

The New York and Lake Erie Railroad serves Cattaraugus, Little Valley and Salamanca

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Is This The Little Engine That Could?

By MARK SPANG

One popular children's story tells of a small locomotive that climbed a steep mountain after its larger more powerful counterpart broke down. The Little Engine That Could proved how valuable it could be.

Strangely, that children's classic draws an interesting parallel to the rail service in the northeastern United States.

Conrail, the government corporation that took over seven bankrupt rail lines three years ago, is the large engine. Its \$1.45 million a day loss is the seemingly unsurpassable mountain. And, the Little Engine remarkably resembles the small railroad companies that Conrail officials hope will help them reduce their unprofitable service.

The first of the new small rail lines in New York state is now in its seventh month of operation in Cattaraugus County.

Robert Dingman Jr.'s New York & Lake Erie Railroad may not be particularly impressive as it chugs between Cattaraugus, Little Valley and Salamanca at 10 mph. Yet, the business along the rail line claim that without the small railway, their costs would increase substantially and perhaps force them to move.

Dingman admits that the small section of track he now operates will not make a profit. It is part of a larger plan.

"The only reason I bought the right to operate on that line was to eventually make it big enough to survive without subsidy," Dingman said. In the meantime, federal, state and county governments are supporting the line.

The state this year is administering a \$115,000 federal grant to New York & Lake Erie and has spent \$38,000 to lease the Cattaraugus to Salamanca track for Dingman.

The Cattaraugus County Industrial Development Agency acquired about \$400,000 in grant money to purchase the railroad track from Cattaraugus to Gowanda so that Dingman's line could have a direct line toward Buffalo. The railroad operator, a resident of Wellsville, said that the Cattaraugus to Gowanda track is in need of repair and

he hopes to receive federal assistance this summer to make it functional.

New York & Lake Erie is expected to gather about \$38,000 in revenue through freight charges and surcharges.

With Conrail ready to abandon service on a section of track from Gowanda to Buffalo, Dingman also expressed an interest in acquiring the right to operate there. He has asked the Erie County Industrial Development Agency to purchase it.

Another possible New York & Lake Erie addition could be the South Dayton to Waterboro line, Dingman said. That is now operated by Conrail and Dingman said he hopes the corporation will consider releasing it.

The federal subsidy for short line railways runs out in April 1981. By that month, Dingman's line must show a profit without government assistance. If 13 branch lines in New York state are not operating independently by April 1981, Conrail plans to abandon them and perhaps the businesses served by them. The Buffalo to Gowanda track is among the 13.

Dingman's investment in the railroad includes the purchase of a 1947 locomotive with a 1,000-horsepower diesel engine.

That engine can be 10 times more energy efficient than a truck, Dingman said. For that reason, as fuel costs rise, Dingman believes railroad transportation of freight will gain in popularity. Currently it is economical to ship large amounts of raw materials, such as lumber or coal, by train to the manufacturer. Dingman said he ships no finished goods. Businesses find that it is often more convenient and inexpensive to transport finished products by truck.

As the locomotive lumbered uphill from Cattaraugus on its way to Little Valley, New York & Lake Erie engineer Otis Case explained that the tracks were laid in 1931. Upon completion of the track the small villages were connected with the rest of the world.

Dingman not only sees a history in railroads. He sees a future for short line operators.

The problems that have caused the demise of many railroad com-

panies, according to Dingman, are overregulation and a lack of managerial incentive and productivity.

Conrail officials have also called for the deregulation of the rail industry. Currently Conrail rates are set by the Interstate Commerce Commission, which also prevents the corporation from levying surcharges.

As an indication that the ICC is partly responsible for Conrail's large deficit, figures released this week show that the railway's loss decreased to \$127.7 million in the first quarter of this year, down from \$216 million in the first quarter of 1978.

The reduction has been partially attributed to an 11 percent increase in the charges allowed to Conrail by the ICC.

Dingman also noted that regulations result in many empty boxcars being transported back to their parent rail lines. Because a railroad company must pay rent for each day another company's car is on his track, the empty boxcars are shipped back as soon as possible.

Another problem is that Conrail is not interested in creating business on its lines but believes it is simply more profitable to try to haul large loads from established businesses, Dingman said.

"In the old days, railways did a good job developing industry on the line," the rail operator said. He added that he has already tried to encourage some businesses to move in along his railroad.

In order for railroads to survive, Dingman believes that the government will have to own the tracks.

"The public owns the waterways, airways and highways and should also own the railways," Dingman said. "We will have to face up to the public owning the railway." The companies that are allowed to operate on the tracks, however, should remain in the private sector, he added.

"As a matter of public policy, this country will not allow itself to be without a railroad."