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ple, Pennsy owns 44.8 per cent of Lehigh Valley but the stock is in trusteeship. PRR is asking the I.C.C. for voting rights plus approval of a stock-exchange offer that will permit full control of LV. Symes says the transaction will permit Lehigh to co-ordinate with its parent, save 6 million dollars a year, and avoid bankruptcy. However, Central and Erie-Lackawanna lawyers at an I.C.C. hearing wondered out loud, much to Symes's annoyance, if the PRR-LV hookup wasn't part of a grand Pennsy alliance. Under their questioning he conceded that Pennsy might head up one of "two or possibly three" super systems in the East as an "ultimate solution" to rail problems there but declared that Pennsy didn't have the financial strength (the road lost 8 million dollars last year) to attempt such a merger for at least five years.

Newly merged Erie-Lackawanna is not going to be put off, though. EL thinks all Eastern roads will eventually be in Central's or Pennsy's camp, believes itself that it belongs in the latter, and tried unsuccessfully — privately, then publicly — to join up. "Not at this time," replied Pennsy. Thereupon EL asked to be included in Norfolk & Western's plan to take over Nickel Plate and Wabash, once again citing Pennsy's looming empire as the reason. Roanoke bluntly replied that any linking of N&W's plan with that of any other road, Pennsy's included, was "based on fancy rather than fact." Said N&W: "Pennsylvania does not control or have the power to control Norfolk."

True, Pennsy owns 33.7 per cent of N&W, which is technically shy of outright control. Still, EL is likely to listen instead to Jim Symes who, in a Cincinnati speech last March 24, referred to N&W as "more than a friend."

Is EMD a monopoly?

A New York Federal grand jury has indicted General Motors on grounds that it has monopolized diesel locomotive manufacture by using its "vast economic power illegally." The indictment charges that GM used its vast freight traffic (almost 12 million tons rode on 211 million dollars' worth of waybills in the first nine months of 1959) to "encourage" certain roads to buy its diesels; that GM used its economic power to vary pricing, arrange customer financing, advertise, and establish production facilities that no rival could match; and that as a result GM now has 84 per cent of the market, two competitors are out of the business (Baldwin-Lima-Hamilton and Fairbanks-Morse), and engine buyers and the public "have been deprived of the benefits of competition."

Replied Chairman Frederic G. Donner of GM: "General Motors is not guilty of the monopolistic practices charged in the indictment. This will be clearly established at the trial."

GM's rebuttal is, in brief, simply that not only did Electro-Motive pioneer diesels but it has built the best, and that as a result it has sold more than half of all diesels in each of the past 25 years but one (1943, when the percentage was 43.7

Continued on page 11