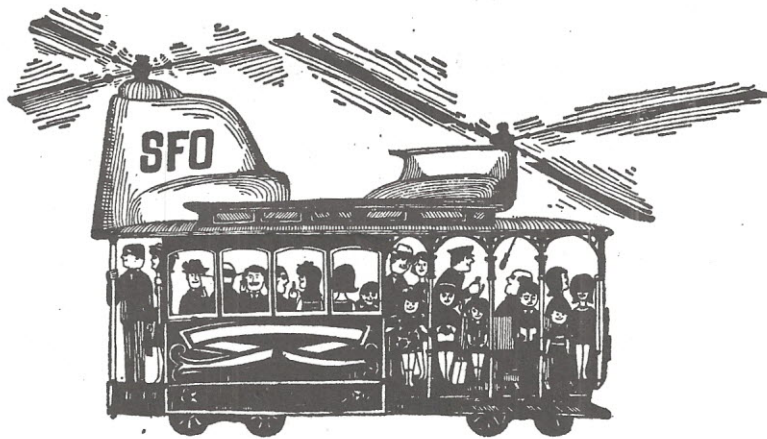


# Transport Central

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Ken Hayes

MINDING THE MARKET

Heard any hot tips lately? Skyrocketing electronics stocks? A new mining discovery? Mergers? Extra dividends? Stock splits? How about this—has any tipster handed you a hot one on a transit stock? No? Let us get back to reality; frankly, transit stocks are among the least glamorous of today's available investments. Why? Lackluster performance, poor prospects and few financial rewards are some reasons.

But the urban transit operator appears headed for a renaissance; whether or not private carriers are included is a matter of opinion—yours. Let's take a look at some "typical" opportunities (examples only, not recommendations!):

TYPE OF OPERATION	EXAMPLE (COMPANY)	PERCENTAGE CHANGES, 1962 TO 1967			DIVIDENDS SINCE
		REV. PASS.	OP. REV.	NET INC.	
LARGE CARRIER	Baltimore Transit Co. (1)	up 4%	up 9%	up 84%	1954
INTER-MEDIATE	Cincinnati Transit Co.	down 18% (estim.)	down 19%	down 58%	1936
SMALL CARRIER	Indianapolis Transit System	down 25%	up 13%	up 263%	1956
HOLDING COMPANY	City Coach Lines, Inc. (2)	down 14% (estim.)	down 16%	down 28%	1949
DIVERSE* COMPANY	Wisconsin (3) Public Service	up 6%	up 5%	up 16%	1940

NOTES: (1) Affiliated with National City Lines. (2) Owns nine operations in various cities. (3) Operates transit, gas and electric services in Green Bay; the net income figure is from overall operations. Transport operating income worsened by 51% from deficit of \$54,340 in 1962 to deficit of \$81,804 in 1967. (\*) The diverse category includes both gas/electric/transit operations such as Green Bay and also industrial/transit operations such as Chromalloy-American Corporation, which owns American Transit.

Should you invest in transit? And if so, what type of operation? That all depends on you. If you're looking for safety, put your money in the bank. If you're looking for quick profits, pick another industry or find a private operation about to be bought by a city (many corporate "raiders" made money this way, though after a short time their names become very rank in business circles). If you're looking for glamor, try airlines or aerospace industries.

So why invest in transit? Maybe, as the saying goes, you don't have to be crazy to do it, but it helps. You have to be crazy enough to have faith where most others have lost it; faith not only in a possible windfall profit from municipal acquisition, but in the eventual recovery and revitalization of a necessary public service, all while under private ownership. And that, at times, takes imagination indeed.



## NEWSFRONT

**THE BELL TOLLS** -- This department of TC continues to read like the newspaper obituary columns with an occasional "heart transplant" as a ray of light. Consider, for example, this week's fare:

34 railroads will take over the remaining Pullman Company-operated sleeping cars in late 1969. While porters and attendants will transfer to the carrier's employ, the even-faster-disappearing Pullman conductor (none have been hired since 1954) will completely vanish as the regular train conductor assumes his duties. The Pullman Company itself will remain in existence as a laundry and furnishings supply firm; the last-built Pullman sleeping car is now 12 years old.

As the sleeping car continues to disappear gradually, the downward slide in the total number of passenger trains operated picked up again this week: Chesapeake & Ohio 7-10, Chicago-Grand Rapids/Muskegon, off December 2 without investigation....The Penn Central was allowed to discontinue 3 Boston-Worcester trains (407-409-420) leaving one round trip between those points as well as two round trips for commuters on the Boston-Framingham run....The South Shore Line has lost the last interurban mail contract following final runs of November 15....The Milwaukee Road has joined the increasing swing to fewer trains by petitioning the final remnant of the old Olympian Hiawatha, 15-16, Minneapolis-Aberdeen, effective December 16; and 202-203, New Lisbon-Wausau, Wis., whenever the Wisconsin Public Service Commission decides the issue.... Penn Central wants to discontinue 15-18, the Cincinnati-Cleveland RDC run, with Ohio PUC approval, of course....and Norfolk & Western's Bluebird, 121-124 Chicago-St. Louis, has been given a 6 month reprieve by the Interstate Commerce Commission, which body cited "a substantial public need for the service".

**THE OTHER SIDE OF THE COIN** -- The Permian Basin Railroad Company has finally been given the green light to construct 80 miles of new line between the Santa Fe at Seagraves and the Texas & Pacific at Odessa, Texas, following U. S. Supreme Court concurrence in a 1963 Interstate Commerce Commission order. The ICC finding had been appealed by the two connecting lines as calling for the creation of a new railroad that was not economically necessary.

**RAILWAY ROUNDUP** -- The advisory commission which oversees planning for the Indiana Dunes National Lakeshore has voted to insist on guarantees for the park before allowing the South Shore Line to build a yard there (TC 11/01/68). CSS&SB owns about 26 acres of land inside the park boundaries on which it wants to build a 750 car freight yard. The commission is to require the South Shore to replace the land with acreage of equivalent value at another suitable location. Also, the railway must continue to provide passenger service to the park, and it must refrain from building more tracks on its right of way through the public facility. This action, still to be approved by the Secretary of the Interior, represents a significant victory for conservationists in their long fight to create the much-needed park.

Elsewhere on the rail front, to help "relive the past", the Brotherhood of Railway and Airline Clerks suggests that members build "Old 999", a toy steam engine, for their kids for Christmas, or so reports the Wall Street Journal. Ho-kay....More than 600 Chinese, all designated "engineer-surveyor for the Tanzania-Zambia rail link" are currently in and around Dar es Salaam in Tanzania, making the Tan-Zam line the most heavily surveyed railroad in the world. Peking has offered to finance and construct it at an estimated cost of \$240 million. The National Railroad Museum at Green Bay, Wisconsin, is to be the recipient of two historic rail cars from Europe. One is the car General Eisenhower used as his mobile headquarters before D-Day and in the Allied advances through France and Germany. The other formed part of the funeral train that carried the body of former British Prime Minister Winston Churchill to his grave in Oxfordshire. Both cars were presented in England by Prince Philip to the U. S. Ambassador, and will be shipped by sea and rail to the museum.

**SKYWAYS SCUTTLEBUTT** -- A new U. S.-Caribbean air service pattern is in the offing, as the Civil Aeronautics Board (with Presidential approval) completed the drafting of the new decision Wednesday. The authority pattern involves service between seven cities in the U. S. and major points in Latin America. Caribair service was extended to almost all points in the island chains, linking them to Haiti, the Dominican Republic and Miami. Pan American World Airways and TCA were authorized for non-stop Washington-Virgin Islands service, and Trans Caribbean may now compete for New York-Virgin Islands business with Pan Am. Also, Eastern's services to Miami may now be extended to the Virgin Islands, in competition with Pan Am. Further, Delta can now provide nonstop service between Los Angeles/San Francisco and Jamaica/Puerto Rico. In addition, Eastern and Pan Am were granted non-stop authority between Washington



and Jamaica, while Eastern service between New York and Jamaica can now begin, competing with Pan Am. Finally, TCA now has exclusive non-stop authority between New York/Washington and Haiti/Curaçao/Aruba, while Pan Am received clarifications of its operating rights to various Caribbean points.

A new level III carrier, Air Mid America, has proposed intrastate Illinois services between Chicago-E. St. Louis/Springfield/Peoria and Champaign-Urbana, in a petition to the Illinois Commerce Commission. Equipment to be used consists of several four-engined turbo-prop Lockheed Electras fitted out with 99 seats, and operating at a 400 mph cruising speed. The new carrier would be primarily financed by a LaSalle Street investment house, and has requested an April 1969 start for operations....A subsidiary of conglomerate Transamerica Corporation, Trans International Airlines, is to buy three DC-10 and three DC-8 jets from McDonnell-Douglas, for a total of some \$81 million. TIA is an international charter carrier based in the U. S....Bell & Howell of Chicago will fit out Pan Am's 707s (101 in service) and 747s (25 on order) with in-flight motion picture entertainment equipment, at a cost to the carrier of \$16 million. The 747s will have six screens; the 707s will have three.

**FLYING HIGH** -- A director of Air West (formerly West Coast, Bonanza and Pacific Airlines) has charged that billionaire Howard Hughes has assumed de facto control of the merged line in preparation for the sale of same to Hughes Tool. That firm has offered some \$30 million for the air line, but dissident board members are fighting the sale, and claim that directors sympathetic to Hughes have already allowed the financier's company to control the air line. The CAB has been asked to investigate....One wag has suggested that Japan Air Lines begin selling excursion tours to a point "just short of San Francisco"; the line's DC-8 that missed SF International Airport's runway by three miles last week has now been hauled to dry land; it remains to be seen if the craft will ever take to the skies again....One other flight mishap was caused this week by the safety-conscious Federal Aviation Administration. An FAA DC-3, deliberately flying low to evaluate O'Hare navigational systems, hit a power line in Elk Grove Village just west of the field and blacked out 23,000 homes in 10 suburbs. No one was hurt, and the plane landed safely at O'Hare....United has equipped several of its Boeing 727s with modified engines in a test to determine whether smoke emitted on take-off can be eliminated; and average ascent loses 88 pounds of pollutants on the landscape....A new radar antenna now in service (making O'Hare the first commercial field in the country to have two separate radar approach systems) is expected to materially lessen delays at the field. Even so, Thanksgiving Day found the airport, as usual, the scene of many long delays in landings and take-offs....Chicago Daily News syndicated columnist Mike Royko, a foe of "overkill" in terms of many empty seats on highly-competitive routes (as well as the proposed Lake Michigan airport) sums it all up nicely, "There's nothing logical about putting twice as many planes in the sky as are needed to get the job done--especially when they get stacked up at the other end, and there is no time saving after all".

**METROPOLITAN REPORT** -- Once again the Chicago Transit Authority is plagued with an epidemic of crime; this time the CTA's surface routes have been hit with violence, ranging from robbery to murder. At this writing, some 300 city policemen are riding buses at various times, and the Authority is examining the "Exact Fare" plan, sure to be an issue in the current union-CTA contract negotiations. For the record, there are currently fifteen cities requiring riders to have the correct fare when boarding the bus: Washington (the first to adopt it), Oakland, San Francisco, Louisville, Milwaukee, Pittsburgh, Baltimore, Houston, Buffalo, Cleveland, Philadelphia, Memphis, Syracuse and Detroit; others are to follow.

The first of 15 new double-deck commuter cars for SP's San Francisco commuter service are now operating; all will be making regular runs by the end of the year.... DC Transit and the Washington Area Metropolitan Transit Commission have been rebuffed in their joint attempt to give the carrier exclusive rights to serve the Washington Mall in sightseeing service by the Supreme Court....12 more Illinois bus companies have petitioned the state Commerce Commission for fare increases, ranging from Greyhound to local carriers....Former Transport Company GMC TDH-4511 (wide) coaches have been sold to the St. John properties in Saginaw (Mich.), Evansville, Hamilton and Dayton, as well as to Wisconsin Coach Lines for Waukesha city service. The Milwaukee company purchase 120 of the unusual model....Continuing our series of covers devoted to clever advertising matter, this issue's features a montage of SFO graphic art.

**A JOURNEY BEGINS** -- Congratulations are in order to long-time reader and occasional contributor James C. Penning on his marriage November 30 to Susan Przybyla of Skokie. Jim and Susan are warm personal friends and we wish them well in the years ahead.