loss and Damage Prevention Committee will be presented later on this morning by Mr. H. D. Briggs, Chairman of the Committee. This report was also approved and Mr. Briggs will outline the April Perfect Shipping Month plans of the Board.

The legislative report given by Mr. W. C. Cole was approved and I believe that Mr. Cole has some important comments and resolutions to present to you this morning regarding this subject.

The report of the Nominating Committee was approved and Mr. T. B. Dynes, Chairman of that Committee will present this report for your discussion and vote later in the Nominating Committee report.

It might be well to add at this time that since this is our Silver Anniversary Meeting some discussion took place at the Executive Committee Meeting yesterday

which took us back 25 years to the first organization meeting of this Board. Very few of you here have read the speech made by Mr. Donald A. Conn of the Association of American Railroads at this first meeting but those that had agreed that it contained basic ideas and facts which we could all afford to review again. It was recommended at the Executive Committee meeting yesterday that a reprint of this speech be included in the proceedings of this, the 25th Silver Anniversary Meeting.

Another item of interest to all our members which was discussed yesterday was the date and place of our June 1950 meeting. A motion was made and passed that our June meeting be held in the Washington Athletic Club in Seattle, Washington, on June 21-22. The final arrangements are to be made by our Board officers.

At the conclusion of our meeting a joint meeting was held with the members of the Railroad Contact Committee. The most important point discussed with the lines at this meeting was the importance of a vigorous campaign toward building up our present freight car fleet by an active car building program plus a reduction in the number of bad order equipment. The various railroad representatives present promised their full cooperation in seeing that we have an ample supply of cars to fill our needs.

They would not, of course, commit themselves, nor can we blame them for not so doing.

Gentlemen, that concludes the report of your Executive Committee, and I move its adoption.

MR. COLE: Second the motion.

PRESIDENT STODDARD: It has been moved and seconded that the Executive Committee report be accepted. All those in favor please signify by saying Aye. Contrary minded. Ralph, your report is accepted.

MR. BENSON: Before I leave I should like to make a few observations. Possibly this is my last appearance before your microphone as Executive Committee Chairman. You will have a new set of officers before the meeting is over this morning, and I think I should like to say thanks in my own way to the very fine cooperation that we have had, first, from our own officers and our committee chairmen. The work that they have done has taken a lot of their time and effort. I am indeed grateful for all of the help that Mr. Westmeyer and his staff have given us, because it certainly is a thankless job when it comes to Advisory Board time to make all these arrangements to please everybody. We have had very fine cooperation from the National Association. We have had fine cooperation from the Association of American Railroads, Car Service Division, in Washington. They always have sent very ample representation to us whenever we have needed it. They have listened to our various problems. And, last but not least, gentlemen, I want to thank the Railroad Contact Committee who have done an outstanding job in meeting with shippers. Thank you very much.

PRESIDENT STODDARD: Thank you, Ralph. We want you to know that we appreciate all the good, hard, and efficient work that you have done for this Board. We are sorry that this will be your last official appearance at the head table, but we hope that you will continue to meet with us from time to time.

MR. BENSON: Thank you, Harold.

PRESIDENT STODDARD: At our meeting in Spokane for the Loss and Damage Prevention Committee Meeting, we called in a pinch hitter to preside. He did such a good job that we persuaded him to be the Chairman to serve on our regular team. At this time it is my pleasure to present to you Mr. H. D. Briggs, Assistant Traffic Manager, Rayonier, Inc., Seattle. Mr. Briggs.

LOSS AND DAMAGE PREVENTION COMMITTEE REPORT

MR. BRIGGS: Members of the Advisory Board and President Stoddard:

I don't know why I should be classed as a pinch hitter all the time.

PRESIDENT STODDARD: That was last time.

MR. BRIGGS: And I will still try to pinch hit and help these fellows hold down their claims as much as possible.

At the meeting of the Loss and Damage Prevention Committee yesterday morning there were about fifty in attendance, railroad and shipper representatives.

Accompanying the docket at this meeting was a list of publications of freight loading and container section relating to recommended loading practices, which was referred to everyone's attention and made a part of that docket. Copies of this list can be procured by anyone interested upon application to the office of the Secretary of the Board. Copies may also be procured from the Freight Loading and Container Section, Chicago.

It is believed that the programing and loading of cars can be greatly improved upon if the instructions in these pamphlets are followed.

Also in our meeting we were supposed to have Mr. Goble of the Rapid Transfer & Storage Company, who was unable to attend because of an illness. This transfer company, located here at Portland, inaugurated a practice last August of photographing pool cars handled and furnishing shippers with photographic records of the conditions of loads, good or bad, upon arrival. In many such cases photographic evidence disclosed poor blocking or bracing and hastened correction of situations as well as forestalling voluminous correspondence. The service has met with general approval of those using it, and mutual advantage to the shipper and the transfer company.

Mr. T. J. Bell, of the Freight Claim Division, A.A.R., Chicago, presented a paper indicating that although claims had decreased in number and dollar volume there was still a long way to go before a satisfactory situation prevailed.

In a discussion of the Perfect Shipping Month, plans were made to circularize the entire membership by urging more attention to prevention of damage, especially in smaller communities, and special meetings, especially in smaller communities, will be held as much as possible to stimulate local interest. It was suggested that the railroads, especially at smaller places, encourage local meetings to be addressed by inspectors who would explain in detail what was involved in the over-all plan.

You will note that we have for distribution the usual pamphlets in connection with the Perfect Shipping Month, and it was suggested that instead of just carrying through perfect shipping during April that we should continue. Let's make it eleven months; let's make it twelve months.

Frank Borden of the plywood industry made a report of a program in plywood loading. The Douglas Fir Plywood Association has been conducting tests to develop the best methods of loading the various types of plywood, and several experimental cars have been checked to destinations to determine the effectiveness of the method used, but no definite conclusion has yet been reached.

The various representatives, the railroad representatives, decided some of the problems confronting them.

A resolution of condolence on the death of Mr. Irving M. Peters of the Corn Products Refining Company, who was National Management Committee Chairman for the Perfect Shipping Month, was approved and presented to the Executive Committee.

Mr. Rundle of the Canadian Board of Trade, Vancouver, B. C., advised that Western Canada and especially British Columbia would actively engage and progress the Perfect Shipping Month campaign again this year.

I believe that concludes my report, Mr. Stoddard.

PRESIDENT STODDARD: Thank you, Hal.

This Board is very happy to have a man of Mr. Briggs' calibre and ability to serve as the Chairman of this very important committee. We know that he is taking a very active interest in it, and we know, too,

that he is going to be one of our good chairmen of that committee.

Is Mr. Bell in the room?

I should like to have Mr. Bell of the Freight Claim Division make a short statement or remarks, if he will, at this time. It isn't often that we have the privilege of having a man of the Freight Claims Division here, and we are happy to have you here, Mr. Bell.

ADDRESS BY MR. T. J. BELL

MR. BELL: Mr. Chairman and Gentlemen: I bring you good tidings from the Freight Claim Division. It is gratifying to have good news rather than to again quote figures of the continued rise in claim payments each succeeding year, as had been the case since the outbreak of World War II. The year 1949 was the turning point and we sincerely hope claim payments will continue to be on the decline until a more stable condition is reached.

The claim payment for 1948 exceeded \$135,000,000, and while the figures have not been tabulated for 1949, we estimate a payment of \$115,000,000, or a decline of about \$20,000,000, or 14.5 per cent. In addition to that splendid showing there was included in these figures a backlog of payments held in suspense until proper distribution could be made. At the beginning of 1948 this figure stood at the all-time high of over \$28,000,000. By the end of 1948 the suspense account had been reduced to \$22,849,000, indicating about \$6,000,000 was charged off and included in the above figures for 1948. We estimate the suspense account will be reduced to \$13,500,000 during 1949, a reduction of another \$9,000,000 in that account.

New claims filed in 1948 were 4,890,000. We estimate new claims received during 1949 will not exceed 3,645,000, or a decrease of 24.5 per cent.

Summarizing the progress made in 1949, there was a 24.5 per cent reduction in new claims received, 40 per cent in the suspense account, and 14.5 per cent in the loss and damage account. We believe all will agree that this is an excellent showing.

During the all-out war effort there were many problems facing the shippers, carriers and receivers. Much damage followed inadequate packing, but the carriers were liberal in their claim payments, considering it a contribution to victory. This was not all the carriers did for the shipping public. The rail lines carried 97 per cent of all organized troop movements and 90 per cent of all military freight, and this was accomplished with less equipment than they had during World War I, yet the tonnage was greater. Under efficient private management the carriers during World War II paid the government $4\frac{1}{4}$ billions in federal income taxes, an average of \$3,097,000 a day, compared with a loss of \$1,616,000,000 for federal operation during World War I, an average loss exceeding \$5,000,000 per day between the two modes of operation. This was made possible by cooperation of the buyers and sellers of transportation.

During the past ten years the carriers have spent more than seven billions on improvements in plant and equipment, which enabled the carriers to do a more efficient job and has saved the public many millions in increased freight charges. In fact if railroads were now operating at the same degree of efficiency they were ten years ago, and were paying today's prices for material, supplies and fuel, the cost of running the railroads in 1949 would have been $2\frac{1}{2}$ billions above what it actually was.

The carriers have spent several hundred thousand dollars in mechanical and refrigeration research. The Mechanical Division of the Association is conducting tests in Southern Illinois on the Illinois Central, under a three-year program that ends in 1950, in connection with snubbing devices, long-travel springs and ride-control trucks. The Association, through the Freight Loading and Container Section have made research on containers and loading methods. Construction on the \$600,000 laboratory, located on the campus of Illinois Institute of

Technology, has progressed to the extent that the office personnel moved into the building March 1, 1950. Full operation will be in effect shortly.

Claim payments have increased many fold since the start of World War II. In fact claim payment on some commodity groups, such as fresh fruits, vegetables and melons, are as much as the entire claim payment on all commodities prior to 1942. By analysis we found the breakage amounted to 65 per cent of the total payment on this group prior to 1948. In 1948 this breakage was reduced almost \$3,000,000. Some of that saving is credited to the cooperation of the shippers in doing a better job of loading, and same to the rough handling meetings held by the carriers throughout the country.

Claim payments on enamelware and canned goods combined for 1948, was practically the entire claim payment for all commodities in 1933, the lowest year for claim payments subsequent to 1904. To combat this loss we have been authorized to add experts on our staff who are qualified to go into all phases of damage to these commodities. A graduate ceramic engineer was obtained to handle enamelware problems with the shippers, and the Porcelain Enamel Institute. A canned goods expert was scheduled to start March 16, 1950.

We would be ungrateful if we failed to express our appreciation for the valuable assistance rendered us by shipper-organized support following both world wars, and their cooperation during World War II. Much of the decline in claim payments during 1949 was due to the efforts put forth by the Advisory Boards in their Thirteenth Annual Perfect Shipping Campaign. (Evidently there are not as many superstitious people as we have been led to believe.) If you should have any superstitious members, just remind them of the reduction of claim payments following the Thirteenth Campaign. Also that their 13 divisional boards have made much progress regardless of any superstition. Furthermore the greatest nation in the history of the world started with 13 states, or colonies, and it is still making progress, never being hampered by a superstitious origin.

Our experience teaches us that America united is America invincible. (Even the war lords of Europe and Asia have realized this.) Such being the case may the buyers and sellers of transportation ever remain united so that our transportation problems may be solved as they should be.

Gentlemen, it has been a genuine pleasure to be with you and I wish to express my sincere thanks and deep appreciation for the opportunity of having been invited to address you.

PRESIDENT STODDARD: Thank you, Mr. Bell. It is very appropriate that we have men here from the Freight Claim Division to direct our attention to this calamity that is presented to the railroads every year.

I know you have been looking forward to the report from the next committee. As usual, we will have our complete, clear, concise report from Emil Hanson on the Equipment and Service Committee. Emil Hanson.

EQUIPMENT AND SERVICE COMMITTEE REPORT

MR. HANSON: Mr. Chairman and members and guests:

At the Transportation Committee meeting yesterday the clean car program and its future was docketed as a special item, and that will be commented upon by Larry Pugh in his report later.

Loadings of revenue freight the week ending March 11 were approximately 708,000 cars. With one exception, this is the first time since last September that loadings have approached the 700,000 mark. Settlement of coal strike has helped carloadings materially. Coal loadings the week of March 11 jumped 134,000 above the preceding week. With the approach of moderate weather and resumption of business activity there are indications that transportation demands in the forthcoming quarter will tax to the limit the present car fleet. We experienced

aggravating shortages last summer and only recently shippers in this area felt the pinch of spot shortages of good box cars.

Regarding car supply nationally, serviceable ownership and conditions are not as good as they were when reported on at the last Board meeting.

In every month since last June Class I roads and allied refrigerator lines retired more cars than they installed. New car installation by these roads during 1949 totaled 84,669. Out-turn has been shrinking monthly, having fallen from 10,027 in April to 3357 in December. Deliveries in January were a meager 2323.

During 1949 carriers retired 90,348 cars. Incidentally this is the highest scrapping in 13 years.

Bad order cars continue to climb. At the beginning of the year cars of Class I roads awaiting repairs amounted to 140,946 compared with 85,652 a year ago.

A comparison of totals at the beginning of 1950 with a year ago sums up like this: Carriers owned 5679 less cars, had 55,294 more cars awaiting repairs and 60,973 fewer serviceable units. Serviceable cars dropped from 1,753,037 to 1,692,064. Latest figures available indicate a still lower state of serviceable ownership. The total on February 15 was down to 1,603,954 cars.

In the face of a diminishing fleet the order file for new cars is not too encouraging. On March 1, orders for freight cars stood at 27,466 whereas a year ago the Class I roads had 78,000 cars on order.

That the equipment situation has been causing concern to shippers as well as those interested in national defense was commented upon by the Interstate Commerce Commission in its last annual report.

On February 27, a subcommittee on transportation of the House Interstate and Foreign Commerce Committee began hearings at Washington, D. C., headed by Rep. Beckworth of Texas. Among early witnesses was Col. Johnson, chairman of the ICC. On the matter of car supply he held the committee that carriers' car ownership was not adequate. In the interest of national defense, in his opinion, this country requires two million cars. He suggested to the subcommittee that Congress appropriate money to build from 150,000 to 200,000 cars.

Since the carbuilding program is lagging carriers should take steps to reduce the number of bad order cars. With materials now available and skilled labor plentiful the time is opportune and carriers are urged to put forth every effort to recondition and return to service a large portion of this rolling stock, which presently is the most immediate source of supply.

At the Spokane meeting last fall when the seasonal recurring shortages were discussed the A.A.R. officers expressed the belief and hope that these shortages could be solved. Mr. A. H. Gass in the December review of the national transportation situation, stated that preliminary planning was under way with western lumber carrying roads in an effort to avoid a critical shortage this year. A fine start in this direction has been made. The Southern Pacific, on its Portland division, is presently experiencing the heaviest loadings in its history. The heavy demand for cars is being met and we are informed that a substantial supply of empties has been built up. Assurances also have been given by the A.A.R. that they will do everything they possibly can to keep the empties rolling this way.

The other carriers in the area of this Board have a fair supply and momentarily are expecting replenishment. The carriers, and A.A.R. are to be commended for this showing. Business for the coming quarter is expected to be considerably better than last year. We trust carriers will keep up the fine start they have made.

Your equipment and service committee fully subscribe to and adopts resolution No. 2 of Resolutions Committee relating to Car Building and Repair Program approved by the National Association of Shippers Advisory Boards at Thirteenth Annual Meeting, Octo-

ber 19, 1949 in St. Louis, Mo.

MR. HANSON: Mr. Chairman, I move the adoption of the report.

PRESIDENT STODDARD: Do I hear a second to that motion?

MR. STALLCOP: Second the motion.

PRESIDENT STODDARD: It has been moved and seconded that the report of the Equipment and Service Committee be accepted. Is there any discussion or any question?

(The motion was thereupon put to voice vote and unanimously carried.)

PRESIDENT STODDARD: Your report, Emil, is accepted.

PRESIDENT STODDARD: I am glad to hear that hand for Emil, because Emil does put in a lot of intensive thought and a lot of hard work in preparing these reports, and there really is a lot of meat in the report if you will analyze it very carefully.

Probably the meat of meetings of this kind is the forecast of carloadings. The Executive Secretary of our Board, who is also the Traffic Manager for Brown & Haley in Tacoma, is one of our very capable men, who also puts a lot of time and thought into the preparation of his report. This man, as you probably know, has been active on this Board for many years, and always is very thorough in his work.

It is my pleasure to present to you Mr. Russell Boyle. Mr. Boyle.

FORECAST FACTS—SECOND QUARTER 1950

MR. R. V. BOYLE: Thank you, Harold.

Gentlemen, in reviewing the forecast of carloadings for the coming quarter, I should like to make certain statements which will condition the statistics which you will hear and the comments which will be made.

It has been said many times that a forecast of the statistical carloading on the railroads is a business barometer. It is in this general sense, but there are other factors which influence the activity of business in this district, and, for that reason, I want you to understand that this forecast is for rail car movement alone and is not an actual business barometer in its actual statistical sense, but in its trend.

Also I should like to call to your attention that the comparisons which are made during the forecast are between the coming three months and the corresponding three months of last year, so if we talk about increases in the number of carloadings over the previous year it applies to these corresponding quarters.

I also will touch more or less the highlights of the forecast. I wish we could discuss thoroughly every item and explain the forecast for all items, but we do not have sufficient time to do so. For that reason, I have chosen those which influence the forecast to its greatest extent.

Naturally, starting with the first item, lumber and forest products. The anticipated loadings of fir lumber in the coming quarter of 74,954 cars is the largest for this quarter since 1943, and yet it is conjectured that the estimate may prove a little conservative. This represents an increase of 6,189 cars or 8.9 per cent.

Quoting the remarks of the Commodity Chairman for this item, I should like to read just briefly: "The effects of a severe setback in production during January and early February by low temperatures and unprecedented snows are disappearing, and the industry is rapidly returning to normal cutting. Production of the mills has moved steadily upward since the middle of February. The average weekly production in February was up approximately 30,000,000 feet over January's weekly output. Production in February of 161,421,000 board feet weekly was only 1 per cent below the five year"—that is, 1945 through '49—"averages. Eightweek cumulative production amounted to 1,223,454,000 board feet. The first eight weeks of last year it was 1,281,134,000 board feet.

The continuing demand for lumber is anticipated for house construction. Building of living quarters seems certain to maintain a high level through 1950. This, combined with the substantial backlog of non-residential construction, points to an active market for the second quarter.

"Orders during February averaged 201,507,000 feet weekly. Orders totaled 1,731,696,000 feet for the first eight weeks, compared with 1,465,214,000 feet for the first two months of 1949."

Now, you will note in this comparison that production has not exceeded orders and that unfilled order file exceeded inventories on hand. I bring this out because at one time we had quite an inventory which exceeded the orders on file. This is not so at the present time, and, naturally, this speaks well for the lumber industry's certainty of very much activity for the coming quarter.

Now, for fir log ship. They indicate a 10 per cent decrease. With a high level of activity in lumber you might say, "Why the decrease?" The decrease is accounted for by greatly increased truck logging rather than rail transport of this item. Logging has been greatly hampered by weather conditions, and it is expected that the activity will experience marked impetus from now on.

The plywood industry reports that their orders and their production are continuing on a high level.

So, all in all, our lumber industry, which is a great part of our basic economy for this district, is destined to keep us pretty well active for the coming quarter.

The pine lumber estimate of 31,830 cars is an 8 per cent increase. When you consider that the actual loadings of this item in the corresponding quarter of 1949, upon which this comparison is based, was considered substantial, the 8 per cent increase foretells another very active shipping quarter for this item. Pine logs are up 21 per cent, which reflects a pickup of past delayed logging.

Now, for grain and mill products. Principally, this will be in the form of grain. Your committee returns for the estimated carloadings of grain for the second quarter of 1950 are 15,765 cars compared with actual loadings for this same quarter of 1949 of 14,477 cars. This is an increase of 8 per cent.

Our returns for flour and mill products estimate 7,342 cars compared with the actual loading of 7,786 cars in 1949, a decrease of 5.7 per cent.

For the grain, the Commodity Credit Corporation has a program of grain movement from the inland storage to the waterside storage, and for export shipping, and it is expected that this activity will start very soon. As a matter of fact, it is starting now and will continue through the entire quarter until such time as the inland or country storage is cut down to the point where the new crop will have no difficulty in finding a resting place near the production point.

These estimates for grain may still be on the conservative side, because this will not move all the grain which is in the country storage, and if the Commodity Credit Corporation finds new export markets, this will move much of the balance left on hand.

The reason for the reduction in the mill and mill products is principally the loss of export market. Our local market is expected to hold firm and can be rather consistent with what has been experienced in the past years.

For fresh fruit total forecast, in this item is predominantly apples, which will account for 5,354 of the fresh fruit total of 7,018 cars. Apples indicate a 3.2 per cent increase. The market is expected to hold steady and above that of last year.

Other fresh fruits indicate a percentage decrease of 22.6 per cent, or 136 cars. Pears moved heavily in the previous quarter, and the storage of this item is down at the present time.

Bananas indicate this item will be more in demand in the coming quarter, and represent an increase of 167 cars, or 16.2 per cent—possibly the difficulty of obtain-

ing all kinds of fresh fruits accounts for the increased demand and use of bananas as a fruit.

Another item which influences the fresh fruit and why our miscellaneous fruit shows a sharp decrease is the delayed spring weather. We all know that even though the zodiac spring is officially here, the weather is yet chilly and your topcoat is still mighty handy. Fruit will not grow in cold weather, either, so it is expected that those fruits which matured and were moved in the second quarter of last year, this year's like crop will be delayed and not shipped until the third quarter.

The next largest item in the forecast is paper and paper products. The anticipated loadings are 9,279 cars, which shows no change over last year. However, this does not indicate that paper and paper products are inactive. On the contrary, business in these items is at a good level and indicates a reasonably busy quarter.

Wood pulp is in very active demand, and shows an increase of 851 cars, or 36.1 per cent. This large increase, however, must be colored by the fact that the 1949 quarter was a rather slow one, but, even so, wood pulp should show considerable activity.

Petroleum and petroleum products. We do not produce this item in this territory, but it is brought in by tank ships and must be loaded into cars for transport. Based on questionnaires returned by shippers, it appears that a decrease of 12.8 per cent in total carloadings of petroleum and related products may be expected during the second quarter of 1950, as compared to the actual loadings in 1949. It is anticipated that 6,070 cars will move as compared with 6,961, or a 12.8 per cent decrease.

It is rather difficult to state just what will cause this reduction of 891 cars in the coming quarter. There are probably a number of factors, which, while small in themselves, will all add to the reasons for the decrease.

There is an expanded road building program. Anybody who has driven lately off the beaten path can well ascertain that there is a great need for it. Some of the decrease, of course, is due to what is termed in the industry as the inroad of mid-continent production, which is becoming competitive in our Board territory.

Cement, along with lumber and other products, which are building items—cement, gravel, and stone—is showing also a strong tendency. The anticipated loadings for cement is 4,948 cars, or 569 cars increase, an increase of 13 per cent. With the advent of covered hopper cars, however, the estimated carloadings do not give the actual, true prediction as to the production of cement. Your hopper car will carry a greater load than your boxcar which has been used previously, and it is expected that increased tonnage will move and is not fully reflected by the number of carloads increase.

Sand, gravel and stone, again, is correspondingly on the increase, probably up about 6 per cent. This is a loading of 7,983 cars, for a total over last year of 452 cars.

Canned foods. It is expected that the canned food industry will have a rather good season. You might ask, then, "Why the decrease?" The fact is that a number of the coastal canneries are anticipating moving a greater portion of this year's production by water transportation.

I bring out these factors to tell the railroads exactly what is happening.

Coal and coke. Of course, you understand we had a coal strike which practically paralyzed transportation for a considerable period of time. Naturally, all this backlog has to be picked up, and the prospects for coal and coke loadings look brighter than they have for some time. It is anticipated that a 10 per cent increase will be experienced in this item for this territory. There are 2,615 cars, or 238 cars greater than last year. However, you have heard it said, and you have read in the papers, that other fuels are making an inroad into the coal and coke industry. We hope that this 10 per cent will prove accurate but there are many factors outside the industry which can and may effect coal loadings.

Iron and steel. During the war years, iron and steel was an appreciable part of our forecast. However, since the war years, iron and steel has been showing a decrease each year. Even so, with these decreases, it has been noted that the industry has held firm in the past because of a backlog of orders. It is reported now that this backlog of orders has been depleted to the point where only normal production can be expected from here on in. The anticipated decrease is 30 per cent, or 368 cars, and you will note the 368 cars is a considerable amount when you consider that they anticipate only moving a total of 857 cars for the coming quarter.

Machinery and boilers found their level earlier, so that their estimated production and shipping are remaining on an even keel. It is anticipated they will have an equal number of cars this year to what they had last year, or move 411 cars of this item.

Aluminum is another one of the war activated industries, and since the war is found constantly decreasing, until last year it probably hit the low. This year the aluminum industry is anticipating greater activity for the coming quarter than was experienced last year. They expect a 19.7 per cent increase for a total of 2,752 cars. The greater portion of this is expected to be in sheet aluminum, which is fabricating material.

Livestock. Livestock of all kinds is seemingly following a related pattern, or a decrease of 10 per cent. This includes sheep, goats, cattle, and other animals. The expected decrease is 258 cars for a total of 2,320. The explanation which was given for this was the fact that last fall the anticipated increased cost of feed and the poor range condition implemented the sale of marketable animals, so that there was less carry-over of stock into this quarter. Much of this decrease can be accounted for by the fact that marketable cattle now are moving in greater numbers by truck, so the coming quarter shows this decrease of rail carloadings.

Potatoes. This is an enigma. What is done with potatoes depends strictly upon the Department of Agriculture. You have read a lot about potatoes in the paper. You know that they are even taking good grade potatoes that normally would go into general sale and feeding them to stock. For this reason, the outlook being so uncertain, the Potato Committee decided that, judging from normal demands of what may be expected to be moved by the Government, they would go along with last year's figures, stating that it could go either way, and that they had no intention of trying to figure out the enigma of potatoes.

This covers a substantial part of the forecast, as far as our principal commodities are concerned.

I usually, somewhere along in here, bring out the banking committee's report, because it more or less sums up the underlying or the monetary results of all our work.

From the banking report, I will summarize that they have this to say: "An unusually severe winter has affected the demand for labor, and, consequently, much idleness in many communities is reported by the banks. However, the feeling prevails that with the return to normal weather conditions there will be a reasonable amount of re-employment offered. The majority of banks report business good, but more than usual have classified it only as fair. Weather conditions affect this also. Most of the banks are optimistic about business conditions during the second quarter of the year."

I might say that for this Board territory, the retail sales as reported by the larger department stores and by larger retailers followed pretty closely the winter conditions as they went along. The severe weather brought the sales down. As weather improved, up they came; so I think that our weather did have a very strong effect upon our economic activity for this territory. Continuing, and I quote:

"Deposits have shrunk a little, especially as to checking accounts. Also in a number of sections of the coun-

try the banks have reported some increases." (Really, now, that is to be expected with March 15th being a deadline on everybody's checkbook). "Building activities have continued on a high level, and present prospects for the coming year are that it will last throughout the year. Green crops have survived the severe weather in a marked degree, and prospects at the moment are excellent. Fruits, especially some of the fruits, have suffered severely, and considerable damage to the trees has been reported." This will affect our soft fruit report which was very much down. "The banks on the average are carrying a normal amount of loans, some fluctuations appearing on account of local conditions. A large volume of government securities will still find a resting place with the banks, and these are available in the event the demand for loans should increase."

You remember that during the years past the banking committee has repeatedly said that they have looked very carefully at their loans. They have not made loans for expansion of speculative enterprise purposes.

"It is interesting to note that while the Government is operating many lending agencies, the banks are still supplying the borrowers for the major portion of their needs."

Now, the remarks which are filtered all through the reports of the various committees' reports. I bring these to your attention to highlight the forecast and its trend. As stated previously, livestock is finding increased movement into the market by truck. This has ranged as high as 35 per cent for some months.

For ores and concentrates. Mining conditions in Coeur d'Alene district are practically back to normal following the summer and fall strike. The commodity committee has brought an interesting item into this report, and I wish to read it here now: "There have been interesting developments in the Meteline district in Northern Washington. Several of the larger companies of the Coeur d'Alenes have acquired substantial interests in these rich zinc properties, and it is expected that this area will soon assume a major role among the great mining areas of the United States. While this district has been a producer for many years, it is expected that production will soon be greatly increased."

This is a very encouraging piece of news, because mining can become a very basic economic industry in any district.

For frozen foods. The inventories of frozen foods now are rather low, and it is anticipated that there will be a reduction in carloadings. There were very heavy shipments made during the first quarter of the year, and this has brought out a comment in regard to liquidation of inventories. From our inquiries, we have determined that many firms have brought their inventories down to a new level. This speaks well for a certainty of activity as forecast, because if there is not a great inventory of goods on hand then there is a need of production which must be moved.

There is a remark regarding the effect of rates, and I bring this only for informational purposes. This Board is not supposed to interest itself in freight rates, but it may be of interest to the railroad people. The wool industry report intimates and remarks as follows—the new decrease in wool rates will go into effect on April 10—"We think that this and the Eastern market will increase the movement."

Furniture movements are expected to continue at a decline of 10 per cent. However, much of this can be accounted for, according to the commodity committee's remarks, through the fact that trucks are getting more and more of this business because of lower packing requirements and a saving in handling cost plus the rate factor.

Sugar beets, beet sugar and by-products. Sugar beet harvest season will not occur until later in the year. Here is another seasonal effect. And the movement in the second quarter will be nil. Also, there is the report that

the increased activity and import of Hawaiian sugar will affect our loading in this territory.

Hay, straw and alfalfa for the past months and past quarters have indicated an increased amount of movement by truck. The trend is still strong.

Another item which has affected our carloadings in this territory is the loss of our export traffic. I think none of you need to have it explained that the loss of China as a market has proved to have a sharper effect upon the Pacific Coast than probably any other section of the country. Also, the coastal communities are looking more and more to water transportation to move their shipments and the water transportation lines are expending greater effort to capture as much of this business as possible.

All in all, however, it can be safely said that during the past months or quarters there has been noticeable a general trend towards normalcy. Naturally, during the war years, our business activity in all lines was greatly increased, and over these past years one could notice the trend gradually heading back more into a normal level. This year, more than ever, industry has found a level upon which we can base an anticipation of our future year's activities. In other words, there are very few reports which were given to us this year which would indicate any further change because of that transition from war to peace time economy. I think that the Pacific Northwest Board territory has found its level of normal activity. I think it has found a very sound and basic level. I think we have improved our economic foundation to be broader and greater than we had prewar, and for the Pacific Northwest Board territory, with our constantly increasing population, I can't help but feel that we can very reasonably take an optimistic outlook as to the progress and development of the Pacific Northwest.

Thank you.

PRESIDENT STODDARD: Thank you, Mr. Boyle.

Mr. Boyle has succeeded, I believe, in presenting and painting a picture to you of things to come for the next quarter.

We have with us this morning a number of visitors. I want to introduce them at this time. I hope that they will acknowledge the introduction by standing.

From Los Angeles, Mr. L. E. Olson, Western Traffic Manager of the Great Lakes Carbon Corporation.

Mr. Olson.

We have a number of visitors from San Francisco. Mr. Alfred G. Norton, Special Claim Adjuster for the Southern Pacific Railroad. Mr. Norton.

The General Agent of the L. & N. Railroad, Mr.

George W. Philips. Mr. Phelps.

The General Agent of the Southern Railway Company, Mr. G. W. Edler. Mr. Bill Edler.

The General Agent of the Norfolk & Western, Mr. Townsend Ayres. Although Towney has attended our meetings before, I believe this is the first meeting he has attended since his appointment to the general agency.

The District Traffic Agent of the New Haven, Mr. Joseph F. Carroll. Mr. Carroll.

The A.G.F.A. of the Santa Fe, Mr. L. C. Krames.

The Western Traffic Manager of the Chicago Great Western, Mr. Lou Smith. Mr. Smith.

The newly appointed Freight Traffic Manager of the Nickel Plate Railroad, Mr. Ralph R. Deal. Mr. Deal.

Although we do not ordinarily introduce men from our own territory, I want to make one exception this morning. This is the first meeting that he has been able to attend since his residence in Seattle—the Vice-President of the Milwaukee Railroad, Mr. Larry Dugan. Mr. Dugan.

We are happy to have you men with us. It is a compliment to this Board to have you here as guests. As one of our former President would say, "We hope that you come again and again and again."

Although he will be introduced later as a Past-President, I also want to introduce at this time a man who was

present at the organization meeting 25 years ago. Mr. Donald C. Callahan, President of Callahan Consolidated Mines, Wallace, Idaho.

The man who will give a report on our local transportation picture is well qualified to do so. He is our very capable District Manager of the A.A.R. in Seattle, Mr. Frank Westmeyer. Mr. Westmeyer.

LOCAL TRANSPORTATION PICTURE

MR. WESTMEYER: Mr. President, members of the Board, and guests:

In view of the capable presentation made by Messrs. Hanson and Larry Pugh, and in view of what I fully expect from Mr. Megee, our Washington representative, I am going to say very little about our car situation at the present time. Suffice it to say now that, as Emil pointed out, in Oregon where heavy lumber loading is occurring there is an ample car supply, and the expectation of the Car Service Division is that we can maintain an ample car supply throughout this area for some time to come. We are a little short on grain box in the country right now, principally due to unusually heavy demands, which, when taken care of, will probably be of a non-recurring nature, so that we are particularly worried about the backlog of grain box orders at this time. I don't mean to indicate that the roads are indifferent to the situation, because that is not a fact, but the movement of grain, we feel confident, will be ably taken care of in time to meet all the export commitments.

There is one thing of particular interest, perhaps, to the lumber members of the Advisory Board, which occurred since the last meeting. Several members have pointed out to our President that there is an increasing number of failures on the part of destination agents to allow the free dunnage in the computation of freight charges. This failure necessitates the filing of claims which, individually, are small, but which, in the aggregate, for shippers who have a lot of cars—and most lumber people do—amount to quite a sum of money. It is a vexatious thing, simply an annoyance, to the shipper, and it must be a source of expense to the railroad industry as well as the shippers to collect these claims. As one gentleman said, "We have to file a claim, hold the amount in suspense in our customer's account for perhaps several months before it is settled, and then give him a credit for it." As a result of the presentations made, we have been successful in having the Vice-President of the A.A.R. in charge of finance and accounting issue a bulletin nationally to all chief accounting officers calling their attention specifically to that particular item and asking that they issue or reissue necessary instructions to all local agents emphasizing that there is a free dunnage allowance for lumber in both closed and open cars, and that clerks and others in local offices responsible for computing freight charges at destination should be properly apprised so that they will not make these errors, or at least reduce them to the irreducible minimum. There will probably always be a few.

We suspect that the principal reason for the increase in failure to make the dunnage allowance is one of the back-washes of the five-day week, which necessitated considerable shifting in local offices on perhaps all railroads in the country.

It is very gratifying for me to be able to say, too, that at no time since the last meeting has it been necessary to invoke embargoes against any consignee for failure to unload cars. There have been a few instances when freight cars have been delayed in unloading, but never in sufficient quantity—never was the situation serious enough—to warrant even thinking about embargoes, and I want to again emphasize, as I do at almost every meeting, to our consignees that it will be very helpful in maintaining an adequate car supply in this territory to unload cars. Every car which is detained beyond the free time for unloading in this territory is exactly the equivalent of some car back at Minneapolis or in Illinois that we don't have, and there isn't any difference between the 4- or 5-day delay in unloading a car and the time it takes to lug an empty out here from as far away as St. Paul. So bear that in mind,

please, and, as the railroad men, themselves, get around, they can perhaps do a little missionary work, lend a little encouragement, to emphasize to the consignees that one of the prime ABCs of car utilization is quick unloading. The faster we get releases, the sooner will somebody else get a car, and that is particularly true with respect to the high-class boxcars, long gondolas, and long flatcars.

I don't have any other remarks this morning, and unless there are questions that concludes my report.

PRESIDENT STODDARD: Does anyone have any question he would like to ask Frank Westmeyer at this time?

In reading over the minutes of the organization proceedings, one of the impressive things was that of the capacity and level of the shipper representatives who attended. There were presidents there; there were vice-presidents; there were sales managers, and such. Unfortunately, the trend in the last two years has been away from that, and the attendance at these meetings has been delegated to traffic men, and sometimes the traffic men don't always get permission to attend the meetings. We do have one happy exception on our Board, however. He is President of a very successful lumber company, and he has been very active in our Board, and he is at the present time the Chairman of our Transportation Committee. I take pleasure at this time in introducing to you the Chairman of that committee, Mr. L. R. Pugh, of St. Maries, Idaho. Larry.

TRANSPORTATION COMMITTEE REPORT

MR. PUGH: Mr. Stoddard and members:

Your Transportation Committee met at luncheon yesterday noon in the Blue Room of the Multnomah Hotel in full attendance. Our agenda carried ten items of vital importance, and I assure you that they were fully discussed.

Car supply seemed sufficient with the exception of 50-foot cars, and large-capacity, 40-foot boxcars.

Some concern was expressed with regard to the supply of proper equipment to move the grain and products in this territory estimated at 22,500 cars through July 1. We were assured that steps had been taken to endeavor to move more empty cars west in order to take care of the grain movement, and also an increased movement of forest products.

Several members complained that cars were being placed on bad order without notification to the shipper or receiver. Customers are hard to please under these conditions. Bad order cars were reported on the increase. The car efficiency report showed about normal operations, severe winter conditions having some effect.

Mr. Westmeyer reported that correspondence in his office was about usual, showing no trend or increases.

Car cleaning was discussed again and long, and it seemed so vital at this time that a motion was passed asking the Executive Committee to appoint a special committee to investigate the problem and report at the June meeting. A program of education may be the answer to this old problem.

Mr. C. R. Megee, Vice-Chairman, Car Service Division of the A.A.R. in Washington, D.C., answered many questions asked him by members of the Committee regarding car supply, equipment, service, and so forth.

We adjourned at 3:20 p. m.

That is the report of the Transportation Committee.

PRESIDENT STODDARD: Thank you very much, Mr. Pugh.

I wish it were possible for some of you people, particularly the railroad people, to attend the Transportation Committee meeting, because it really is a live wire session.

One of the difficult committee jobs on this Board is that of the Legislative Committee. Fortunately for us, it is very capably handled by Mr. Bill Cole, Traffic Consultant, from Portland.

Mr. Cole.

LEGISLATIVE COMMITTEE REPORT

MR. COLE: Thank you, President Stoddard.

This job isn't nearly so difficult when one has a good

committee helping. I asked my two committeemen to come down this morning. Unfortunately, Dean Brokaw, with Forest Products Trading Company, is home ill. Is Mr. Rankin in the room? (Pause). Well, the other committee member is Howard Rankin, a young attorney here in Portland, a very capable young chap. They have given a lot of time to Legislative Committee work. Unfortunately, they are not here. I wanted them to take a bow and credit for the work they have done.

First, a brief review of legislation previously reported on.

H.R. 1195, which would require the establishment of uniform per mile rates on grain and grain products, remains in committee.

House Resolution 2040, which would require rates to be the same for movement in either direction between any two points on the same commodity, likewise has not been reported out of committee.

Senate Joint Resolution 99, to provide for the construction of the St. Lawrence seaway and power project, was scheduled for hearings beginning February 27 and to be continued through March 10, at which proponents of the legislation were to be heard. These hearings were postponed and are now scheduled to commence on April 24. You will recall this Board has consistently opposed this project as an unwarranted expense for an unnecessary transportation facility.

House Resolution 4978, previously reported, would increase the capitalization of the federal barge lines, while Senate Bill 211 is intended to do similarly, and would increase the capitalization, but only \$7,000,000.00, whereas the House bill was intended to increase that capitalization \$18,000,000.00. So far, the House bill is still in committee. The Senate bill has been reported out. What action will be taken on it remains yet to be seen.

If you recall, at our September meeting, a resolution was passed condemning this legislation as an unjustifiable expenditure of federal monies, which would only subsidize a domestic transportation facility in competition with private transportation.

I might also mention about the Senate bill, that if the federal barge lines do secure this additional \$7,000,000.00 for rehabilitation, the bill sets up some very strict requirements for the liquidation of the federal barge lines as a government operation looking to the time when this service will be passed over to either private operators or will be liquidated.

On October 27, President Truman signed House Resolution 2186, providing for a complete survey for an American-Canadian railroad projected to connect our state-side system with the Alaska Railroad.

Now, one of the bills that has been reported in previous Board meetings, which is of great importance, is Senate Bill 1008, the so-called O'Mahoney Basing Point Bill. This legislation is intended to clarify the very confused situation existing as a result of the cement institute case which outlawed the basing point price system involving freight absorption. At the September meeting, the bill had been turned back to a conference committee, the Senate and the House having some definite differences about what this legislation should eventually contain. Fortunately, with a very minor change in the previous bill, the conference committee was able to report out a satisfactory bill, which now has passed the House. It was passed in the House on March 14, and the bill has gone to the Senate. The objection the Senate had to the previous legislation apparently is removed, and it may be expected shortly that this bill will pass the Senate and go to the President. It will indeed be an improvement over the present situation, wherein no one knows whether he is breaking a law or living within the law in any freight absorption price allowances because of freight.

On January 31, the House Commerce Committee reported favorably, with amendment, House Resolution 378, which, if enacted, would give the Interstate Com-

merce Commission rather complete supervision over the operation of the railroads. In all probability the bill will come up for consideration on the floor of the House in the next three or four weeks. The National Industrial Traffic League has come out strongly against this bill, which would allow the Interstate Commerce Commission such restrictive control.

I might say also at the national meeting in St. Louis a resolution was passed opposing this legislation.

The Senate companion Bill No. 238 has not yet been reported out of the Senate Committee.

That is where the legislation stands at the present time. I will offer a resolution on behalf of this Board at the close of my report.

Largely for information, the Postal Rate Increase Bill, House Resolution No. 2945, which the National Industrial Traffic League has been against, due to the detrimental effect on small areas not served by private express companies, freight forwarders, or the regular transportation agencies, passed the House on February 10. The bill increases certain postal rates and reduces the weight limit on fourth-class mail, parcel post, to 40 pounds in certain zones and to 20 pounds in other zones, with a further limitation that the size of the parcel shall not exceed 72 inches in width and length combined. The weight and size limitations do not apply to parcel post destined to third and fourth-class post offices or to rural routes emanating therefrom. This latter change may reduce the objection that the National Traffic League has to this bill.

I might say in passing that this Legislation is desirable from the standpoint that the continued depressed level of rates in the parcel post system has resulted in a somewhat unfair competitive service sponsored by the federal government in competition with private transportation. On the other hand, many shippers are very much displeased over the prospect of increased parcel post costs, because in recent years, with increasing freight costs by regular shipment, there has been a greater and greater resort to the use of parcel post.

Senate Resolution 50, previously reported, which would provide for an investigation and inquiry into the national transportation policy and into our entire domestic transportation system, is being carried out on a broad scale; basic material has already been accumulated and hearings are to begin on this resolution commencing March 30. What will ultimately come out of these hearings remains yet to be seen. If they become politically colored or unduly influenced by any partisan group, the resolution will fall far short of what it might gain in the way of further clarifying our national transportation policy and clearing up some of the charges and countercharges as to favoritism, subsidization, and discrimination that are alleged to exist at the present time; and, of course, if those things do exist they are wholly undesirable and should be eliminated.

House Resolution 7429 and House Resolution 7430 have been introduced for the purpose of setting up a new federal traffic service to be headed by a United States traffic manager with a deputy traffic manager and regional assistants. This is another phase of the Hoover Commission report. Although it would involve the employment of additional federal employees, it, nevertheless, would amount to a much increased efficiency in the management of the affairs of the government, and, inasmuch as the transportation bill of the federal government is somewhere in the neighborhood of \$1,000,000,000.00 a year, it should be perfectly obvious to every one of you gentlemen that adequate and proper supervision of such expenditures is, to say the least, highly desirable.

Another new bill that was introduced in January is House Resolution 6905 introduced by Mr. Stockman of Oregon. Without going into detail, this is another of those legislative rate-making bills to which this Board has been consistently opposed in the past. There has been

considerable work already done by myself and several others in heading this legislation off, and the assurance has been received from Mr. Stockman that he has no intention of pursuing this bill. It is assumed it will die in committee, and I don't believe a resolution will be necessary from this Board.

Now, as to the all-important subject of the transportation taxes. The Board has been following developments on the excise tax picture very closely since the September meeting. Of course, we still have them with us, as you well know. In December there seemed to exist a definite accord for repeal of the taxes in question among the leaders in the capital, including Senator George, Chairman of the Senate Finance Committee, and Representative Doughton, Chairman of the House Ways and Means Committee, two gentlemen who are very important in this matter.

When President Truman returned from his Christmas holiday, he apparently got some strong argument from Secretary of the Treasury Snyder against repeal of any taxes because of the deficit situation. Before the holidays, Mr. Truman had talked to Secretary of Commerce Sawyer, who had just returned from a junket around the country contacting many businessmen who severely criticized excise taxes. You will recall the items in the newspapers at that time. Some of the businessmen really leveled on it. Secretary of Commerce Sawyer impressed on the President the necessity of repealing the excise taxes, and although Mr. Truman, before the holidays agreed with Sawyer, after the holidays the President reversed himself and became indifferent if not opposed to the repeal of the excise taxes.

In the President's budget message to Congress in January, Truman hinted that there might be some changes in excise taxes. President Truman advocated the repeal of the 3 per cent tax on freight and the reduction of the 15 per cent tax on the transportation of passengers, in his message.

As I say, we have been following this very closely in the recent past.

The House Ways and Means Committee, which, of course, is the body that originates any legislation on taxes of the federal government, has been meeting daily discussing this problem. Pressure is growing greater all the time. The House Ways and Means Committee is faced with the difficult problem of trying to satisfy the clamoring public while at the same time trying to comply with the wishes of the President to the extent that he has stated that he will approve any excise tax reduction only to the extent that the taxes are made up by increases in other tax revenue.

On March 2, the Board deemed it appropriate to write to our Representatives in Washington, the House Ways and Means Committee, the Senate Finance Committee, and the President; and on March 2, this letter was sent, again urging repeal of the transportation tax.

Since this Board wrote to you on October 7, 1949, urging repeal of the 3 per cent tax on the transportation of freight and 15 per cent tax on the transportation of persons, there have been developments which make the repeal of these taxes more urgent than before, and the Pacific Northwest Advisory Board again wish to advocate complete and immediate repeal of these taxes.

The deficits being sustained by railroad passenger services are growing more serious as a threat to the welfare of the entire railroad industry. No one can question for a moment that a healthy transportation industry is an absolute basic necessity for a sound economy. By far the most important segment of our transportation industry consists of common carriers, and in this group the railroads of the nation stand out as the backbone of our vital transportation service.

Because the transportation taxes apply only to the for-hire carriers, leaving the private carriers free from this burden, these taxes discriminate against the former in favor of the latter. The 3 per cent tax on freight

is a contributing factor to influence more and more industries every day to acquire trucking facilities to perform transportation services which should be provided by the railroads.

In our letter of October 7, 1949, we pointed out that out of a net freight revenue of one and one-half billion dollars in 1948, the railroads of the nation had to set aside more than one-third or \$559,000,000.00 to take care of passenger deficits incurred in that year. While figures are not yet available, early indications are that for 1949 the problem of passenger deficits is growing more serious. While deficits are mounting, net income is declining, so that the carriers are less able to absorb continuing deficits.

The following comparison most graphically portrays the present condition of the railroads of the United States. Early figures indicate that the net revenue of all the railroads for 1949 amounted to about \$436,000,000.00, while the net income of the General Motors Corporation in 1949 was approximately \$600,000,000.00. (By way of interjection, this figure has later been confirmed. The net earnings of the General Motors Corporation were \$656,000,000.00 in 1949.) All of the railroads in the United States in 1949 realized a net only two-thirds that of one corporation alone, General Motors.

Because of the seriousness of the passenger deficit problem, there is some thought of government subsidy to offset these losses. Recently Interstate Commerce Commissioner J. Hayden Aldrich, a man highly regarded in his field, observed before the House Judiciary Subcommittee that Congress may want to consider subsidies to the railroads if losses in passenger revenue are not stopped. It would indeed be tragic to resort to subsidies at a future date when an opportunity for constructive action exists now to help lick this problem by repeal of the 15 per cent tax on the transportation of persons.

President Truman, in his tax message to Congress on January 23, recommended, among other tax changes, the repeal of the 3 per cent tax on freight and reduction of the 15 per cent tax on travel, provided these reductions are made up by increases in other taxes. Since then Secretary of the Treasury Snyder has recommended repeal of the 3 per cent tax on freight and reduction from 15 to 10 per cent of the tax on travel. This Board submits that these views of the problem are totally unrealistic.

The tax on freight was levied as a temporary wartime measure, and in good faith its continuance cannot be contingent upon being replaced by some other unrelated levy of a permanent nature. The tax on passenger travel was a wartime measure to discourage travel on an overburdened transportation system. That this tax continues to discourage patronage of the railroads at a time when additional revenues are badly needed cannot be disputed.

Because of the discriminatory nature of both the freight and passenger taxes, and because these taxes work a hardship on the economic well-being of transportation, a vital segment of the nation's industry and commerce, the Pacific Northwest Advisory Board urges that immediate action be taken to repeal the harmful 3 per cent freight and 15 per cent passenger taxes without regard to any temporary loss in tax revenue.

That concludes my report, and I move its adoption, Mr. President.

PRESIDENT STODDARD: Do I hear a second?

MR. HANSON: Second it.

PRESIDENT STODDARD: Are there any questions or is there any further discussion? (Pause)

It has been regularly moved and seconded that the report of the Legislative Committee be accepted.

(The motion was thereupon put to voice vote and was unanimously carried.)

MR. COLE: Thank you, gentlemen.

Now, very briefly, I will state the renewal of a resolution and a new resolution.

Whereas the 3 per cent tax on the transportation of freight and 15 per cent tax on the transportation of passengers is discriminatory against the Pacific Northwest and is a blight on the economy of our area, the Pacific Northwest Advisory Board renews its resolution seeking a complete and immediate repeal of the federal transportation taxes.

Mr. President, I move the adoption of that renewal of the resolution.

PRESIDENT STODDARD: Do I hear a second?

MR. DYNES: Second it.

PRESIDENT STODDARD: Is there any further discussion or any question? (Pause)

(The motion was thereupon put to voice vote and was unanimously carried.)

MR. COLE: Whereas House Resolution 378 and Senate Bill 238, the so-called safety bills, would result in an entirely unjustified invasion by the federal government into the managerial responsibility of the railroads of the United States,

Be it resolved that the Pacific Northwest Advisory Board is opposed to the enactment of legislation contained in H.R. 318 and Senate Bill 238.

Mr. President, I move the adoption of that resolution.

PRESIDENT STODDARD: Do I hear a second, please?

MR. HANSON: Second it.

PRESIDENT STODDARD: Is there any further question or any further discussion? (Pause)

(The motion was thereupon put to voice vote and was unanimously carried.)

PRESIDENT STODDARD: Thank you very much, Bill. We are again indebted to you for your fine work.

Following the next report, it had been our plan to have short reports given by the representatives of individual carriers serving this territory. In the interests of saving time, however, I think we will dispense with that portion of the program, providing there are no questions to be asked of the individual carriers or providing the individual carriers, themselves, have no special announcement to make.

The Chairman of the Railroad Contact Committee sometimes has rough going. We thoroughly appreciate the problems that he is confronted with, and we try to work with him with that understanding attitude. The work is very capably handled by our friend, Harold Turner, of the Union Pacific.

Mr. Turner, Chairman of the Railroad Contact Committee.

RAILROAD CONTACT COMMITTEE REPORT

MR. TURNER: Mr. Chairman, and gentlemen: At the present time, none of the lines in this territory have any surplus of closed equipment except the Southern Pacific. They report a surplus. The Union Pacific has been short of this class of equipment for the past ten days, both for lumber and grain, and the Northern Pacific also reports a shortage of grain cars. The other lines have been able to fill practically all orders, but have no surplus.

These shortages have been due to very few empty boxes being received from the Eastern roads, which was due to the coal strike. Indications are, however, that we will from now on receive more equipment, which will alleviate this condition. Coal cars are at a premium, due to the heavy movement of coal since the coal strike ended. If all consignees will endeavor to release equipment promptly when received under load and will continue to cooperate in removing debris, blocking, steel banding and so forth, from cars when they are unloaded, car days will be saved, thus bringing about better use of available equipment.

Our road and operating conditions are satisfactory, with no shortage of power. The bad order situation is practically the same. As of February 1, the percentage of bad order of all equipment to the total of the lines

serving this territory is an average of 5.7 per cent. The percentage of box and autos on line as of February 15 was 91.1 per cent. This, however, is much lower now on account of not receiving equipment from the East. The percentage of home box and autos on home roads as of February 1 was 41 per cent, which is about the same as in the previous report.

We solicit your continued cooperation in observing car service rules so as to improve upon this shortage.

The roads in this territory have new equipment on order as follows: box, 4,500; flatcars, 840; autos, 1,500; gondolas, 400; covered hoppers, 23; stock cars, 500; diesel units, 44; refrigerators, 819; new cars on order and that we are building, 2,500.

Mr. President, that concludes my report.

PRESIDENT STODDARD: Thank you, Mr. Turner. Does anyone have a question he would like to ask Mr. Turner? (Pause)

Did any of the individual rail carrier representatives want to make an announcement at this time? (Pause)

A casual look at the next report would give the impression that it would be rather dry, but I assure you that the temperament and nature of the man who will give it is going to make it far from such. He is the Executive Secretary of the Pacific Northwest Grain Dealers Association, Spokane, Washington.

I now take pleasure in presenting to you Mr. Pete Stallcop, the Chairman of the Membership Committee.

MEMBERSHIP COMMITTEE REPORT

MR. STALLCOP: I am not so sharp as I might be this morning and because of that fact this report will probably be rather lengthy. I have sat here and listened now for an hour, and I didn't go to sleep, so I don't want to catch anyone going to sleep while I give my report.

Our membership hasn't done too well during the past year, and I guess that can be pretty largely laid at the doorstep of the Chairman of the Membership Committee, and I accept the full responsibility. Like the skipper on the "MISSOURI," I will probably be replaced. (Laughter)

Seriously, though, on membership, it is important to our group. I think we perform a function that is very necessary to the economy of this area, and, as has been brought out today, too often the little guy, we will say, attends these meetings. The brass, the top management, too often does not attend them. I think they are very important, and I should like to see each of you urge shippers to attend the meetings. As you can tell by looking around the room and seeing the people that you know, there is no use in urging more railroad men to come. They all come anyway. But the shippers do not. How we can get them to attend I don't know. I think those of you who do attend can very well urge other shippers to attend, and the railroad men in your contacts around the country can urge membership in this group. It is a joint effort. We have accomplished a lot. We sit down and talk about our mutual problems to the benefit of the entire area. I think it is serious. I think we also have fun. Sometimes we have too much. (Laughter) But, nevertheless, we accomplish quite a bit at these meetings, and I should like each of you to help us to get more members who will attend and will take an interest.

Now, as I said, this report isn't too rosy. At the time of our meeting in September, the total membership was 2,396. Since that meeting, the last two quarters, we have had a total of 125 withdrawals and 81 new members. Now, a good share of those withdrawals are deadwood that have been eliminated from the membership rolls. They might as well be, because they are no good to themselves or to us, either, so eliminate them—which has been done, with dispatch; and there are probably a few others that very well can be and will be eliminated, but we want some new ones that are good to replace them.

Now, the new members that have come into the organization since the last meeting are as follows: At large, 16; agricultural counsel, 1; agricultural implements, 1; brick and clay products, 1; canned foods, 2; cement and cement products, 2; commercial organizations, 3; coal and coke, 2; flour, feed, and mill products, 2; fresh fish, 1; fresh fruits, 6; grain, 2; iron and steel, 2; lumber and forest products, 13; manufacturing and miscellaneous, 4; ores and concentrates, 2; other metals, 1; packing house, 1; paper and paper products, 3; petroleum and products, 1; poultry and dairy products, 4; seeds, 1; wholesale and retail trades, 9.

I am just wondering if that fresh fish member would remain fresh if he got on one of these slow cars sometime.

A recap of the last year shows that we have had 213 withdrawals and 166 new members, or a net loss of 47, which isn't good. The membership to date is 2,352.

Now, yesterday I did something that I would like to see a lot of you do, and it is easy, just like shooting fish. I got a new member. You can do it too. All I had to do was ask him. As soon as I told him it didn't cost anything he was immediately willing to come in. (Laughter)

Mr. Chairman, that constitutes my report.

PRESIDENT STODDARD: Thank you very much, Pete. I do hope you all will take Pete's message as it should be taken and try to build up not only the membership but the attendance at these meetings.

You will recall that at our Spokane meeting last September we had the Chairman of the Car Service Division of A.A.R. Mr. Gass with us. During Mr. Gass' visit and during subsequent conversations between him and the delegates from this Board, at St. Louis, we succeeded, we believe, in refreshing his memory of the problems we have on the Pacific Coast, particularly in our Board territory. I refer especially to those car shortages that we experience at regular intervals. We are very appreciative of Mr. Gass' new understanding of our problem, and we have reason to believe that he will do everything possible to eliminate some of those shortages that have troubled us in the past. Significant of this new understanding, we have with us today the Vice-Chairman of the Car Service Division of the A.A.R. Your Board officers were very happy when we found that he was going to be with us today. Not only is he a fine speaker, but he usually has some very thought-provoking message to give us.

It is now my distinct pleasure to present you Mr. Megee, of the A.A.R., in Washington. Mr. Megee. (Applause)

NATIONAL TRANSPORTATION PICTURE

MR. C. R. MEGEE: Mr. President and friends:

It is a distinct privilege to represent the Washington office at this meeting of the Pacific Northwest Advisory Board. It has been about four years since I have had an opportunity to attend one of your meetings.

It is especially a privilege on the occasion of your Twenty-fifth Anniversary. These Shippers' Advisory Boards, as was stated by your President this morning, were first organized in 1923 and spread over the country, and this one was organized in 1925. They represented at that time a pioneer movement, an almost revolutionary change in the relationship between customers and producers of transportation. I doubt very much that those pioneers in this particular Board or any other had any real appraisal or appreciation of how effective and how much influence these Shippers' Advisory Boards would have 25 years later. It is unnecessary to dwell on the accomplishments of the boards. All of you know the many ideas that have been suggested and the very effective work that has been performed by them.

I was looking over some of the early issues of the proceedings recently, and was particularly impressed by the late M. J. Gormley's remarks at a meeting in North Dakota in March, 1923, at the organization of that Board, at which time he said: "This is an experimental proposition, and, depending upon the results of this organization, other boards will be organized." Mr. Gormley made some very prophetic remarks at that meeting. Perhaps he was a better prophet than he realized.

They have continued their effective work throughout the country, and we all know how important they were during the last war. The basic principles of these boards are just as sound today as when they were organized—that is, your coming together for quarterly meetings with the railroads of the respective territories, your forecasts of car requirements, your constructive suggestions and ideas, your very definite interest and help in the matter of freight claim prevention, perfect shipping month, and many others too numerous to mention, including the appraisal of legislative matters. I was very much impressed with the report rendered here this morning.

And speaking of perfect shipping, I know that many of you listen to the "Railroad Hour" over the National Broadcasting System every Monday night, and next Monday night, March the 27th, they will carry a particular message on the Perfect Shipping Month campaign from coast to coast.

Now, 25 years—as I listened to the President this morning refer to the organization of this Board—is a rather large slice out of an active life, and, naturally, a great many of those stalwarts, or pioneers, that organized this Board have passed along, and we have only a few left. That is only natural, but they have left behind them and are continuing to leave behind them a trust or obligation which devolves upon those who follow, to go forward with renewed vigor to further promote better understanding and more efficient transportation. It seems to me, that one might best describe the work of these boards by quoting a brief verse from the most widely read book in the world: "Through wisdom is an house builded, and by understanding is it established." These boards were built upon the right premise, and through the quarter of a century since, the understanding has been well established. I congratulate you upon reaching a quarter of a century birthday.

With respect to the subject on the docket, each member of this Board receives a monthly transportation bulletin put out by the Car Service Division. It gives a brief summary of the highlights. It is difficult to add to it. However, transportation is such an essential factor in our national economy, so vital to our economic health, that it does appear desirable to give you a brief summary covering the first two and one-half months of 1950.

At the close of nine weeks, as was stated by Mr. Hanson in his able survey, the carloadings in the United States were about 17 per cent less than those of the corresponding nine weeks of 1949. The great bulk of that decrease was represented in coal and coke. Miners worked only three days per week in January, did not work at all in February, and the nation lost the production of forty-five to fifty million tons of coal.

There is thorough appreciation that coal production in this territory is not a very large factor. However, among the necessities of life, there probably are only two—food and water—that outrank coal. Our transportation and industrial structure has been built upon the use of coal, and when 370,000 men stop work from Utah to Central Pennsylvania, it has a serious adverse effect in all directions. It was estimated that during the second half of February and the first week of March 600,000 people were idle as a result of the coal strike. That includes the miners and those who were laid off on the railroads and by industries. You certainly can't have that much idleness without some serious adverse

effect upon the entire economy. On top of that, we had several Interstate Commerce Commission orders restricting mileage of coal burning locomotives in passenger and freight service and it slowed up the movement very materially east of the Mississippi River.

Now, what about the next quarter? The forecast here this morning indicates an increase of 3.5 per cent in carloadings compared with the second quarter of 1949. I listened to the analysis made by Mr. Boyle with much interest, and, while the horizon has some clouds upon it, there appears to be a crystallized opinion generally among economists and businessmen that production in this country during the second quarter will be at a very high level.

Coal stocks were probably never any lower in the history of the country than on March 6 when the strike was terminated.

To digress just a second—and I am not going to mention too many figures—I might recall to you that on July 1, 1949, coal stocks were reported as 70,000,000 tons above ground. On March 6, they were reduced for the entire United States to approximately 16,000,000 tons, so that the production of coal for the next several months will be at a high level, probably averaging 12,000,000 tons weekly.

The steel industry will work on a very high plateau. The automobile industry expresses confidence in the future, and, barring some labor difficulties, hope to produce as many units in 1950 as they did in 1949. The construction industry is going at a very high pace, and probably will equal the 1949 record. Then we have the winter wheat crop, which will mature in the second quarter of 1950, beginning the latter part of May; and, while it is early yet for the USDA to make any prediction of the crop, it has been indicated that it may approximate that of last year, practically a billion bushels, or a little bit more. Then, as has been so well stated by Mr. Boyle, and reflected in the forecast here this morning, the lumber industry is going to operate on a very high level.

Reports of some months ago stated the production of lumber for the fourth quarter of 1949 established a record for that particular quarter of any year. There is every indication that the production for the second quarter of 1950 will exceed that of the same quarter last year.

All of this indicates that transportation requirements are going to be high during the next quarter, and one might well speculate that the peak carloadings, for 1950, could occur in the second quarter of this year, perhaps a week in the month of June, rather than in the traditional autumn month of October. This would be due to the valley of production we have had in the last 60 days and the heavy coal loading that will prevail during the next quarter, together with those items I have just mentioned.

What about the railroad plant? As stated at your Transportation Committee meeting yesterday, the capital expenditures by the American railroads for the year of 1949 measured by dollars, established an all-time record, over \$1,285,000,000.00, for equipment, locomotives, and cars, for signals, maintenance of way, and other pertinent items. As a matter of fact, almost one-third of that amount was spent for freight cars, and, as Mr. Hanson so well stated, there were about 85,000 new cars that came from the builders in 1949, which, incidentally, is a record since 1926 for any one year with one exception. However, the retirements, as he stated, were also on a very high level, and we closed the year with a loss of about 5,500 cars in our entire ownership.

The locomotive and power situation is good, and, generally speaking, the railroad plant is in very good physical condition. This tremendous amount of money was spent by the railroad industry to provide a more economical, a more dependable, and more efficient transportation operation.

Reference was made here this morning to some stringencies in car supply during recent weeks, and may I say that as of January 1 and again on February 1, the distribution of cars between districts was almost all that could be desired, but the coal strike did create a disruptive condition, and it was impractical to move cars to this territory in the normal volume.

I know that everyone here thoroughly understands that the trend of loaded movement is from the West to the East, and to indicate the approximate trend, the delivery of empty boxcars westbound day by day through St. Louis and Chicago gateways, during the months of November, December, and January, averaged slightly more than 1,000 empty cars each day, Sunday and Monday, seven days a week.

Then we ran into February, with some restrictive orders, and the deliveries dropped to approximately 700 cars per day for the month. For the first twelve days of March the empty deliveries were down to 502 cars per day. In other words, take our car location statement for March 1 and compare it with February 1 and the Western districts have decreased their holdings of boxcars by the approximate figure of 12,000, while the Eastern and Southern districts have increased to that extent.

It is the responsibility of the Car Service Division to relocate those cars and to bring the distribution back in line. However, it is going to take a little time for the railroads to get back in the groove of normal operation. On Monday of this week, March the 20th, a special order was issued to the Eastern and Southern lines requiring that the principal Western ownerships of plain boxcars be used only for loading to the home roads in the Western territory and in the absence of such loading to send these ownerships West empty. We hope to accelerate this relocation of cars from the Eastern districts, and in a very short period of time there should be an ample supply of cars in this territory. I am not going to say you are going to have any real surplus. They are going to be tight, but every effort will be made to try to give you an ample supply.

I do want to say just a word about new cars. The picture is not quite as discouraging as some might assume. We have had a continuing loss of cars for the past eight months. In other words, the new cars coming from the builders have not quite equalled the retirements. On January 1, the total cars on order were 14,000, of which 3,500 were boxcars. Since January 1, orders have been placed to the extent, as indicated by Mr. Hanson, and total 27,000 on orders as of March 1, of which 14,000 are boxcars.

The new orders for the first two months have approximated 17,715 new cars, and, as a matter of fact, that is a greater number than were ordered the entire year of 1949. The executives are thoroughly conscious of this problem, and at the annual member road meeting, in Chicago last November 18th, the new car program was discussed perhaps more than any other single subject.

I think it unnecessary for me to say that, in the final analysis, the common medium of exchange for everything—labor, material, in fact, every commodity—is the common, ordinary dollar bill, and if you do not have enough dollar bills to go around it is embarrassing, and that has been the difficulty with the railroads, more especially for the last eight or nine months, particularly in the Eastern territory where the coal traffic is such a large factor. The miners began their three-day per week work program last July. They were on strike September the 19th until November the 9th. They resumed their three-day work program in December, and went on strike again in February, and there just hasn't been enough money to go around. This matter of new cars and increasing the fleet of cars has the attention of our chief executives, I can assure you.

Now, in view of the forecast here this morning—and I believe it represents a trend that will be reflected in the other twelve Boards when the national forecast is

made available on April 1—there certainly can be no complacency about the car supply during the next quarter. With the continued cooperation of these Shippers' Advisory Boards in trying to get just a little bit more utilization from each serviceable unit, the situation can be satisfactorily met, but there cannot be any degree of smugness whatever about the situation.

There are certain ABC's, as Frank Westmeyer stated this morning, which are primary in car efficiency, and I am going to touch on them briefly. Shippers of this territory are thoroughly familiar with them. One, is the matter of heavier loading of cars by cooperation rather than by mandatory orders. Admittedly, there has been some decrease in the average tons per car since the expiration of ODT 18-A. Our field force, to the extent possible and concurrently with other work programs have made checks throughout the entire United States. They have not concentrated on this subject at all, but where the volume of traffic seems to lend itself to possibilities for heavier loading, and where the consignees and shippers are agreeable, it does offer a definite way of conserving cars. Particularly in this territory where you have to bring so many empties out here, we should get as much utilization as practical. We are not asking shippers to load cars to the maximum where it is impractical, or where it means overall additional expense. It is a thoroughly cooperative effort.

Two, is the matter of a quick turn-around of equipment—quicker unloading and loading and more expeditious movement. The railroads have a very definite obligation or responsibility in that respect. Chief executives are thoroughly conscious of some service failures, and from themselves down to the yard office forces are doing all they can to correct and overcome these failures and improve the service.

Three—the matter of clean cars, which has been discussed here this morning. I don't think these Shippers' Advisory Boards have ever sponsored a more commendable or a greater undertaking. There is a waste in taking an empty car to a cleaning track and later placing it for loading. To the extent that it is practicable to reduce that waste of car days our car supply can be augmented.

Mr. Westmeyer spoke about car service rules. Everyone in this room understands the principles of car service rules. I just want to leave this thought, if you please: that the rules were made for a real purpose, and, so far as shippers are concerned, the code of car service rules really enables the railroads to operate as a single industry. For example, cars are loaded in the Northeastern part of Canada destined to Mexico City. They are moving over many different roads, and car service rules enable the cars to be relocated automatically. They represent the cumulative knowledge of some 50 years of the best transportation experts.

You have heard reference made this morning to the number of home cars on home rails by Mr. Turner. Well, as of January 1 this year, there were approximately 100,000 more cars on home rails than on the corresponding date last year. These Shippers' Advisory Boards have contributed to that, and we cordially ask your continued support in this direction.

On January 1 of this year, we entered the second half of the Twentieth Century. Everyone knows what the past 50 years have meant to the growth of this country, population-wise and industrially. There has been an increase in population of 100 per cent. In other words, we have grown from 75,000,000 to 150,000,000 persons. There has been a tremendous expansion industrially, undreamed of 50 years ago. You have seen the birth of many new industries, like television, radar, automobiles, and others too numerous to mention. This country is going to continue to grow. It is going to be predicated on efficient transportation. In other words, had it not been for the network of railroads and other forms of transportation, we could not have made the

growth that has been made in the past 50 years.

There are some different problems today than at the beginning of the century, in 1900. Life is considerably more complex. There are many serious problems facing this country, with which you are just as familiar as I am. There are many serious decisions that have got to be made in the not too distant future, and, among these, are some policies involving transportation.

There is an urgent need for the influence and support of the best informed public opinion. There is no group of people in the world any better informed than these Shippers' Advisory Boards with respect to transportation and allied subjects. They have been a tremendous bulwark in the past quarter of a century, and I am sure there will be no relaxation in the future. Transportation is vital to these United States. I think that every person, collectively and individually, has a definite responsibility to make himself a little bit more vocal and to do just a little bit more in the preservation of private enterprise and the preservation of policies that have created the growth that we have seen in the past 50 years or the past 167 years. It is the todays and the tomorrows with which we are concerned. I thank you. (Applause)

PRESIDENT STODDARD: Thank you very much. We appreciate your fine talk, especially your remarks about our Silver Anniversary. It is always a pleasure to have you here with us. We hope you can come again.

Now, in just a few moments we will have an open forum, and at that time we will be privileged to ask Mr. Megee any questions that occur to us.

At this moment I should like to urge you to make every effort to attend our luncheon. We have a very fine speaker lined up, and he will talk to us on a subject that is vital to all of us in the Pacific Northwest. We also have a program that I think will be interesting to you at the luncheon.

We will deviate slightly from the docket, and at this time we will have our open forum. This is the time when we try to throw our meeting open to those of you have questions or announcements to make, and if any of you have questions that you would like to ask Mr. Megee, I think this is the opportunity for you to do so. Please feel free to enter into this now if you care to. (Pause)

Apparently, Mr. Megee, you have made everyone happy.

MR. BATCHELDER: Don't say that so fast.

PRESIDENT STODDARD: I didn't know Ken was so slow getting up here.

MR. BATCHELDER: I wanted to give somebody else a chance.

Apparently there is a little time and so I should like like to make an observation before I ask Mr. Megee the question.

This is one of the best Advisory Boards in the country. Perhaps Mr. Megee can take a little credit for it, because I understand he trained our District Manager Westmeyer back in Pittsburgh. We think Frank is doing a fine job out here.

I have been doing a little horseback studying of figures on cars. In looking at the records of retirements for one of the transcontinental lines for nine years, 1940 to 1948, that railroad retired 6,000 less cars than for normal retirement.

This is rough figuring, but if the ratio holds for the rest of the nation it means that we are behind in retiring cars more than 300,000.

This is an alarming factor in the total car ownership. I am a little like Pete, who says, "It is easy to go out and get a member if you don't charge him anything for the membership." It is easy for us, as shippers, to say that railroads ought to spend \$500,000,000 or \$1,000,000,000 for cars when we don't have to supply the money; nevertheless, I think it is a serious thing, and the orders haven't come in as heavy as some of us would like to see them.

The question I should like to ask Mr. Megee is really

in two phases. One is, do you see a trend toward heavier purchases of cars? And, second, this figure of percentage of bad orders probably is occasioned to some extent by the fact that we haven't retired as many cars as we should, but what prospect have we that that figure will be brought down to what might be considered normal, of, say, 3 per cent instead of the 5.7 that occurs in this territory, and I think about 8 or 9 in the country as a whole?

MR. MEGEE: With respect to the bad order situation, money has been one of the features. They have increased very much since last July, and particularly on the Eastern roads.

For example, taking boxcars alone, the increase in bad orders on the three Western districts, comparing February 1 of this year with that of 1949, was 1,828 cars, just slightly over one-half of one per cent, whereas the increase for the nation was somewhat over 11,000 boxcars.

The executives, as I have stated, are thoroughly conscious of that situation, and Mr. Faircy recently addressed the chief executives urging that bad order cars be reduced to 4 per cent. I don't know that it will be possible to get down to the 3 per cent figure. That was a wartime figure, and there is a suspicion in the minds of some of us that perhaps some cars were being operated that, under normal conditions, would have been on the repair tracks, but I assure you that the objective today is for approximately 4 per cent.

With respect to the new cars on order, I thought that I had made that rather clear. There were 17,700 new cars placed on order in the first two months of this year, a greater number than all of last year.

I might say in that connection that the ownership of boxcars has received a lot of consideration, and the objective is to increase the ownership, perhaps to the extent of 50,000 units.

Mr. Hanson this morning spoke about the small number of cars that were turned out in January and February. That is true. However, among the orders on the books in February, approximately 65 to 70 per cent of the cars were to be built in railroad shops. These shops were working on a very narrow margin of employment in January and still less in February, with the result that they were not building many new cars, not as many as we would like. I think you will see a different performance in March, with a very much increased output of new cars in April, if you please.

I don't know whether that answers all your questions, but I have tried to give you a factual statement as we see it. (Applause)

PRESIDENT STODDARD: Are there any further questions? (Pause)

Thank you, Mr. Batchelder, and you, Mr. Megee, for clarifying this matter.

If there is nothing else to come up before the open forum, we will now ask for the report of the Nominating Committee.

I want to thank the Chairman and the members of the Nominating Committee for serving in this manner at this time.

It is my pleasure to introduce to you for the Nominating Committee report, Mr. T. B. Dynes, Traffic Manager of the Hyster Company here in Portland.

Mr. Dynes.

NOMINATING COMMITTEE REPORT

MR. DYNES: President Stoddard, members of the Pacific Northwest Advisory Board:

The by-laws of the Pacific Northwest Advisory Board require the Nominating Committee to select candidates for President, Vice-President, Executive Secretary, and not less than ten Board members for the Executive Committee.

Our nominations are as follows: For President, Mr.

A. M. Cloninger, Mgr., Traffic and Warehousing, Longview Fibre Company, Longview, Wash.; for Vice-President, Mr. R. V. Boyle, T. M., Brown & Haley, Tacoma, Wash.; for Executive Secretary, Mr. L. R. Pugh, President, St. Maries Lumber Co., St. Maries, Idaho; for the Executive Committee, F. P. Borden, T. M., Douglas Fir Plywood Ass'n, Tacoma, Wash.; Earl C. Corey, Mgr., Earl Corey, Inc., Portland, Oregon; Russell de Lopez, T. M., Puget Sound Pulp & Timber Co., Bellingham, Wash.; F. Wayne Fuller, T. M., Fisher Flouring Mills, Seattle, Wash.; B. K. Grose-close, A. T. M., Gwin, White & Prince, Inc., Seattle, Wash.; N. E. Ottosen, T. M., Associated Plywood Mills, Inc., Eugene, Oregon; R. G. Searce, T. M., Apple Growers' Ass'n, Hood River, Oregon; H. D. Smith, W. D. T. M., Weyerhaeuser Sales Co., Tacoma, Wash.; R. C. Brugeon, T. M., St. Regis Paper Company, Tacoma, Wash.; Oliver Callson, T. M., General Mills, Inc., Sperry Division, Tacoma, Washington.

PRESIDENT STODDARD: Do you move the adoption of your report, Mr. Dynes?

MR. DYNES: I do.

PRESIDENT STODDARD: Is there a second?

MR. DUREEE: I second the motion.

PRESIDENT STODDARD: It has been moved and seconded that the report of the Nominating Committee be accepted. Is there any discussion? (Pause). I wish to point out to you that additional nominations may be made from the floor at this time. (Pause). If there are none to be made, I declare that nominations are closed.

MR. STALLCOP: I move the election of the officers proposed by the Nominating Committee.

PRESIDENT STODDARD: It has been moved that the officers proposed by the Nominating Committee be elected, and I assume that, accompanying that, would be a motion for an unanimous ballot to be cast for them?

(The motion was thereupon put to voice vote, and was unanimously carried.)

PRESIDENT STODDARD: The officers nominated by the Nominating Committee are elected. (Applause).

Well, gentlemen, it is now my pleasure to present to you your new officers, but before we do that I want to tell you that it has been a happy experience to me to serve as your President. The wholehearted cooperation of Mr. Westmeyer and his staff in Seattle, the various committee members, and especially the committee chairmen who have worked so unselfishly and faithfully in their work, the individual members, the officers, and, last but not least, our railroad friends,—the cooperation of all these has been very, very pleasant. I was especially grateful to you for your patience in bearing with me as your President. I am sure that you feel and understand that I appreciate your support. I now take pleasure in presenting your officers.

First, is your new Executive Secretary, the man who has served as your Transportation Committee Chairman for the past two years. He is President of the St. Maries Lumber Company in St. Maries, Idaho, Mr. Pugh. Mr. Pugh, will you come up, please?

MR. PUGH: Do I have to come up?

PRESIDENT STODDARD: We have a chair reserved for you up here.

MR. PUGH: I would rather sit down here.

PRESIDENT STODDARD: We want to see that smiling face of yours up here.

The man who is your new Vice-President has been Executive Secretary. I know of no one on the Board who is more qualified to serve as one of your officers. This man has worked long and faithfully in the various departments of the Board, and I know that he will continue to do so. Mr. Boyle. (Applause).

And now for your President we have a man who is also well qualified for that job. He is, as you know, Manager of Warehousing and Traffic Manager for the Longview Fibre Company in Longview.

Mr. Cloninger, it is my pleasure to present to you this gavel, and with it my very best wishes.

PRESIDENT-ELECT CLONINGER: Thank you, Harold.

ADDRESS OF PRESIDENT-ELECT AVERY M. CLONINGER

Members of the Board, and gentlemen:

As was remarked earlier in the program, there is going to be printed in the proceedings of this meeting excerpts from the speech by Donald Conn 25 years ago. I certainly hope that all here and all Board members will read that speech carefully. 25 years have gone by, and I feel that the remarks that were made by Mr. Conn need to be reviewed at this time. They are based on this one word that we hear so often—"cooperation."

I firmly believe that we are getting to that point where we don't have quite enough cooperation. We need a little bit more. With 2,300-plus Board members, we have a pretty small shipper attendance at meetings. Your officers cannot improve this alone. We must have the cooperation of everyone. We know that, and I think you gentlemen realize our situation. These meetings are held in various locations throughout the Board territory. None of them are very far from any one spot, and I think that it is very, very important at the start of the second 25 years of this Board that we encourage a bigger shipper turnout.

Harold remarked that I was well qualified for this honor. I don't know whether I am or not. I have only been in transportation about ten years, and there are certainly a lot of things going on in transportation today. Maybe I can't see behind them all but I think we are in a very serious situation. Last October in St. Louis Colonel J. Monroe Johnson gave one of the addresses at the national shippers' meeting, and he thought that it would be a good idea to quit worrying about the car supply program and the new car program of the railroads and have the government build cars and place them in various spots throughout the country, and then, as some railroad needed a few extra cars, the government would lease the cars to that particular railroad,—Colonel Johnson, member of the Interstate Commerce Commission!

I wonder how many gentlemen here realize the trend that is going on in Washington as to the future of this transportation system that we all should cherish. There is a lot of influence that the so-called private American railroad cannot combat. If we don't get in, gentlemen,—shipper and carrier—and cooperate, some of those people may realize their ambitions,—and they do have ambitions!

It is not a very pleasant subject. It isn't very pleasant to think about what would happen if the present system we have of these Advisory Boards throughout the nation, working independently with each other—carrier and shipper—ironing out our problems, were eliminated and the control taken over by the government. We wouldn't stand much of a chance in going to Washington to iron out any problems. They would iron them out for us the way they wanted them ironed out, and that is why I feel that we should revive again that spirit of cooperation, and I am appealing to the railroad men and to shippers who do attend to urge members of the Advisory Board to attend these meetings. We certainly appreciate the time that you gentlemen put in. We are glad to have you here and to have you participate in our discussion, but we need more of the shippers, too,—a lot more. It will be better for the carriers and it will be better for the shippers.

Mr. Pete Stallcop, who has been Chairman of the Membership Committee, hasn't done so well on memberships during the past year, so I feel that we ought to take him off of that job. (Laughter). I wish to

announce, now, that Mr. Pete Stallcop, Executive Secretary, Pacific Northwest Grain Dealers Association, Spokane, Washington, is the new Chairman of the Transportation Committee.

Mr. Emil Hanson, Assistant Traffic Manager of the West Coast Lumberman's Association, Portland, has consented to continue on as Chairman of the Equipment and Service Committee, of which Emil has been Chairman and has done an excellent job, and I am sure the Board is very fortunate in having him accept the continuation of that.

Mr. Bill Rundle, Manager of the Transportation Department of the Vancouver Board of Trade, Vancouver, B. C., is with us this morning. Do you have any remarks to make, Mr. Rundle?

ADDRESS OF MR. W. A. RUNDLE

Thank you very much. President Cloninger and gentlemen:

I would feel that it was very ungenerous on my part if I didn't thank the Board and the officers for the opportunity and privilege of attending these meetings.

We have many problems in common. It is true we only have a nation of some 13,000,000 people, but we have a bigger country than you, which probably gives us many more headaches than you have.

I have been tremendously impressed in all the years—some eight years, now—that I have been attending these meetings with the way in which the business is conducted. Yesterday was a real marathon in going right through all the program, and I think it bespeaks what your President has asked, that a bigger percentage attend the meetings. We have the same problem in British Columbia of trying to get people out. They always seem to leave the work to a few.

Transportation is also our biggest industry and we share some of your problems.

Now, I am not going to share all that headache without giving some compensation for it, too, and I am representing the British Columbia Government on this trip as well as our own Board of Trade, and the Minister of Trade and Industry, Honorable L. H. Eyres, and the Chamber of the B. C. Tourist Council, E. G. Rowbottom, definitely said to me when I was coming down to be sure to extend a very hearty and special invitation to all you gentlemen to your friends and families to come to British Columbia this year. We always have some special inducement. I think I put forward one or two last year when I was down, and there are a couple this year. There will be a 10 per cent break on your funds in Canada so that—we expect you to stay nine days; if you do, we will give you the tenth free.

In addition to that, gentlemen, I want to assure you that we have no transportation tax in Canada, so that may help, too. Be that as it may, I do want to invite you to come to Canada, and we have some of the new booklets that are just being issued. If you are interested in our coastal waterways and the fjords, the Canadian Pacific, Union Steamships, Canadian Na-

tional all have splendid services. It was my privilege to take one of their trips last year right up to Alaska, and I think that out of the 325 passengers on board there were 310 Americans from all parts of the country, so it must have an appeal. This booklet, here, is by the British Columbia Government on the Pacific Great Eastern Railway, that unique railway, now being extended northward.

Now, this is more than a sales talk, gentlemen. It is a welcome to you. We would like to share our country's natural splendors with you at a reduced cost this year.

And just before I close, may I thank Mr. Westmeyer and the Board, too, for their very kind cooperation. We participate in the Perfect Shipping campaign, and we look on it as a very powerful influence in keeping freight claims down. We have a bill of some \$6,000,000 on our Canadian railroads every year, and some of our economists figure out that that represents really a loss of about \$25,000,000 when you add it all up, and when you have to pay freight claims everybody loses, and I hope that the campaign this year will be better and bigger than ever.

The Perfect Shipping Month summary indicates that for this area British Columbia and Vancouver top the list for attendance at meetings to stimulate interest in Perfect Shipping and there is a challenge for you, and I can assure you gentlemen that we are going to stay on top. (Applause).

PRESIDENT-ELECT CLONINGER: Thanks very much, Bill.

There are a few more acknowledgments here I wish to make at this time. If these gentlemen are present, I wish they would stand:

Frank Hubert, Jr., Traffic Manager, Bethlehem Steel Corporation, San Francisco.

Mr. E. E. Sharps, Freight Traffic Manager, Sales, Chesapeake & Ohio, San Francisco.

Mr. R. S. Amis, General Traffic Manager, Chicago North Shore & Milwaukee Railroad, Chicago.

Before adjourning to our luncheon, I wish to thank Mr. Dynes and the Committee for selecting this very fine slate of officers to serve with me, and I am sure that the example set by the immediate Past-President, Mr. Stoddard, and the predecessor before him will be one that we will all strive to follow.

As was previously announced, our luncheon will be down in the Rose Bowl, and the speaker will be Senator Tom Hall. I enjoyed his address placed on this program, here, "Washington State Senate, Olympia, Washington." Tom is pretty well known around Longview, and we always refer to him as the Senator from Skamokawa, Wahkiakum County. (Laughter). I am sure that all of you gentlemen will thoroughly enjoy Senator Hall's talk entitled, "Columbia Valley Development—What Is Involved?" It is an important message for all of us.

If there is nothing further to come before the meeting at this time, we will adjourn to luncheon in the Rose Bowl.

LUNCHEON MEETING

Rose Bowl, Multnomah Hotel, Portland, Oregon

Program: 12:55 o'clock P. M.

Toastmaster: Mr. L. M. Curtin

MR. CURTIN: While I realize that some of you gentlemen have not finished your lunch, at the same time we have a schedule to maintain, and, in the vernacular, the show has to get on the road. So if you will continue your lunch it will not bother me, and I trust that I will not bother you. (Laughter and applause).

Thinking for the moment of schedules—and we have heard a great deal about schedules in the last few days and the maintenance of them—there comes to my mind an incident that happened on one of our railroads which perhaps might just as well be nameless. There was a lady passenger on that train, and she was in a condition that is generally described as delicate; and not only that—the birth of her child was a matter of minutes. And the conductor was very much exasperated and perplexed and, being so, expressed himself as many of us do when we are perplexed—that is, angrily—and he lashed out at her and said, "You shouldn't have gotten on this train in that condition." And she said, "I wasn't in this condition when I got on this train." (Laughter)

Man, being a gregarious animal, has a habit of getting together for banquets and luncheons of this kind, and it is a further part of our tribal custom that we have a toastmaster or something of that nature. One of the jobs of that toastmaster is to express a word of welcome to all of those assembled, and so I am very much pleased to do that now on behalf of the several organizations who are sponsoring this luncheon, as indicated on the pamphlet that has already been handed you.

I think at this time you would like to meet the representatives of those various organizations. I believe they are in the room somewhere, and if they will rise as I introduce them, I should appreciate it.

First, and properly, a lady representing the Women's Transportation & Traffic Club, Helene M. White. (Applause)

The President of the Portland Industrial Traffic Club, Mr. William Lursman. (Applause)

The President of the Portland Transportation Club, Mr. William M. Miller. (Applause)

The President of the Portland Junior Traffic Club, Mr. William R. Burrette. (Applause) Thank you for being here.

And now, having done that, then I, like the leopard, would like to change my spots and express my appreciation for the privilege of being here, for I, too, am a guest in Portland. I never fail to have a sense of pleasure when some errand or another occasions my being here in your beautiful City of Roses. I enjoy your parks, your lovely homes, your splendid drives, and, above all, your magnificent people, for there is here in Portland a friendliness that I cherish above all others.

The people here are not like the man who went to see the veterinarian and said, "I want this dog's tail cut off." "O. K.," said the vet. "How much do you want left on?" He says, "I don't want any left on." He says, "I want it cut off right up to the dog." He says, "You see, my mother-in-law is visiting us, and I don't want anything around the house to create the impression that she is welcome." (Laughter and applause)

But you people in Portland do create the impression that we are welcome. You even furnish us with Puget Sound weather. And it is certainly a pleasure to be here on this occasion of the Silver Anniversary of the Pacific Northwest Advisory Board. I realized, however, in accepting this assignment that I was going to face a very critical audience.

In fact, as I look out over this group now, I see looking at me through their bloodshot eyes some of my best friends and severest critics. (Laughter) I have the feel-

ing that some of the boys here met with the cracked ice committee a little late last night. (Laughter) You know, somebody who is something of a philosopher said, "There are always mornings, and only some of them are kind." One of the fellows I met said he went to bed between two and three last night, and I said, "That is too many." (Laughter)

I used that expression awhile ago, "best friends and severest critics." It is an expression I like. I enjoy it very much. I think of the story they tell of the young married man who referred to his wife facetiously as his best friend and severest critic. He returned home unexpectedly one day and said to the new maid who didn't yet know of this dual role: "Where is my best friend and severest critic?" She said, "Your severest critic is in the library. Your best friend just jumped out the window." (Laughter)

When asked to fill this assignment and having at least a conversational interest in anthropology, I fell to wondering what the Neanderthal man of the Pacific Northwest Advisory Board looked like, and I found, after some research, that he and a group of 262 persons met in this hotel 25 years ago.

I found him living very much as we live today. For amusement, he listened through earphones to his radio crystal set, and enjoyed it, since he didn't have to hear singing commercials or "Bibbidi-Bobbidi-Boo." No, he had sensible songs. For example, there was "Don't Bring Lulu." You could bring "Rose with the turned-up nose," but "Don't bring Lulu." Or, being transportation-minded, he sang, "Thanks for the Buggy Ride." (Laughter)

His motion pictures, which included that year the "Big Parade," were not talkies, and the Westerns that were being made then are now being shown between wrestling matches on the television shows.

He might have worried a little bit about the national debt. It stood then at the staggering total of \$20,000,000,000, as compared to \$252,000,000,000 now.

In a political way he was keeping cool with Coolidge. He was not harrassed by Harry or troubled by Truman. (Pause) That's a perfect alliteration, I thought that would go over better. (Laughter) Oh, life is full of disappointments like that.

To come back to the Neanderthal member of the Pacific Northwest Advisory Board, he lived in an age in which magazines that were published are now being read in doctors' and dentists' offices; when open-toed shoes were a calamity rather than a fashionable article of women's apparel; and when Fanny was a girl's name instead of a part of the anatomy. (Laughter)

He was transportation-minded, and for the purpose of cooperating with rail carriers formed this group, which has functioned successfully throughout the ensuing 25 years, during a part of which this nation was engaged in the greatest war of all time, when the railroads of America were called upon to perform Herculean tasks. They performed them well, and this could not have been done without the farsightedness of the early-day Advisory Board members, without the interest which you, the shipping public, continues to manifest in the rail carriers, and the helpful suggestions which you make at these meetings.

As the Pacific Northwest Advisory Board has come along these corridors of time, it has had as its presidents men who have given freely of their limited time and generously of their great capabilities. Many of these men are here today. They were all invited. The ones who are here are at the speakers' table and will be introduced in due course.

I have letters from two of our early-day presidents, addressed to Mr. Stoddard, the President of the Pacific Northwest Advisory Board, one from Mr. Paul A. Scherer dated Washington, D.C. and the other from Mr. A. W. Cooper, dated Vancouver, B.C., in which they sincerely regret it was impossible to accept the invitation to attend this meeting today.

DON'T FORGET—

THE WASHINGTON ATHLETIC CLUB, SEATTLE, WASH.

JUNE 21 - 22

Harold T. Stoddard, President
Pacific Northwest Advisory Board
c/o Multnomah Hotel,
Portland, Oregon.

Dear Mr. Stoddard:

It was indeed a pleasure to receive word from you as to the Silver Anniversary of the Advisory Board. I very much enjoyed my time as Executive Secretary and later President of the Board and greatly appreciate the cordial invitation to join with you not only as past President, in which capacity I was invited, but also as one who will always be interested in the affairs of the Pacific Northwest. I am very sorry to say that the considerable distance between the city of Washington and the state of Washington (or Oregon) makes it nearly impossible to accept your hospitality but I trust you will pass on to the members of the Board my very best wishes for the continued success of the work.

Sincerely,
Paul A. Scherer.

Mr. H. T. Stoddard, President
Pacific Northwest Advisory Board,
624 Vance Building,
Seattle 1, Washington.

Dear Mr. Stoddard:

I have your very kind invitation to attend the Silver Jubilee of the Board, and can assure you that it is with great regret that I am unable to take advantage of it.

It is very gratifying to note the progress of the Board through the years, particularly to one who was in on its beginnings. As I recall the initial discussions relative to the organization of Regional advisory Boards took place in my Portland office with Donald Conn at that time Manager of the Public Relations Department of the American Railway Association.

I also recall with pleasure the work done in those early years, as well as the strenuous job of presiding and pushing through a very heavy agenda in a single day.

With all good wishes for a successful meeting, and the hope that the Board may celebrate its golden anniversary stronger than ever, I am,

Cordially yours,
A. W. Cooper.

In addition to the Past-Presidents, we have many other distinguished persons at the speakers' table, and I should like at this time to present those who are present whom we wish to acknowledge but who will not otherwise participate in the program. I should appreciate it if each person presented will remain standing until the entire group is introduced. Just play like it is a seventh inning, you know. And in your interest of economy of effort, I would recommend to the audience that you withhold your applause until they all have been introduced.

And so, in the traditional newspaper manner of reading from your left to right, we have at your extreme left end of the table the Chairman of the Railroad Contact Committee, the Superintendent of Transportation of the Union Pacific Railroad, Northwest District, at Portland, Oregon, Mr. Harold M. Turner. Next to Mr. Turner we have the Traffic Manager of the West Coast Lumbermen's Association at Portland and Past-President and Chairman of the Executive Committee of the Pacific Northwest Advisory Board, Mr. K. C. Batchelder. Next to Mr. Batchelder, we have the gentleman who gave us the splendid talk upstairs today, the Vice-Chairman of the Car Service Division of the Association of American Railroads, Washington, D. C., Mr. C. R. Megee. Next to Mr. Megee we have the newly elected President of your Pacific Northwest Advisory Board and Manager of Traffic and Warehousing, Longview Fibre Company, Mr.

Avery M. Cloninger. Next we have the new Chairman of the Executive Committee of the Pacific Northwest Advisory Board, Traffic Manager of the Soundview Pulp Company, Everett, Washington, and retiring President of this Board, Mr. Harold T. Stoddard. Then on my left we have the Traffic Manager of Brown & Haley, Tacoma, Washington, the newly elected Vice-President of the Board, Mr. Russell V. Boyle. We have the Past President and Chairman of the Executive Committee of the Advisory Board and Manager of Traffic and Sales, C. D. Johnson Lumber Corporation, Toledo and Portland, Oregon, Mr. Ralph Benson. We have the President of the St. Maries Lumber Company, St. Maries, Idaho, the newly elected Executive Secretary of the Board, Mr. Larry Pugh. We have the President of Callahan Consolidated Mines, Wallace, Idaho, and Past-President and Chairman of the Executive Committee of the Board, Mr. Donald A. Callahan. We have the Western District Traffic Manager of the Weyerhaeuser Sales Company, Tacoma, Washington and Past-President and Chairman of the Executive Committee of the Pacific Northwest Advisory Board, Mr. H. D. Smith.

There you have them, gentlemen. Acknowledge their fine work that they have contributed to this organization. (Applause)

Our speaker today has for his subject a very large topic which has to do with the Columbia River, one in which all of us are extremely interested. I am particularly interested in it, myself, because I, like Senator Hall, spent my boyhood on the banks of the Columbia River, he in the little community of Orchards, Washington, and I not very far away near Barberton, Washington. In fact, many, many years ago in Vancouver I won a declamation contest, and for awhile I was referred to by the Vancouver Columbian as "The Boy Orator of the Columbia." I rather enjoyed that for awhile, until somebody reminded me that the Columbia had a little head and a big mouth. (Laughter)

You know, I am sure that Senator Hall is going to do very well with his subject that he has been assigned today. I am always a little hesitant about speaking before groups on a particularly assigned subject. I remember the time the Garden Club asked me to talk about hot beds and cold frames. (Laughter) I didn't do particularly well with it. I guess I didn't know what they had in mind. (Laughter)

But I will not take up further time from that allotted to Senator Hall. We are very much pleased to have him. He comes from Skamokawa, Wahkiakum, County, Washington, and I am very much pleased to give you at this time Washington State Senator, the Honorable Tom Hall. (Applause)

COLUMBIA VALLEY DEVELOPMENT—WHAT IS INVOLVED

SENATOR TOM HALL: Mr. Toastmaster, members of the Pacific Northwest Advisory Board:

I wonder if the toastmaster was inferring that I had some of the same qualities that he did because I was raised near the same community and so would take on the same qualities that he attributed to the Columbia River. (Laughter) I suppose those qualities would serve a politician well.

However, before being a politician, I am a farmer, and a small one. I do my own work when I am home. I milk cows for a living and do a little politics on the side. And I think it is quite an opportunity when a group of transportation officials, officials in the railroads—and I notice also in the Grain Dealers Association—ask a small farmer to come and speak before them.

It surely is an opportunity that I shouldn't miss to tell them that freight rates are too high and grain prices are too high, and a lot of other services that you render are very expensive to the farmer. I should tell you that, but we are confronted with a problem which is common to all of us, a problem which should be discussed between

us as equals, as people concerned in the welfare of the Pacific Northwest, this problem is of vital importance and one that we have to consider before we can consider proper measures to fully develop this area.

We have before the Congress at the present time a bill known as the Columbia Valley Authority Bill, which proposes a certain procedure for developing our Pacific Northwest.

Every once in a while it is necessary to protect ourselves against an unsound program of development before we can take effective, aggressive action in building a sound program.

I think we ought to take a look at this particular bill and our particular problem in the Pacific Northwest, and see if, perhaps, this bill is the proper way of developing it. Perhaps we shouldn't be too critical until we look at it. But first let's take a look at the Pacific Northwest and see what we have accomplished under the present system of development.

At the present time there are in this area 86 major power dams, 32 major irrigation dams, 12 major multiple-purpose dams, built by the federal government, and 13,000 miles of high voltage lines. We have in this area the Northwest Power Pool, the greatest power pool in the United States, giving a splendid example of what voluntary cooperation between the private and public agencies can accomplish.

We have 539 miles of flood control levees, 3,800,000 acres of irrigated land—and that is 20 per cent of all the irrigated land in the United States. One out of every two acres in this area is in forest, and 70 per cent of that area is already operated on a perpetual yield basis. 60 per cent of all the farms in this area are under Soil Conservation Districts, the farmers' answer to the soil conservation problem at the grass roots level by the men who are dealing with soil conservation every day, whose loss of land means loss of livelihood. This is their organization, operated by them, cooperatively, to give an over-all plan for soil conservation in this area. We have the lowest electric rates in the United States.

We have accomplished quite a bit with our present form of development, and when we consider changing it perhaps we should look a little farther into the proposed plan.

There has been set up a yardstick for our comparison, and let's take a look at it. We have in the United States a similar regional supervision of the economic development of an area known as the Tennessee Valley Authority.

Let's compare the TVA with the Columbia Valley region in a number of economic factors which are ordinarily considered in trying to determine which region has developed more economically than another.

Population growth, for instance, in 1940-1948, in the Tennessee Valley increased 4 per cent, and in the Pacific Northwest 40 per cent. The per capita income in the Tennessee Valley was \$797.00; in the Pacific Northwest, \$1,358.00, almost double. The average pay of farm workers in the Tennessee Valley was \$76.00 a month; in the Pacific Northwest, \$194.00 a month. The cost of navigation improvement in the Pacific Northwest on the Willamette and Columbia rivers has been \$91,000,000, and the cost of navigation development in the Tennessee Valley system has been \$149,000,000, practically double. And here is an interesting thing: Comparing that double cost, the river traffic in 1946 in the Tennessee Valley system was 2,400,000 tons, and on the Willamette and Columbia rivers, 17,000,000 tons, almost eight times as much traffic at half the cost. The output of power plants in the Pacific Northwest was 24 billion kilowatt hours; in the Tennessee Valley system, 14 billion. The farms electrified in the Pacific Northwest are 95 per cent, and in the Tennessee Valley, 50 per cent. Average use of electricity in the Pacific Northwest is 39,177 kilowatt hours; in the Tennessee Valley, 25,200 kilowatt hours. The cost in the Tennessee Valley is \$.0157 per kilowatt hour; and in the Pacific Northwest, \$.0145.

In comparing our development, then, with the develop-

ment in the Tennessee Valley, it would appear that we have made faster advances, better development, here, under our present system, than we could hope for under the proposed CVA, patterned after the TVA, and proponents of the CVA claim that the future development will increase if we have a CVA.

Well, let's look at the proposed plan for future development in this area. There is already functioning in this area the Columbia Inter-Agency Council, which is an agency which does coordinate the plans of the federal agencies in this area. It has membership on its board of various states and state agencies interested in the development of this area, besides representatives of each one of the federal organizations interested in the development of the area.

They have agreed on a plan—it is known as the Army Comprehensive 308 Report—completely coordinated in every respect, and it proposes to develop this area to the extent of 2½ billion dollars, increasing the popper capacity in this region by 122 per cent, increasing the irrigation 35 per cent, and the flood control 287 per cent.

Now, the proponents of the Columbia Valley Authority don't propose any new system of development. Their plan is to take this comprehensive 308 report and administer it through the Columbia Valley Authority system, the same as they picked up the comprehensive 308 report on the Tennessee Valley and administered it under the 3-man board system.

So much for a comparison, and so much for what we propose to do later on.

Let's take a look at the actual bill and see what it gives us while it is proposing to develop this better than we can do it at the present time. One of the requirements for Board membership—the only requirement other than that they be citizens of the United States—is that they believe in the wisdom and feasibility of this act. That is the only requirement for three men who will have the economic fate of this region in their hands. Why, we require more preparation for people who make our women beautiful, for people who manicure our toenails, than that. We expect them to pass an examination to prove that they have the ability to do it. But these men are going to be given this job if they believe in the wisdom and feasibility of this act. That is a requirement that has never before been used to determine the qualifications for holding such an office, with the single exception of the Tennessee Valley Authority, and it gives evidence of the fact that the powers which they are to be granted and the powers which the Authority they are going to administer will go beyond the accepted idea of what federal power should be; and certainly what is the requirement for the top members will filter down through the organization so that it becomes a requirement for all people who work for that particular administration.

The definition of the area gives us some clue to the extent of the powers granted. The area is defined as all of the states of Washington and Oregon except the Klamath River and Goose Lake basin in Oregon, in addition to parts of other states.

Now, there are large areas in Washington and Oregon which aren't in the Columbia River Basin, so this bill is not merely to develop the Columbia River Basin, but it is to gain control of the natural resources of the whole Pacific Northwest.

Let's take a look at the actual powers which are conferred, and I will read this from the bill: "Subject to the policies, conditions, and limitations stated in this act"—and I should like to have you read this act, because I fail to find many limitations and very few conditions, and the policies are determined by the 3-man board, themselves—"the administration is authorized and directed to construct, operate, and maintain projects and to carry out activities necessary for (1) the promotion of navigation; (2) the control and prevention of floods; (3) the conservation and reclamation of land and land resources; (4) the development and conservation of forests, mineral, and fish and wildlife resources; (5) the generation, transmission, and disposition of electrical energy; and (6) in connection with

any of the foregoing, for the development and conservation of recreational resources and for the promotion of sanitation and pollution control."

Now, to the extent found necessary or appropriate in carrying out those powers, they "shall have the power to acquire real and personal property by purchase, lease, condemnation, exchange, transfer, donation, or otherwise."

Now, that is a considerable amount of power to grant to three men who have only the qualification before mentioned, who are responsible only to the President, and in no way to the people and only to a very slight degree to their representatives in Congress.

The provisions for financing and repayment are such that it would permit this 3-man board to use revenues from projects already authorized by Congress to carry out projects which Congress has refused to authorize. Some people have disagreed with that statement. However, the Director of the Budget, the Comptroller General, in making his report for the operations of the Tennessee Valley in 1948, House Document 203, to the 81st Congress, had this to say—and this applies to the proposed CVA: "Because of the lump sum appropriations, the Authority is not required by the appropriations act or by other acts of the Congress to limit its expenditures to the allocation contained in the President's budget as approved by the Congress in appropriating funds for the Authority." It provides that all revenues from existing projects and projects to be undertaken will go into one particular fund, and this Authority can use them as they see fit without having to answer to Congress for their use. The allocation of costs provision in this would permit the Authority to allocate costs to particular projects so that other projects which they hope to undertake would seem economically sound.

I will give you an example of that. As you know, the revenue-producing portions of any multi-purpose project are supposed to be repaid with interest to the federal government, and in this bill the revenue-producing projects are considered to be power production. That portion of a multi-purpose project which is assigned to reclamation is payable only in the amount that the Authority would determine the farmers in their particular area were able to pay, and that portion which they weren't able to pay the power revenues would have to pay. However, no interest is charged on reclamation projects. Interest is charged on power projects.

Now, flood control, navigation, recreational resources, fish and wildlife conservation are not revenue-producing projects, and any portion of the costs allocated to those would not have to be paid—would bear no rate of interest at all.

And this is an example of what happened in the Tennessee Valley in regard to navigation, and you men are interested in transportation.

The Army, previous to the time the Tennessee Valley Authority was functioning, made a survey on what it would cost to develop the Tennessee Valley system for navigation without regard to any other development at all, so that the total cost would fall on the navigation; and they estimated at a time when costs were higher than they were at the time the Tennessee Valley system was constructed that the total cost would be \$76,000,000, and to date they have allocated \$149,000,000 to costs, and it might interest you, to know that if the costs of transportation were amortized and the value placed on per ton mile of transportation that would amount to a subsidy of 2½ cents per ton mile, which the taxpayers are paying; and at the same time the taxpayers were paying a subsidy of 2½ cents per ton mile for goods being transported on the river, the railroads were transporting goods at 1.094 cents per ton mile. Maybe you would like to have the taxpayers as competitors, but I can't believe it.

This also gives the Authority the power to control or even eliminate activities of legitimately constituted administrative agencies of federal and state governments by making it mandatory that they present an over-all

program for federal agencies in this area, that they present it as an appropriation request to Congress, and that only through them shall the over-all program be considered. It gives this Authority the power to set rates to the ultimate consumer, and our development in the Pacific Northwest is based on the condition that we have power to sell, which is cheaper than industry can get power any place else in the country; and if we permit this power of setting rates to go to three men who are responsible only to the President and who are subject to the pressures which can be brought upon the President by Congressmen, then they are going to reflect the pressure that can be brought upon him from the Eastern part of the United States where they have more voting power than we have in the West. Certainly some provision should be made to protect us in that particular regard. I think that that is too much power to grant to three men.

Now, in addition to too much power granted to 3 men CVA is a threat to our system of private enterprise. This authorizes and directs the Authority to enter fields of enterprise formerly occupied solely by private enterprise, and I will refer you to the powers which I previously read, directing them to construct, operate, and maintain projects for the development of natural resources. It gives the Authority the power to threaten private industry with unfair competition. Any time an agency of government can construct an industry and compete with private industry and put a portion of their cost on the taxpayer, that is unfair competition, and I don't believe that we, as members of a private enterprise system, should countenance it. It places the federal government in the position of fostering the expansion of PUD's and co-ops, and that should not be the function of the federal government. We in the State of Washington have embraced the principle of public power, but it is public power. It isn't federal power. It is public power decided upon by the people of an area, voted upon by the people of the area, and directed by the people of the area. That is public power. But power which is controlled by the federal government is not public power, and this authorizes the federal government to purchase transmission facilities for these PUD's and co-ops and encourage their formation, to purchase for them equipment and capital outlays which have been invested by private industry. If the people decide it, that is fine; but it shouldn't be the responsibility of the federal government to encourage the development of that sort of thing.

The system of priorities which this bill authorizes, or directs, the Columbia Valley Authority to give to public power and co-ops, state-owned businesses, is unfair to the private industry, and, whether or not they deliberately set out to ruin private industry or private power, developments would certainly soon show that that was the end they had in view.

This particular bill adopts the practice of construction and maintenance by force account to a more extensive degree than we have ever seen before. This permits the Authority to do any of their construction work, or maintenance work, by the principle of force account. We have always followed in our practice of construction for public welfare and public projects the system of offering projects for bids to private industry, so that private industry would thrive and expand by doing these public works. This is not the case in this matter. They could do the work themselves, if they saw fit, and there isn't anything in the bill that would prevent them from doing it at their own discretion thus permitting them to gain control of a tremendous number of workers. You know, in addition to being a threat to private enterprise, this is a threat also to state and local governments. It permits the Authority to deal directly with states, local subdivisions of government, co-ops, and individuals, and any time the federal government can bypass a state or a county and

deal directly with a local subdivision of government, then wherever the local subdivision of government rules and regulations or state laws conflict with the federal agency, the state laws would be evaded, and soon, with the construction of federal projects in any area, federal controls would naturally follow. This also supersedes certain functions of state government, such as we have in our state,—the Department of Fisheries, the Department of Conservation and Development. Those two items, in particular, would be in conflict with the purposes for which this new agency would be created, and where their views conflicted, you guess which one would win out!

This would evade certain laws long considered to be within the province of state governments, and I speak particularly of water law, and I should like to read to you the opinion of J. Howard Toelle, Professor of Mining and Irrigation at the University of Montana: "Uses of water under state law" for irrigations and other beneficial consumptive uses and "the development and control of water for federal purposes will be in a conflicting position under the administration. In case of conflict, federal control will prevail and state laws would not be interfered with, but would be evaded."

State water law has been developed in each of our states because our needs for water are particular to the locality in which that law has been developed. When we permit an agency of such scope as a regional government to come in and set aside that law, we are certainly dealing with a law which affects the wellbeing of a tremendous number of people.

This Authority is not subject to any tax imposed by state, county, municipal, or local subdivisions of government; and the framers of this bill have recognized the fact that that may cause a hardship on local taxing bodies, and so they have said, "We will make payments in lieu of taxes." But there is a little fine writing underneath that magnanimous proposal, and it says this: "The decision of the need for making any payments in lieu of taxes and the decision of how much taxes, how much payment, should be made lies entirely with the Authority, and their decision shall be final,"—not subject to review by the courts. You have no recourse at all. Their decision is final.

Now, figure, if you can, the pressure that they could exert on local subdivisions of government, school districts, municipalities, counties, where they are controlling through their particular idea of what is good for that particular community the amount of revenue that comes into that subdivision of government. The payments in lieu of taxes are not an answer to the problem. The CVA would make it possible to build up a gigantic system of patronage with all the evils of the spoils system. The proposed bill removes the Authority from coverage by the Civil Service Act—and there are some things that are wrong with the Civil Service Act, but it is the only system that we have ever discovered or tried to work out which will combat in any way the evils of the spoils system. The construction and maintenance by force account would also permit them to control a large number of workers and control their jobs so that they could practically dictate to them how to vote and their support for the project. Requirements for purchasing by bid can be easily evaded, permitting bids to be granted on the basis of patronage.

Now, in addition to these facts, the Valley Authority idea as expressed in this bill is a radical departure from our accepted form of government. This creates a permanent government-owned corporation, granting it powers which constitutionally belong to the states. We have seen fit to place in our Constitution a provision that all powers specifically delegated to the federal government belong to them. Any powers not so specifically delegated shall belong to the states or the people in them. And are we now going to see fit to grant certain powers which were never intended for the federal govern-

ment to a federal-controlled, wholly-owned government corporation to wield that power over and above the power which should belong to the states and the people in them?

The CVA is not a republican form of government which is guaranteed to every state in the Union by Section 4, Article IV, of the Constitution. It is, instead, a government-owned, monopolistic corporation with the powers of government but without the controls which we ordinarily place upon government, with the flexibility of private enterprise, but without the government regulation we have seen fit to place on private enterprise. The CVA evades the checks and balances placed upon the executive branch of the government by the Constitution; and the only check and balance on the administrative branch of the government that the people have ever placed is that of the representatives of the people—Congress—holding the purse-strings; and when we have removed the purse-strings from the hand of Congress and placed them in the hands of three men appointed by the President, we have surely evaded the check and balance which we previously saw fit to place on the executive branch of the government.

This places in the hands of another administrative agency with greater powers than any other federal agency has ever received the authority to make regulations having the force and effect of law.

Now, I don't wish to say that we shouldn't have federal help in the development of this area. I think we are all agreed that perhaps there is some need for federal help; and federal help for any area is justified, I think, on three fundamental grounds.

First, on a sound business risk basis, wherein the money advanced by the federal government to help the people of an area do what they cannot do themselves, shall be repaid to the federal government with interest. Now, it would seem to me that we surely qualify for federal help on that basis, and certainly the Tennessee Valley didn't qualify for help on that basis, according to every story that you have ever heard from the Tennessee Valley.

The second justification for federal help is to develop an area and so increase the tax revenue that the money expended by the federal government will be more than repaid by the increase in taxes. Such is not the case here, and such certainly wasn't the case in the Tennessee Valley.

And the third justification for federal support is a social experiment, placing a completely debilitated area back on its feet; and when such an area is placed back on its feet it becomes incumbent upon that area to assume its normal place in our American society and support itself as the rest of us are doing rather than to have the government continue to support it. The Tennessee Valley certainly qualified for help on that basis.

Now, from our review of the facts, it is my conclusion that the first reason would apply to us but certainly not the other two, and on that basis we can expect the federal government to help us, and certainly any proposal for the development of this area should have some provision in it whereby that portion of the projects which are completely repaid to the federal government should, when they are repaid, belong to the people of this area. Otherwise, you are going to see these projects repaid and the federal government interested in getting as much revenue as possible from them to use for other federal purposes. There will be an incentive to increase power rates for revenue purposes to the point where we can't compete with other sections of the country for industrial expansion.

Now, you don't have to take my word for it that this is a radical departure from our present form of government or what it proposes to do. Norman Thomas, whom I had the pleasure of debating, said this was a fine idea, but they didn't have quite enough

local control; everything else about it was all right. He said this: "The TVA exemplifies what socialism might do and the technique it might use in the process." And Harold Ickes, in testifying before a Senate committee on the proposed Missouri Valley development, said: "There is before us a major step in the basic reorganization of our government as you have known it for the last 150 years." And Representative Mitchell, who introduced a companion bill in the House, had this inserted in the Congressional Record of May the 18th, 1949, with his complete blessing: "The only difference between the CVA and the present system is that under the present system the policy of the federal government may change overnight if the private power interests get control of the new Congress and inspire it with their peculiar ideology,"—and he completely forgot that the representatives of the people are supposed to represent the wishes of the people, and that by removing the policy of the federal government from the influence of power interests he also removed it from the control of "We, the People," so that we can't control them either if we happen to change our minds.

General Dwight D. Eisenhower, in a recent talk, said this: "The trend in Washington is toward the centralization of government authority, and the setting up of an all-powerful, paternalistic state to regiment their citizens and manage their affairs. The purpose is beneficent, but the consequent growth of despotism is inevitable."

And that, my friends, is the thing that we are faced with today.

I hope that I haven't been like your toastmaster and not bothered you. I hope I have bothered you. I hope you will do something about it. I hope you will get this bill and study it. I hope you will see that everybody that you come in contact with realize the things that are in the bill.

We in the State of Washington, under the direction and leadership of Governor Langlie, at the last session of the legislature passed a state power commission bill, which grants many of these powers to a state-owned corporation—not the same ones that are objectionable in this, but different powers. It is an attempt to create some sort of an organization in our state which can deal with similar organizations in other states to develop this area by interstate compact, the American way of developing an area. We think that that is more desirable than the other system.

I attended the last session of the State Grange, the convention in Pullman. I presented an analysis of this bill to the committee considering it, and when I came out of that meeting I was followed out by an employee of the Bonneville Power Administration, who said to me, "Senator Hall, you evidently don't understand the system of horizontal development of government." And I said, "No, I guess I don't." Well, he explained it in this manner. He said, "Powers which were previously granted to an administrative agency to cover the whole country are done away with, and a lot of power is given to a few men over a particular section of the country, and a number of us believe that that is the way this country should be run," and so they have decided on this way in order to do it. And this isn't the only proposal. They have nine other proposals similar to this which would divide the United States into nine regions presided over by 27 men appointed by the President, who have more power over the economic development of an area than any agency of government at the present time, and I submit to you that if that is the plan then we should consider it from the standpoint of what it will do to our present form of government.

Let's place it before the people so that they understand what the problem is, and not try to foist it on an area piecemeal with the plea that "This is the only way of economically developing your area."

(Audience arose and applauded).

MR. CURTIN: Thank you very much, Senator Hall. I am sure that the rising vote of applause, the acclaim that you have received, indicates the popularity of your message and indicates also the audience appreciation of the splendid manner in which you have presented your message.

I have been requested to ask you to sign the attendance cards which are on your tables unless you have already done so.

And now I come to the end of what has been a very special privilege for me. However, I do not feel a sense of personal recognition, but, rather, I feel that I have been selected as a member of an active but inarticulate group that has been attending these meetings for the last 24 years—active because they wished to spend time with you when you were not engaged in conferences, inarticulate because your conferences have been with our operating people, and this group to which I refer and of which I am one comprise the sales department or a portion of the traffic department of the railroads. It is to this group, then, that I would like to direct a paragraph or two.

In a composite way, you represent and sell the service of the finest transportation system that this world has ever known. Take a pride in that service which you sell. In a way, all of us in this room today are salesmen, whether we are selling transportation, whether we are selling our boss on the idea that we need a raise in pay, or whether we are selling the little woman on the idea of letting us out one night a week to attend the meeting of the Wednesday Night Literary Society and Inside Straight Club. It is to all of you, then, that I should like to read a parable. Those of you who have heard me before know that I have started some of my meetings with a prayer. This afternoon I should like to end it with this parable:

And in those days, behold, there came through the gates of the city a salesman from afar off. And it came to pass as the days went by he sold plenty. They that were the grouchers smiled on him and gave him the hand that was glad; the tightwads opened their purses to him.

And in that city, too, were they that were the order-takers, and they spent their days in adding to the alibi sheets. Mightily were they astonished. They said one to the other, "How does he get away with it?"

And it came to pass that many were gathered in the back office, and the sales manager came among them, and he was one wise guy. And they spoke and questioned him, saying, "How is it that this stranger accomplished the impossible?" Whereupon the sales manager made answer: "He of whom you speak is one hustler. He ariseth early in the morning and goeth forth full of pep. He complaineth not, neither doth he knock. He is arrayed in fine clothes, while ye go forth with faces unshaven and pants not pressed. While ye gather here and say one to the other, 'Verily, this is a terrible day to work,' he is already abroad; and when the eleventh hour cometh he needeth no alibis. He saith not to the masses, 'Behold, they that are in this town are a bunch of boneheads,' nor doth he report that they cannot be sold. He knoweth his line, and they that would have staved him off, they gave him orders. Men say unto him, 'Nay, Nay,' when he cometh in. Yet when he goeth forth he hath their names on the line that is dotted. He taketh with him two angels, Aspiration and Perspiration. He knoweth whereof he speaketh, and he worketh to beat hell. Verily I say unto you, Go thou and do likewise."

Thus endeth the parable, and thus endeth your luncheon program.

Will the Pacific Northwest Advisory Board be successful in securing cleaner cars? Will the car shortage be averted? Will delays in transit time be eliminated?

Attend the next meeting of this Board at the Washington Athletic Club, Seattle, Washington, June 21 and

22, and hear the answers to these and other transportation questions.

On behalf of the Pacific Northwest Advisory Board I thank you for your attendance at its meeting. On behalf of the sponsors of this luncheon I thank you for your attendance at the luncheon in this room. On behalf of Senator Hall and myself I thank you for your attention, which has been very inspirational. (Laughter and applause)

We stand adjourned.

Excerpts from ADDRESS OF MR. DONALD D. CONN MANAGER, PUBLIC RELATIONS SECTION, CAR SERVICE DIVISION, AMERICAN RAILWAY ASSOCIATION

At the Organization Meeting of the Pacific Northwest
Advisory Board, Portland, Oregon, Aug. 27, 1925

The regional boards had their genesis in the demand from industry and commerce, as an outgrowth of the war, for a closer association between the different phases of our economic life, i. e. industry, agriculture, commerce and transportation. The spontaneous desire of all business, as well as the railroads, to arrest the process and to remove necessity of adjudicating their differences through governmental and regulatory channels, crystallized a nation-wide demand for some form of voluntary cooperative effort between the railroads and their users which would not only tend to solve the vast and intricate transportation problem affecting the country, but would also bring industry, farmer, shipper and receiver into closer communion for the promotion of the business welfare of each territory.

Within the past two decades we have witnessed more and more the tendency to turn to the Government to answer our problems rather than to answer them ourselves. The railroads have probably suffered most from this extension of Governmental regulation.

But there are certain very definite obligations which the railroad, farmer and all business must discharge in support of such a laudable economy program. We must make it increasingly unnecessary for the Government to enter the provinces of our relationships. We must do for ourselves what we have been insisting belongs to Government. We must regulate ourselves so that the Government will have no need to attempt to regulate us. In so far as the relations between the public and the railroads are concerned—they are making this attempt through the Regional Advisory Boards.

Underlying this movement there are certain fundamental considerations which should be accepted as the premise by both the public and the railroads as a basis for this activity. In the daily conduct of human relationships we are governed by two different sets of restrictions. The first is the Positive Law which we write into statutes and which is Absolute. We cannot deviate from it; it is rigid in application; it prescribes definite limitations. The second, which I will term the "Law of Cooperation," is enforceable only when people recognize their obligations to each other, the dependence of one business upon another, the realization that no one can meet with lasting success in one line of endeavor without contributing something, aside from that prescribed by Statutory Law, to the problems and advancements of others.

I believe it is true to say that we have found in this realm of cooperation a new economic plane for business relationships of the future. We have adjusted our post-war difficulties for the most part. From them we are realizing one great lesson, namely, the essential unity of our national business. We have thus entered into a new cycle of progress—a period which calls for the most sympathetic bond of interest between all elements of our industrial life and between every territory of the nation. We might characterize this growing need as emphasizing the necessity for greater

enforcement of the so-called "Law of Cooperation." No one district of the country and no group of railroads can live and prosper unless we make this law of paramount consideration. There is a place, no doubt, where the law of cooperation may fail, in which case we fall back on the law which is Absolute, but for the future we must measure our social and economical advancement by the effort which we exert in enforcing the voluntary relationship between individuals and communities and discouraging aggravated emergencies which necessitate regulation by the Positive Law. As applied to the railroads and all those interested in their prosperity and the contribution which they make in the advancement of each district of this country, we must accept this differentiation between cooperative and statutory law as a foundation for this new association.

The Regional Boards are voluntary associations. Their work is largely done through commodity and standing committees. Enough committees are established to adequately represent the shipping, receiving and financial interests of the territory over which they maintain jurisdiction. Each territory is selected to reflect as nearly as possible those geographical districts where industrial and transportation conditions are common. Each standing or commodity committee has a chairman and vice-chairman and as many committee members as necessary may be selected. The chairman of each committee, plus a designated Board membership at large, with the officers, constitute the membership and voting power of the Regional Advisory Boards.

This organization with its standing committees is strictly public—no railroads are members. It functions and co-operates with the individual railroads and with the Car Service Division of the American Railway Association through its district managers. It handles all service and transportation problems and those factors which are related in an economic way thereto. It affords a common meeting ground for the solution and advancement of many problems with which the railroad service is related and which bears such an acute relation to the industrial or agricultural progress of the given district. The Regional Boards do not deal with rates—a subject where shippers and receivers themselves are often not in accord, when located at the same points or in the same area.

Being voluntary, the success of the Board movement or any of its committees is dependent entirely upon the mobilization of public opinion in support of their activities. Every unit of each industry must cooperate with the committee members or with the Chairman when requested to furnish such information as is necessary to carry on the scope of the committee work.

While a more detailed picture of the Regional Boards is presented in the reports of your organization committee, it must be apparent to you, as has been our experience throughout every section of the country, that the success of your organization depends, not only upon selecting the outstanding men of your communities in its personnel, but also upon holding the thought at all times that whatever you do is in the interest of your territory as a whole. Those who join this organization must consider it their public duty to guard the rights of every individual shipper and receiver as they would their own and to let no single interest be permitted to abridge the equal and just rights of any other interest or of any railroad. Necessarily, therefore, you must take so large a view of your problems that you can clearly vision the just rights of all parties concerned. This is a cardinal principle upon which the success of the whole enterprise is founded. The Regional Boards are no place for the selfish interest of any carrier or any shipper or receiver.

I have already emphasized the necessity for unqualified leadership on the part of your Board officers and committee chairmen. In the mechanical evolution of this organization, you are at liberty to, and we desire that you do make the greatest possible use of the District Manager and his force. There is no expense connected with the

Regional Board organization to its members, except their personal and traveling expenses incident to attendance at Board conferences and committee meetings. Other expenses are defrayed by the American Railway Association as the contribution of the railroads toward this movement, which consists of the printing of the proceedings and the salary of the Secretary.

Your territory and problems differ from many other sections of the country, for you produce far more carloads of freight than you consume, and you are most remote from your largest markets. The transportation problem is, therefore, vital to your prosperity, and you feel more closely associated to the problems of the railroads perhaps because of the great distribution problem which confronts your shippers.

However, the fundamentals of transportation as applied to industry and agriculture can be measured by about the same yard-stick in one district as in another. The Atlantic seaboard at times is confronted with a surplus of transportation, and the problem is to know what to do with the freight cars after they are unloaded, how to keep terminals clear and avoid congestion, while at the same time you may be confronted with a shortage of transportation, due to the fact that there is a constant drain of equipment from the Western railroads into the Eastern district, and until recently cars were not returned quickly enough to keep abreast of shippers' demands.

The preponderance of loaded movements on the railroads is, therefore, from the west into the east, and from the south into the north. The enforcement of the transportation regulations, which will bring about a current, automatic, daily return of equipment from destination to origin districts is the real crux of the transportation task. In this, there is a divided responsibility between carrier, shipper and receivers—the carrier cannot alone accomplish the results and meet the exacting demands of the public. There must be some crystallization of effort in discharging the public share of this obligation. Perhaps more important is the fact that we have reached a time in the life of this country when we cannot divorce the prosperity of either the agriculture, industry or the carriers of any one district from that of those in other territories. The east has a very definite obligation to you, likewise you have opportunity to contribute very largely in the prosperity of the

eastern railroads or the eastern shipper and receiver. There is no one section of this country that can live by itself, and there must be some correlation of interest on the problem which affects everyone. Each territory must contribute its share in promoting efficiency in our distribution and transportation from the standpoint of adequate national service.

Increase the car loading 2 per cent, the train load 2 per cent, and the miles per car per day 2 per cent, and there is a total increase in operating efficiency of 6 per cent. Not a single one of these transportation factors can be treated without public cooperation. Car load depends equally upon shipper and receiver; train load depends upon the ability of the railroads to secure new money for the elimination of grades, for more powerful locomotives, for better mechanical designs; miles per car per day depend, not alone upon the movement of cars on the railroads, but more particularly upon terminal delays and upon the despatch with which they are loaded and unloaded. In all three of these transportation factors, all of the Pacific Northwest has a very great interest and we need your cooperation through well defined channels for substantial improvement.

In this paper I have not attempted to analyze the details of your organization, which are fully covered in the agenda before you. In summarizing the larger aspects of this relationship, I want to emphasize that the greatest contribution to the future of your industry and railroads which can be made by every one of you is that of unselfish public service and consideration of your Pacific Northwest problems from the standpoint of effecting the greatest good for the greatest number of people. There is no reason for conflicting petty jealousies or prejudice between different phases of your industry or transportation. Set a definite objective of where you want your Northwest to go and then build your industry and your transportation to meet it. You may differ in theory and opinions as to the best course for accomplishing the progress which you seek, but you will find that a meeting of minds around a table—first setting out all the facts of any given condition, will bring you to a conclusion which is in the best interests of everyone. The Regional Boards serve as a centralized channel for promoting the advancement and best interests of your transportation and industrial development.

In Memoriam

It is with sincere regret that our Freight Claim Prevention Committee and the entire Board learned of the passing of:

IRVING M. PETERS

National Management Committee Chairman

for the

April Perfect Shipping Month Campaign

In the loss of Mr. Peters the cause of Perfect Shipping has lost a real advocate.

RAILROAD REPORTS

THE MILWAUKEE ROAD

C. A. Nummerdor, Superintendent of Transportation
Our road and terminal operating conditions are fluid at this time.

Our car supply at present is such that we have just about filled all orders for equipment. We are very tight on 40-foot and 50-foot auto box and our high class box cars.

The bad order situation at this time is 2.6 per cent. We have no equipment on order at present to be placed in service during 1950.

So far this year we have received from the builders and placed in service:

- 1 2000 HP diesel
- 10 1500 HP diesels
- 6 4500 HP diesels

There are on order 13 1000 HP diesels of which 7 have been received to date.

GREAT NORTHERN

I. E. Clary, Superintendent

The Great Northern has no new freight car equipment on order.

March 1st, 4.4% of freight cars on line were bad order.

At present, car supply is adequate and we will continue to do everything possible to maintain sufficient car supply to take care of the requirements.

NORTHERN PACIFIC

C. F. Nash, Asst't to Gen'l Supt. of Transportation

Road and terminal operating conditions are normal. We have a deficiency in box cars at present as there is less than 70% of ownership on line and we have a similar deficiency in refrigerator cars. ICC Order 847 is largely responsible for the slow return of empty cars from eastern Washington and it is to be hoped that now that this order has been lifted our receipts will be increased. The bad order situation is about the same as three months ago. As to new equipment, we have 200 70-ton ore cars yet to be delivered and we are building 500 50-ft. box cars at Brainerd Shops this year.

SOUTHERN PACIFIC COMPANY, PACIFIC LINES

L. P. Hopkins, Superintendent

Railroad owned cars on the line Feb. 15th: 49,434, or 95.4% of ownership.

During the period Jan. 1 to Feb. 25, inclusive, our revenue carloadings totaled 161,002 cars, or a decrease of 1.7% over the same period last year; while, revenue loads received from connections totaled 77,976, or a decrease of 2.7% over the same period last year.

The car builders have completed delivery of 3,350 box cars, 3,350 gondolas, 350 covered hoppers, 600 forty-ft flats and to Jan. 31 have delivered 1,209 fifty-three-ft. six-inch flats, on order for 2,050. The builders anticipate completing this order in March.

Following indicates new equipment on order for delivery:

1000 H.P.D.E. SWITCHES

American Loco. Co. (SP)

Balance of (3) due in March.

SLEEPING CARS

The Budd Co.

Balance of 30; 8 of which are due in March, 10 in April, 7 in May and 5 in June.

PASSENGER CARS

The Budd Co.

Balance of 48; of which 3 are due in March, 8 in April, 8 in May, 11 in June and 18 in July.

SLEEPING CARS

Pullman-Standard

Balance of 41; of which 4 are due in June, 18 in July and 19 in the period of Aug. 16, to Sept. 3.

BOX CARS

Pullman Bessemer (SP)

2000—Start second quarter 1950.

AUTOMOBILE CARS

S.P.E. Co. Sacto. (SP)

1000—Start July, complete about six months.

ALL STEEL D. E. GONDOLA CARS

Ralston (SP)

100—Start second quarter 1950.

CAR SUPPLY

BOX CARS—The demand for box cars is on the upsurge and we are running into spot shortages. There has been some delay in receipt of empties from connections due to labor difficulties in the coal industry in the East; however, has been some indication the last few days of increase in receipt of empty closed cars from connections at El Paso and Ogden and if this continues, we should be in a position to meet demands.

AUTO CARS—There are ample SP device cars at this time to meet current needs.

FLAT CARS—Orders are being fully met and ample supply available to meet requirements.

COVERED HOPPERS—Very tight on covered hoppers and also open hoppers, and there is some slight shortage.

STOCK CARS—There has been an increase in the demand for stock cars. At present we are meeting requirements.

SPOKANE INTERNATIONAL

V. L. Peterson, Ch. Disp.

The Spokane-International Railroad has purchased 23 new covered hoppers to be used in our cement service and we expect delivery by July first.

SPOKANE, PORTLAND AND SEATTLE

E. H. Showalter, Superintendent

I am giving you below report of conditions on our railroad as of March 23:

Equipment situation is adequate to meet all requirements. New equipment—None on order.

Other conditions are normal and satisfactory, this includes motive power, terminal and road-operating conditions.

UNION PACIFIC

H. M. Turner, Superintendent of Transportation

Situation during past several months and at this time, with respect to all classes of equipment, has been and is satisfactory.

"Limited coal production for several months and complete shutdowns of mines the first of February account miners' strike resulted in ICC order requiring a reduction of 50% in passenger coal burning locomotive mileage and a 25% reduction in freight coal burning mileage, which were met in a manner causing as little difficulty as possible with respect to shippers problems. Notwithstanding necessity of curtailing branch and local freight service to some extent during this period, terminal and road operating conditions reflect an excellent situation.

"The Union Pacific Railroad has the following new equipment on order at this time:

10 2250 HP Diesel road passenger units; scheduled for delivery third quarter 1950.

25 1200 HP Diesel switching locomotives; scheduled for delivery third quarter 1950.

65 Lightweight sleeping cars of which 28 have been delivered at this time and balance scheduled for delivery extending into second quarter 1950.

50 Chair cars; scheduled for delivery starting in June 1950.

1000 All-steel, self-clearing gondola cars; scheduled for delivery second and third quarters 1950.

2500 All-steel, wood-lined box cars, 100,000-lb. capacity, to be constructed in company shops and program is scheduled to begin in May and be completed this year.

500 All-steel, 80,000-lb. capacity stock cars, to be con-

structed in company shops starting in May, and will be completed this year.

Programs have been underway and will be continued in connection with keeping presently-owned freight car equipment repaired on a current basis, and keeping cars out of service account bad order to the lowest possible number.

PACIFIC FRUIT EXPRESS COMPANY Z. F. Moody, Superintendent

During the past few months, we have enjoyed substantial loading; however, we have been at all times able to fully protect our needs. Although there have been times when only careful handling enabled us to avert shortages and the supply for the most part has been less than comfortable, no shortages have been encountered.

During the next few months, we expect a good volume of loading; however, there is every reason to believe that an adequate supply of cars will be available.

We shall appreciate the continued cooperation of shippers and receivers in promptly loading and unloading cars and the prompt return of empties by the various lines. Although the over-all picture is favorable for a good supply of cars, continued efficient handling of refrigerators will be necessary to bring this about.

Since the last regular report, namely June, 1949, PFE has completed the building of 3000 new cars. Also, they

completed the rebuilding of 2500. Our equipment now represents an ownership of 38,700 cars. It is expected that 2500 cars will be rebuilt this year.

WESTERN FRUIT EXPRESS COMPANY J. H. Gorman, Ass't General Agent

Western Fruit Express Company and its associated car lines have 20,387 cars in operation as of March 1st, 1950.

The Western Fruit Express Company and its associates (Fruit Growers Express Company and Burlington Refrigerator Express Company) are continuing their work on an extensive program for the construction of new cars, the rebuilding and modernization of existing equipment and the retirement of obsolete cars. Since the fall of 1947, when the program was inaugurated, there have been 6,615 cars completed as of March 1, 1950 and there are an additional 819 cars on order at this time. The three associated companies have in service approximately 4,300 cars equipped with air circulating fans; all new cars are being so equipped. The program of modernizing our fleet of cars is being continued as rapidly as conditions will permit.

The demand for our equipment continues heavy with loadings scattered over a wide area, necessitating the expeditious movement, prompt loading and unloading of our equipment to meet all requirements and we request the railroads, shippers, and receivers continued cooperation.

COMMODITY COMMITTEE REPORTS

AGRICULTURAL IMPLEMENT AND VEHICLE COMMITTEE

G. A. Freeborn, Chairman

Our estimate for the Second Quarter of 1950 is 140 carloads as against 142 for a comparable period in 1949. At the moment, conditions are unsettled, due principally to the coal strike now in force and prospective strikes in the offing, such as the telegraph and telephone, and rail. If the coal strike is not ended promptly, our estimate will be high, but should it end in the immediate future before too much harm is done, the prospects are that we will have a year, taking it all in all, as good as 1949.

One reason that we can count on our carloadings keeping up is that there are two or three implement factories in the Northwest who ship over a good part of the United States, and we expect these to keep our loadings up because we want to remember that this is primarily an incoming territory rather than outgoing as far as implements are concerned. Also, we expect that the use of transit cars will show an increase.

REPORT OF BANKING COMMITTEE N. A. Davis, Chairman

An unusually severe winter has affected the demand for labor and consequently much idleness in many communities is reported by the banks.

However, feeling prevails that with return to normal weather conditions, there will be a reasonable amount of employment offered.

The majority of the banks report business "good" but more than usual they have classified it as only "fair," weather conditions affecting this also. Most of the banks are optimistic about business conditions during the second quarter of the year.

Deposits have shrunk a little, especially as to checking accounts, although in a number of sections of the country the banks have reported some increases.

Building activities have continued on a high level and present prospects for the coming year are that it will last throughout the year.

Grain crops have survived the severe weather in a marked degree and prospects at the moment are excellent.

Fruits, especially soft fruits, have suffered and considerable damage to the trees has been reported.

The banks on the average are carrying a normal amount of loans, some fluctuations appearing on account of local conditions. A large volume of government securities still find a resting place with the banks and these are available in the event that demand for loans should increase.

It is interesting to note that while the government is operating many lending agencies, the banks are still supplying the borrowers by far the major portion of their needs.

CANNED FOOD PRODUCTS C. R. Tulley, Chairman

The outlook for the canned food industry is fairly good for the second quarter of 1950, however, we are predicting a decrease of 9% in carloadings for this period as compared to the second quarter of 1949.

Although the pack is expected to be fairly plentiful a decrease in carloadings can be expected because coastal canneries will be shipping canned fruits via water transport in heavy volume. For this reason we are estimating a total loading of 3,144 cars as compared to 3,455 in the second quarter of 1949.

CEMENT

E. H. Kendall, Chairman

Based on observations by this industry it is predicted that carloadings will be 13% greater during the second quarter of 1950 as compared to the same period of 1949. Actual carloadings during the second quarter of 1949 were 4,379 cars and our estimate calls for a loading of 4,948 cars.

Due to an active building and construction program in our territory this figure may go higher and our estimate could be too low. However, one thing that is effecting cement loadings this year is the increased use of covered hoppers. Each covered hopper carries more tonnage than the old box car, even those loaded with bulk. This, of course, means that an increased tonnage will be moved per car and fewer cars will be required to move the same amount of cement if it were loaded in box cars.

COAL AND COKE

H. Merbach, Chairman

Now that the coal industry and labor is again at peace the future outlook appears brighter. It is therefore our opinion that during the second quarter of 1950 carloadings will be 10% greater as compared to the second quarter of 1949. This would mean a total loading of 2,615 cars as compared to 2,377 cars during the second quarter of 1949.

Stock piles are very low due to the last strike and for this reason our outlook is an optimistic one. However the conversion of furnaces from coal to oil will have somewhat of a depressing effect on coal loadings during the second quarter and subsequent quarters.

DRIED FRUITS AND VEGETABLES Ira D. Cardiff, Chairman

The heavy crop of apples in 1949 afforded the dryers a greater portion of raw material and resulted in a larger pack of dried fruits than usual. As a result of this larger pack from last years crop we expect an increase of 48.1% in carloadings during the second quarter of 1950 as compared to the second quarter of 1949.

DRIED PEAS AND BEANS Herman Wilson, Jr., Chairman

This is to acknowledge your letter of February 21 giving the industry's estimates of second quarter carloadings of dried beans and peas for the current year.

A year ago a large portion of the carloadings resulted from movement of beans and peas that had been taken over by the Commodity Credit Corporation under their price support program. As large quantities as taken over a year ago apparently will be turned over to the government this spring, but it is doubtful that the movement from present storage points will be as rapid or in as large a volume during the second quarter as was true a year ago, and a major portion of it will fall into the third quarter.

Thus, I feel that a decline of 20% in carloadings may be expected, and it may possibly be slightly greater than this.

FERTILIZER

Mac C. Taylor, Chairman

According to replies to questionnaires addressed to the fertilizer industry it appears that there will be needed, for the second quarter of 1950, 504 box cars in comparison to the second quarter of 1949 when only 454 box cars were needed; an increase of 11% in carloadings in this industry in the Northwest.

At the present time, with a scarcity in fertilizer material in the area arising from non-shipment of much needed raw material from Canada, it is possible that this estimate of 504 cars may not be reached, although the demand is good.

FRESH FRUITS

(Except Bananas)

J. E. Klahre, Chairman

The forecast for the fruit industry during the second quarter of 1950 is as follows:

	Actual 2nd Qtr. 1949	Estimated 2nd Qtr. 1950	Increase or Decrease %
Apples	5,188	5,354	3.2 Inc.
Misc. Fruits	600	464	22.6 Dec.

The demand for apples as reflected by the reports of the industry indicate that carloadings should be slightly above the figure set last year. However conditions are about the same as last year and this estimate could be somewhat in error depending on future market conditions.

It is indicated that miscellaneous fruits will show a substantial decrease over the second quarter of last year.

This is due to the fact that pears moved heavily during the first quarter and the storage for this item is down. This will result in fewer shipments during the second quarter of this year. It appears now that the pear trees were not greatly injured by the winter freeze and if the season on pears happens to be early this year the above estimate could be much too low.

The soft fruits, peaches, plums and apricots were heavily hit by the winter freeze but this will not influence carloadings until the third quarter.

FROZEN FOODS

D. G. Hickey, Chairman

Carloadings during the second quarter of 1949 amounted to 1,102 cars. Our estimate for the second quarter of 1950 is 900 cars or a reduction of 18.3%.

The reason for our predicted decrease is due to heavy shipments made during the first quarter of this year because of liquidation of stocks on hand. This will leave less in storage to ship and is therefore our reason for the estimated decrease.

FURNITURE

Fred H. Tolan, Chairman

The outlook in the furniture field at the present time and for the second quarter, as far as production is concerned, appears excellent. However, despite the active demand we anticipate carloadings to decline 10% during the second quarter of 1950 as compared to the same period of 1949 due to the element of truck competition. Our forecast calls for a movement of 679 cars as compared to 755 cars during the second quarter of 1949.

Trucks are getting more and more of this business because of lower packing requirements and a saving in handling costs, plus the rate factor.

GRAIN, FLOUR AND MILL PRODUCTS

R. H. Stephens, Chairman

Your committee returns for the estimated carloadings of grain for the Second Quarter of 1950 is 15,765 cars, compared with actual loadings for this same quarter of 1949 of 14,477 cars, an increase of 8.9%.

Our returns for flour and mill products estimate 7,342 cars for this Second Quarter, compared with actual loadings of 7,786 cars in 1949, a decrease of 5.7%.

We believe the accuracy of both the above estimates will be governed entirely by whatever program the government will have during this coming Second Quarter. As we all know, our area has always raised a surplus of grain and must depend on outside markets to relieve this surplus. At the present time, these outside markets are gone. We have the grain in country storage now and if the CCC has a program which will move the grain this Second Quarter, both estimates can easily be reached.

HAY, STRAW AND ALFALFA

Alfred Kleinberg, Chairman

Our estimate of carloadings on hay and straw for the second quarter 1950 is 130 cars. This is a reduction of 94 cars or 42 per cent.

Each year since 1946 the carloadings for this quarter have declined considerably. In 1946 it was 594 cars, 1947—331 cars, 1948 it was 167 cars and during the second quarter of 1949 carloadings went slightly up to 224 cars.

It will probably decline further this year and will continue along the same line in future years. It is much more economical to haul hay from the producing sections on the Coast by truck than by rail. Even the larger hay dealers now, have been forced to switch their operations, at least partially, to truck hauling or be undersold on this market. We believe that the hauling of hay by rail will be negligible within two or three years.

IRON AND STEEL MACHINERY AND BOILERS

L. G. Knight, Chairman
F. G. Swigert, Vice Chairman

Based on current orders and the fact that the steel industry in our territory has now caught up with the back log, we are predicting a very substantial decrease in carloadings during the second quarter of 1950 as compared to the same period of 1949.

Actual carloadings during the second quarter of 1949 were 1,225 and our estimate calls for a total of 857 cars or a reduction of 30%. This reduction is due to the above factors mentioned and also export traffic has dropped off.

Activity in the machinery and boiler trade is still fairly good and we are predicting that carloadings will remain the same as during the second quarter of 1949 or 411 cars.

LIVESTOCK (Except Sheep)

W. E. Williams, Chairman

Cattle carloadings in our territory for the Second Quarter of 1949 were close to the average for the ten Second Quarters prior to 1948 (the year in which flood conditions prevailed during the month of June).

There was a decrease in the number of head of beef cattle in our territory as of January 1, 1950, compared to a year earlier. This decrease is principally in what is termed "marketable cattle," due to the marketing of animals last fall that would usually be held over. This heavier than usual fall marketing was the result of poor range and pasture growth during 1949, together with a short hay crop.

The percentage of cattle moving to market by truck in the last half of 1949 shows monthly increases ranging from 4% to 35%. This increased percentage of truck movement has resulted in a considerable decrease in carloadings.

It is too early in the new year to forecast range and pasture conditions during the Second Quarter. However, as of February 1, range conditions throughout our territory were generally a little better than a year ago, but still below normal. Should the spring be backward, cattle marketing will be light during most of the Second Quarter.

We believe, with normal range, pasture and weather conditions in our territory during the Second Quarter of 1950, cattle carloadings will show a decrease of around 10% as compared to the Second Quarter of 1949.

LUMBER AND FOREST PRODUCTS (Fir)

Carl F. Oliver, Chairman
E. Hanson, Vice Chairman
Second Quarter

Actual Loadings 1949		Prospective Loadings 1950	
Lumber	Logs	Lumber	Logs
68,765	52,989	74,954	47,690

Estimated lumber and log carloadings, in our opinion, for the second quarter of 1950 are as indicated above. Prospective lumber loadings represent an increase of 9% over actual loadings for second quarter 1949. The log shipments indicate a decrease of 10% compared with loadings for same period last year.

The effects of the severe set back in production during January and early February caused by low temperatures and unprecedented snows are disappearing and the industry is rapidly returning to normal cutting. Production of the mills has moved steadily upward since the middle of February. The average weekly production in February was up approximately 30 million feet over January weekly output. Production in February of 161,421,000 b.f. weekly was only 1% below the five year (1945-49)

averages. Eight weeks cumulative production amounted to 1,223,454,000 b.f.; first eight weeks last year, 1,281,134,000 b.f.

Continuing demand for lumber is anticipated for house construction. Building of living quarters seems certain to maintain a high level thru 1950. This combined with a substantial back-log of non-residential construction points to an active market in the second quarter.

Orders during February averaged 201,507,000 ft. weekly. Orders totaled 1,731,696,000 ft. for the first eight weeks compared with 1,465,214,000 ft. for the first two months of 1949.

Shipments in February jumped 41,000,000 ft. a week over January. The weekly average for February was 189,361,000 ft. Eight weeks shipments, 1950 totaled 1,399,139,000 ft. which was 122 million feet above the same period last year.

On March 1st the unfilled order file stood at 852,903,000 ft. Mill inventories as of March 1 amounted to 791,799,000 ft. It is interesting to note that gross stocks on hand are considerably less than the unfilled order file.

Logging, especially in higher elevations, has been hampered by weather conditions. With disappearance of the snows logging will gain impetus with good production in prospect.

LUMBER AND FOREST PRODUCTS (Pine)

H. A. Gillis, Chairman

We believe that there will be an increase of 8% in the loadings of pine lumber during the Second Quarter of this year over the loadings during the same period of last year.

There are enough orders on hand at the mills to justify peak loadings, but drying weather is always a factor to consider in the Second Quarter.

	2nd Qtr. 1949	2nd Qtr. 1950	Per Cent Incr.
Pine Lumber	29,470	31,830	8%
Pine Logs	22,710	27,479	21%

ORES AND CONCENTRATES

Donald A. Callahan, Chairman

Estimated carloadings for ores and concentrates for the Second Quarter of 1950 is 1,903. This figure represents an increase in carloadings for the Second Quarter of this year, of 8%, as compared to the same period one year ago.

Mining operations in the Coeur d'Alene district are practically back to normal following the summer and fall strike.

There have been interesting developments in the Metaltine district in Northern Washington. Several of the larger companies of the Coeur d'Alenes have acquired substantial interests in these rich zinc properties and it is expected that this area will soon assume a major role among the great mining areas of the United States. While this district has been a producer for many years, it is expected that production will soon be greatly increased.

OTHER FRESH VEGETABLES

J. J. Mahar, Chairman

Although we had a very cold winter in January, the ground was covered with a considerable layer of snow and there was very little damage to field crops except from erosion when the snow melted.

Crop conditions look fairly good and our estimate for the second quarter is a 5% increase in carloadings or a total of 16 cars over the second quarter of 1949. This indicates a total loading of 340 cars as compared to 324 during the second quarter of 1949.

PAPER, PAPER PRODUCTS AND PULP

F. M. Van Schaik, Chairman

Paper loadings continue at a good level of business and we can see no change for either an increase or decrease in car requirements. Our estimate for paper during the second quarter is 9,279 carloads the same as the second quarter of last year.

Pulp is in very active demand and the 36.1% increase predicted by the industry should reflect the correct trend. During the second quarter of 1949, 2,357 cars of pulp were loaded and our estimate for the second quarter of 1950 is 3,208 carloads.

PETROLEUM AND PETROLEUM PRODUCTS

R. B. Turman, Chairman

Based upon questionnaires returned by shippers to you for consolidation, it appears a decrease of 12.8% in total carloadings of petroleum and related products, may be expected during the Second Quarter of 1950 as compared to actual loadings in 1949. The figures are as follows:

Actual Carloadings Second Quarter 1949	Estimated Carloadings Second Quarter 1950	Decrease
6,961 Cars	6,070 Cars	12.8%

It is rather difficult to say just what will cause this reduction of 891 cars in this coming Quarter, but there are probably a number of factors which, while small themselves, in total would add up to the 12.8% decrease.

An expanded road building program could, to some extent, offset the downward trend because of the larger movement of asphalts and road oils. We anticipate some increase in such activities but not enough to wipe out the deficit. There will also be some increase in movement of large tanks to outlying marketing stations, which will increase loadings of this type. Some of the decrease will be due to more carloads coming into the eastern section of this Board's territory from supply origins in mountain and mid-Continent fields.

POTATOES

Don E. Trimble, Chairman

The prime factor in the potato movement during the second quarter of 1950 is the government. What they do the potatoes will also do. Potatoes are still under the support program and at present most of the movement is headed for stock feed. The demand otherwise has been very slow and what the future will bring we just cannot tell with any sense of security.

Under the present conditions our estimate calls for the same number of cars to be loaded during the second quarter of 1950 as moved during the second quarter of 1949, a total of 1,289 carloads.

POULTRY AND EGGS

L. L. Bates, Chairman

Referring to your letter of March 8, advising results of questionnaire returns showing the forecast to be as follows:

RECORD OF ATTENDANCE

Adair, Joseph A. Jr., S. M., Joseph A. Adair Lbr. Co., Portland, Oregon.
Andrews, W. N., Fir Salesman, Fleishman Lbr. Co., Portland, Oregon.
Aughnay, Frank P., Manager, Pac. Northwest Grain & Grain Products Assn., Portland, Oregon.
*Baker, J. F., T. M., Van Waters & Rogers, Inc., Portland, Ore.
Barber, Lawrence, Marine Editor, The Oregonian, Portland, Ore.
Batchelder, K. C., T. M., West Coast Lumbermen's Assn., Portland, Oregon.
Bateman, H. W., T. M., U. S. D. A. Purchasing Marketing Admin., Portland, Oregon.
Bates, L. L., T. M., Washington Co-op Farmers Assn., Seattle, Washington.
Beckett, Ed., T. M., Kenworth Motor Truck Corp., Seattle, Washington.

Actual carloads—Second quarter 1949..... 146 cars
Estimated carloads—Second quarter 1950..... 153 cars
Estimated increase..... 7 cars
Equivalent to 5% increase.

Analyzing the production and storage situation in this area, we believe the above estimated requirements are about right.

RAILWAY TRACK MATERIAL

R. M. Evans, Chairman

Just as of now, the writer cannot see any prospect for larger loading in the next quarter. Railroad tonnage is down and with depressed revenue, the roads always slow down on spending. Therefore a total loading of 135 cars will just about be the maximum. This represents a decrease of 8.2% over the second quarter of 1949 when a total of 147 cars were loaded.

SCRAP IRON

Harry B. Kiesler, Chairman

The demand for scrap iron has decreased considerably the past few quarters and the forecast for the second quarter of this year calls for still further reductions in our estimates.

During the fourth quarter of 1948 carloadings of scrap iron amounted to 2,092 cars, this declined to 994 cars in the second quarter of 1949, and our estimate for the second quarter of 1950 is a total of 300 cars or a reduction of 69.8%.

The demand and price are both down on scrap iron, and because of the price factor it is not profitable to bring in off-shore scrap as has been done in the past.

SUGAR BEETS, BEET SUGAR AND BY-PRODUCTS

Paul D. Scally, Chairman

Carloadings of sugar during the second quarter of 1949 were unusually good because the Hawaiian dock strike which started in May 1949 cut off imports of Hawaiian sugar. This of course, meant that local sugar had a very good market.

The picture has changed this year and Hawaiian sugar is again being shipped in. For this reason we are predicting a reduction of 16.6% or a total movement of 500 cars as compared to 601 carloads moved in the second quarter of 1949.

The sugar beet harvest season will not occur until later in the year and the movement in the second quarter will be nil.

WOOL

R. A. Ward, Chairman

We predict that during the Second Quarter of 1950 there will be at least 50 cars of wool moved.

The new decrease in wool rates will go into effect on April 10. We think that this and the eastern market will increase the movement.

††*Callson, Oliver, M. T. M., General Mills, Inc., Sperry Div., Tacoma, Wash.
††Clark, E. T., Sec'y-Mgr., Pac. N. W. Loggers Ass'n, Seattle, Washington.
††Cloninger, A. M., Mgr., Traffic & Whse., Longview Fibre Co., Longview, Wash.
††Cole, W. C., Traffic Consultant, Portland, Ore.
††Corey, Earl C., Mgr., Earl Corey, Inc., Portland, Ore.
††Corsan, T. W., Rayonier, Inc. & Grays Harbor Pulp & Paper Co., Hoquiam, Wash.
††Crabtree, Richard, T. M., Kerr Gifford & Co., Inc., Portland, Oregon.
Dale, Everett L., T. M., Timber Structures, Inc., Portland, Ore.
Dana, L. D., Editor, Marine Guide, Portland, Ore.
DeLaurenti, V., T. M., Twin Harbors Lbr. Co., Portland, Ore.
Dench, Thomas W., Rate Analyst, Public Utilities Commission, Salem, Ore.
*Dennis, Walter J., A. T. M., Marshall Wells Co., Portland, Oregon.
Dickey, L. W., Jr., Traffic Repr., Standard Oil Co. of Calif., Portland, Ore.
*Dumont, L. F., T. M., Fred Meyer, Inc., Portland, Ore.
††Duffee, H. A., T. M., Simpson Logging Co., Seattle, Wash.
††Dynes, T. B., T. M., Hyster Company, Portland, Ore.
Evans, D. L., D. T. M., Aluminum Co. of America, Vancouver, Washington.
Foley, George V., T. M., Electric Steel Foundry, Portland, Ore.
††Foster, Martin A., Sec'y-Mgr., Wenatchee Valley Traffic Ass'n, Wenatchee, Wash.
††France, G. W., S. M., Cascade Lbr. Co., Yakima, Wash.
Freshwater, Frank, Ass't Mgr., Perham Fruit Corp., Yakima, Washington.
††Gamble, W. J., Potlatch Forests, Inc., Potlatch, Idaho.
††Gillis, H. A., T. M., Western Pine Ass'n, Portland, Ore.
††Golden, Robert T., A. T. M., B. P. John Furniture Corp., Portland, Ore.
††Groseclose, B. K., A. T. M., Gwin White & Prince, Inc., Seattle, Wash.
††Hanson, E. H., A. T. M., West Coast Lumbermen's Ass'n, Portland, Ore.
Harr, E. J., Ass't Proc. Officer, Bonneville Power Adm., Portland, Ore.
Haskel, F. K., Repr., Pacific N. W. Trade News, Portland, Oregon.
Havland, Wm. I., Ass't Distr. Mgr., Union Oil Co. of Calif., Seattle, Wash.
Hawley, Roger L., Ass't to Commissioner, Public Utilities Comm. of Oregon, Salem, Ore.
*Hestmark, Jess. C., T. M., Archer Daniels Midland Co., Portland, Ore.
††Hickok, Nelson M., T. M., Western Paper Converting Co., Salem, Ore.
*Higgins, C. A., Continental Grain Co., Portland, Ore.
††Hobart, O. L., Ass't Sec'y, Northwest Cannery Ass'n, Portland, Oregon.
Hubert, Frank Jr., T. M., Bethlehem Pacific Coast Steel Corp., San Francisco, Calif.
Jenness, Randy, Publisher, Transportation News, Portland, Ore.
Johnson, L. V., Weber Lumber Co., Ridgefield, Wash.
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††Otrosen, N. E., T. M., Associated Plywood Mills, Inc., Eugene, Oregon.
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*Attended Freight Claim Prevention Committee Meeting.
 †Attended Transportation Committee Meeting.
 ‡Attended Executive Committee Meeting.
 §Attended Railroad Contact Committee Meeting.

EXCERPTS FROM

Report of the Subcommittee on Overloads of the Committee on Maintenance and Equipment of the American Association of State Highway Officials

Attention has been called many times to the fact that there has been a heavy increase in highway revenues, but little has been said about the increase in highway maintenance costs which, in most States, has absorbed all or at least a large part of the increase in revenues.

The cost of highway construction increases as the volume of traffic and the weight and size of the individual vehicles making up this traffic increase. This is true as to practically all the factors entering into the cost, such as width, alignment, limiting gradient, and especially strength. Revenue must be provided to pay these costs and payments should be proportioned to the facilities required by each class of road user.

The fallacy of the arguments presented to the effect that the minimum standards for highways are not controlled by weight is obvious. Man is not able to repeal the law of gravity.

The bulk of the motor vehicles are passenger cars. At the present time the total registration is approximately 40,600,000 vehicles of which about 7,300,000 are trucks and buses. Ninety per cent of the trucks are designed to carry loads of a ton and a half or less. It thus becomes apparent that the State highway departments are required to build a heavy system of roads for a relatively few vehicles. Therefore, the problem of sizes and weights is brought about largely through a very small percentage of the vehicles operating over the nation's highways—roughly about 2 per cent.

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