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NP ROYALTY -- Audrey M. Strohmayer, an employee in Northern Pacific's Bureau of Internal Audit, represents the Railway during 1965 St. Paul Winter Carnival activities. Miss Strohmayer enjoys playing the piano, sewing and ice skating. She succeeds Jane Chaput, who was a runner-up to 1964 Carnival Queen of the Snows.

Our Cover.

... Winterset in Yellowstone-fresh fallen snow greets visitors parked in their bus in NP's Yellowstone Tree Farm in Montana.

Part of the growing system of NP tree farms, Yellowstone's snowcovered forest gives only a scenic view of the tree farm picture.

Tree farming is big business for the Northern Pacific today. For a complete story of NP's tree farm program turn to pages 4-5. Probably there is no better time than the beginning of a new year to take a forward look at the challenges, problems and opportunities that exist for our company in 1965.

. FROM THE PRESIDENT

There can be little doubt that the most consistent and foreseeable challenge is that posed by other modes of transportation in today's competitive race for the major share of the ever increasing transportation market. How well we meet that challenge will, to a great extent, determine our individual and collective progress in 1965.

Many of our problems are not new . . . among them the need for relaxation of the restrictions and regulations which unduly handicap the opportunity of our railroad to compete, and the continuing need for a downward revision of state and local taxes to reduce assessed valuation of the railroads to the level of other industries.

A new and major problem in 1965, and in the years to come, is the higher labor costs which became effective in 1964. Every effort will be made to meet this added expense without raising rates. Accomplishment calls for increased operating efficiency and extra effort on the part of every employee of our company as well as a greater volume of business to help absorb the rising costs.

The new year is also one of opportunity. The national economy is strong, the population of the United States is increasing at a rapid rate, gross national product is climbing to an all-time high. It all adds up to the biggest transportation market in the history of our country.

Our long range program, bulwarked this year by the largest budget for improvements and equipment in the history of our company, places us in a strong position to provide our shippers and passengers with the service and equipment they need and to win for Northern Pacific a larger, growing share of the transportation market in 1965.

A Happy New Year to you.

Thur Macfailance



NORTH DAKOTA AWARDS -- A. J. Dexter, center, retired NP Agricultural Development Agent; J. W. Haw, left, retired Director of Agricultural Development, and L. S. MacDonald, present NP Director of Agricultural Development, display one of the plaques presented to them by the North Dakota Water Users Association.

The three were singled out for their work in behalf of the Garrison Diversion Unit, a project that will provide irrigation to 250,000 acres of presently dry-farmed land in North Dakota. Early passage of the Garrison Diversion Unit Bill is expected in the 89th Congress. The plaques were presented at the Water Users Convention in Bismarck, N.D.

Lower Fares on Short-Haul Trips Help Spur NP's Passenger Traffic

Improvements in equipment have been given as a major reason for Northern Pacific's upward trend in passenger business since 1959, but, in many cases, reduced coach fares instituted by the Railway on shorthaul rups have also attracted passengers, according to F. G. Scott, NP's passenger traffic manager.

In the middle 1950's, Scott said, the NP, Great Northern and Union Pacific noted a steady erosion of pool line traffic between Seattle and Portland. At the time, the oneway rail fare was \$4 and round-trip was \$7.20, compared to bus fares of \$3.70 and \$6.75.

After a full study of the situation, the pooling lines reduced one-way fare to \$3.70 and installed special round-trip coach fare of only \$4.95 between the two north Pacific Coast cities.

"We not only halted the passenger - loss trend," Scott said, "we actually reversed it and began to show a healthy increase in local sales"

So satisfactory were the results

that, in December, 1959, the NP also reduced coach fares on its own line between Seattle and Tacoma and Yakima-Pasco. Although it was necessary to increase business by 30.4 per cent to make up for the fare cut, at the end of 1963 the number of passengers hauled was up over 40 per cent.

"Then, on October 1, 1960", Scott said, "we installed low coach fares between Spokane and Missoula-Butte-Helena. Regular fares were cut to the extent that we needed 27.4 per cent more passengers to break even in dollars. The records show we had an increase of a startling 66 per cent during the first 12 months."

Northern Pacific's most recent coach fare reduction, made between Fargo-Jamestown and Bismarck-Mandan, has also been successful.

'I am fully convinced,'' Scott said, ''that low coach fares not only stop the downward trend of short-haul passenger traffic, but they bring passengers back to the rails.''

Nipper news bits

A draft for \$220.36 was recently presented to the NPBA in St. Paul from the NP Veterans Association's Lake Superior branch for patients at the hospital.

The group raises money at a Christmas party in Duluth each year to make certain that no patient in the St. Paul Hospital will be forgotten on Christmas day, according to Harry A. McMartin, secretarytreasurer of the Lake Superior Division Social Branch.

"It is inspiring," said McMartin, "to read the list of names of the employes of different departments who have so willingly contributed to this worthwhile cause."

Contributions to this fund, which is started prior to group's December meeting, are received not only from employes in service on the Lake Superior Division, but from members of the Division's Social Branch as well. There are now some 360 members in this Branch.

The following officers were elected at the December meeting: H. L. Latture, president; R. W. Saker, vice president; Harry A. McMartin, secretary-treasurer; and Mrs. A. J. Levasseur, chairman, refreshment committee.

The Fifth Annual Washington's Birthday Bowling Party in Fargo will be held Monday, Feb. 22 at the Bowler, according to Dorothy Bransteg of the Fargo Division Superintendent's office. Last year, 106 bowlers took part in the event.

The following were recently added to Northern Pacific's Safety Committee: Northtown Car Department --W. L. Morrow and P. A. Eianepeter. South Tacoma Shops -- R.O. Wheeler, E. G. Parker, Wm. Loew, M. H. Anderson, J. Schmidtke, E. Srsen, T. L. Butler, L. E. Martin, M. H. VanNoy, M. H. Christl, A. D. Hughes, W. H. Pedlar and A. J. Cecchi.



ONE OF NP'S 14 TREE FARMS, the Lolo Trail tract is located in the Bitter Root Mountains along the Idaho -Montana border. This sign marks the entrance to the area which contains 50,200 acres of certified forest lands.

Northern Pacific has been playing an important role in forest conservation for most of its existence, both as an owner of a vast acreage of timber-bearing lands and as one of the nation's leading carriers of lumber and forest products.

Its entry and participation in an organized tree farm program in recent years has given the company's timber operations a new look and a new outlook in forestry.

One doesn't usually associate forestry with railroading, but on lands which the NP acquired under land grant provisions of its charter, nature had provided a bountiful endowment. Although conservation measures were practiced, it wasn't until recently that the railway actively organized a program to perpetuate its valuable forest resources on a sustained yield basis.

In 1945, the Northern Pacific joined the program of reforestation on a major scale by establishing three tree farms in western Montana. These were the Thompson River tract and Placid Lake farm, both with some 58,000 acres, and the Swan Valley tree farm containing 86,000 acres. Since then, new units have been added as forest land administration satisfied the requirements of the tree farm program.

Another step forward in the expansion of this program has just been completed. S. G. Merryman, NP's manager of Timber and Western Lands in Seattle, has announced the establishment of five new tree farms in western Washington, and an increase in acreage of another in that state.

With these new additions, the number of tree farms in the railway's 1.36 million acres of timber-growing lands now stands at 14. The 144,800 acres in the newly certified units increase the total tree farm acreage to more than 690,900. The company previously had nine tree farms in operation, two in Washington and seven in Montana and Idaho.

NORTHERN PACIFIC FARM

Largest of the new tracts is the Lewis River tree farm, which contains 44,862 acres in Clark and Skamania counties. Next is the Mount Rainier with 27,237 acres along the western boundary of the National Park; the North Cascade,22,762 acres in northeastern King County; the Cowlitz River, 21,771 acres southwest of Mount Rainier Park, and the Lower Cowlitz River, 9,681 acres in western Lewis and Cowlitz counties. Also, 18,403 acres were added to the existing 41,000-acre Green River tree farm in south central King County.

Certified by the Industrial Forestry Association, all tracts will be managed for perpetual forest crops under the principles of the American Tree Farm system. This means that the owners pledge to provide reasonable protection from fire, insects, and disease; to prevent damage from excessive grazing, and to harvest in a manner which will assure future crops. Nationally, the program is coordinated by the American Forest Products Industries, Inc., spokesman for the nation's lumber, pulp and paper firms.

Tree farming, or management of timber is not a new idea. Back in 1347, a tree farm was established in Sweden when the Great Copper Mountain Mining company acquired forest lands to obtain a timber supply for operation of its principal mines. In the early days of lumbering in America, the idea of growing trees as a continuing crop on the same land year after year had little economic appeal. As the last century drew to a close, however, private industry and government began to take an active interest in perpetuating our tree supply. The formal tree farm program in this country was inaugurated in 1941 by Weyerhaeuser in the State of Washington. Northern Pacific entered the program during World War II when a manpower shortage resulted in an acute lack of cross-ties, which formerly were bought from the lumber industry.

The company's Properties and Industrial Development department, under the late P. D. Edgell, set up the original program with a threefold purpose:

1. To assure the railway company of a permanent supply of timber for cross-ties and railway lumber.

2. To secure better utilization by sound cutting methods dictated by good practice.

3. To protect the timber by maintaining and increasing fire protection as a company, or through association with others.

Thus, the company's principal goal in establishing the first tree farms was to insure Northern Pacific of a future supply of railway lumber and ties as needed, although the policy was to sell it to operators if it was not needed for company use when ready to harvest.

TREES FOR THE FUTURE

While the principal objective of tree farming is to provide a permanent supply of forest raw materials, other benefits result from modern forest management. Under this multiple-use concept, forests provide cover and food for wild animals, furnish recreational areas enjoyed by sportsmen, permit exploration and development of mineral resources with a minimum of damage and provide watershed protection.

Water is considered a major resource of the Northern Pacific's 131,000-acre Upper Yakima tree farm at the headwaters of the Yakima River.

"It may seem strange that water is listed as a treefarm crop," one NP official has said, "but that's the case here. One of the top jobs of this tree farm is to catch and store life-giving water which benefits agricultural production in the Kittitas and Yakima valleys,"

It is estimated that it takes two acres of forest land watershed to supply the water required for one acre of crop land.

Tree farms supply the tremendous amount of forest products Northern Pacific needs for its everyday operation. Railroads must have a ready supply of tie-timber at all times for ties are a basic necessity in railroad maintenance. Each year, the NP system needs about 450,000 new ties. Primarily Douglas fir, larch and yellow pine, the principal western softwoods, are used. This lumber is supplied by NP's Montana and western Washington tree farms. Hardwood also is used, particularly on curves where stresses are the greatest. Natural resiliency of wood enables the ties to withstand the terrific pressure exerted by spikes. In this capacity, wood remains the material for railroad ties as it has been since the first railroad was built.

In addition to ties, millions of board feet of car stock, bridge timbers, fence posts and other forest products are needed. Tree farming produces other by-products which have a high commercial value and can be readily processed by the lumber industry.

The commercial value of maximum yield from tree farms is seen by the complete utilization of all materials produced. Although the principal use of lumber wasteproducts is pulp, tree tops and mill waste are pressed into various types of hardwood, sawdust is pressed in fuel shapes, and cellulose is extracted from wood. The development of more uses for wood by chemical industries, as well as by forest products industries, will continue to increase the demand for forest crops and make tree farming even more profitable.

In 1963, the gross revenue of \$4,237,000 received from the sale of timber was up \$995,000 over the figure reported the previous year. Estimated receipts for this year are expected to be about the same as 1963. Profits from tree farming are directly related to the combined effects of the average price per thousand board feet and to the amount of timber cut each year.

To obtain the greatest benefit from tree farming, the harvesting or cutting of the timber crop must be done in an orderly and controlled manner. All NP tim¹ er sold is marked for cutting by company foresters to be cut either by blocks or selectively, depending upon the terrain and type of timber. For example, growth habits of Douglas firs, found mainly in the heavy rainfall region west of the Cascades, require open, sunlit ground for seeds to germinate. Harvesting is done here by area selection.



A LOGGER is seen "Yarding" logs on NP timber land prior to loading and hauling to the saw mills. Tree farms supply the great amount of forest products Northern Pacific needs for its daily operation.

NP TREE FARMS

Continued on Page 8

VA Releases Information on New GI Insurance

General information concerning the recently passed New Veterans Insurance Law is now available, according to the Veteran's Administration.

The law offers veterans an opportunity to buy a new form of the National Service Life Insurance (NSLI), or a chance for present policy holders to change to a new Modified Life plan.

The option concerns only those veterans who have less than \$10,000 in NSLI and who may be eligible to buy more. Eligibility is based on veteran's date of active service and whether he has service-connected or non-service connected disability.

Modified Life is a permanent plan providing a lower premium than other permanent plans, says the VA. It avoids the periodic increase of term insurance, and is reduced by one-half at age 65 when insurance needs usually decline. The amount reduced at that time can be replaced by the same amount of ordinary life insurance for an extra premium - no medical examination required.

Cost of new policies depends on the veteran's insurability and his disability status. Veterans unable to get commercial insurance will have the highest rates because of their non-service connected disabilities. Remember! You cannot carry any more than \$10,000 Veteran's Life Insurance.

Applications can be made on or after May 1, 1965 (but not later than May 2, 1966.) However, the VA Center is recording veterans requesting information so applications will be sent them when the law permits it.

For further information, write or visit the VA Center, Contact Office, Fort Snelling, or phone PA 1-2955, ext. 494.

Bonanza Farms and the NP

Hiram Drache's new book,"The Day of the Bonanza," (Lund Press, Inc., Minneapolis) is an interesting and scholarly chronicle of the days of the huge bonanza farms in the Red River Valley of Minnesota and North Dakota. The part Northern Pacific activities played in the development of bonanza farming is covered at considerable length by Dr. Drache in his new book.

Hiram Drache, the author, was born in Minnesota. He received his B.A. degree from Gustavus Adolphus College, his M.A. from the University of Minnesota and his Ph.D. from the University of North Dakota. During World War II he served with the 8th Air Force in England. Since 1952 he has been associated with Concordia College at Moorhead, Minn., as professor of history. He lives with his wife and three children on their Red River Valley farm, where he conducts an extensive beef feeding operation.



RETIREMENT PRESENT -- W. E. Dillman, Car and Roundhouse Foreman at Everett, Wash., holds up a painting presented to him to commemorate his retirement. He retired Dec. 1 after 50 years of railroading. NP Engineer J. M. Christensen painted the picture.

Safety Score Board

January 1 thru Nov. 30, 1964

RANK		TABLE RIES 1963	CA5.1 1964	RATIO 1963
STANDING BY DISTRICTS				
1. Western District 2. Eastern District	96 133	83 86	9.02 12.77	7.88 8.24
STANDING BY DIVISIONS				
1. Idaho 2. Fargo 3. Rocky Mountain 4. Yellowstone 5. Tacoma 6. Lake Superior 7. St. Paul	21 13 19 32 56 28 60	20 4 14 24 49 15 43	6.41 6.89 6.91 9.77 12.12 16.03 17.11	6.12 2.17 5.06 7.38 10.96 8.49 12.33
STANDING BY MAIN SHOPS				
1. Brainerd 2. South Tacoma 3. Livingston 4. Como	1 1 1 8	3 2 2 2	1.69 2.11 2.34 16.88	5.19 3.95 5.02 4.27
STANDING BY CLASS OF E	MPLOYE	S		
 Stationmen Shopmen Enginemen Carmen Trackmen Bridgemen Trainmen Yardmen 	17 7 13 13 29 14 52 84	8 8 11 17 27 16 28 54	3.31 4.46 5.18 5.92 6.52 14.25 23.13 42.74	1.58 5.04 4.00 7.92 6.40 16.75 12.84 27.86
MISCELLANEOUS DEPARTA	AENTS			
 General Office & Misc. Chief Special Agent Mechanical Department Communications Dept. Signal Department Dining Car Department Store Department Engineering Department Electrical Engineers De King Street Station 		0 1 0 7 4 3 1 1 1 1	$\begin{array}{c} 0.00\\ 0.00\\ 0.00\\ 4.65\\ 4.65\\ 7.17\\ 7.42\\ 7.94\\ 12.36\\ 22.86\end{array}$	0.00 5.05 0.00 16.89 10.11 5.28 1.26 2.77 13.55
TOTAL FOR SYSTEM	266	200	9.00	6.86
Train and Yard Accidents Motor Car Accidents	158 25	182 26		

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RETIREMENT CONGRATULATIONS -- Mildred Vaselenak, stenographer in Northern Pacific's Passenger Traffic Department in St. Paul, and H. V. Rhine, assistant manager of NP's Advertising Department, exchange congratulations on their recent retirements.

H.V. Rhine, NP's Assistant Advertising Manager, Retires

H. V. (Hal) Rhine, the man responsible for preparing Northern Pacific's time folders, travel brochures and other advertising literature, retired Jan. 1 as assistant manager of NP's Advertising and Publicity Department in St. Paul.

Rhine began working for the Northern Pacific in 1930, having come to the railway from the advertising department at Sears, Roebuck and Company. Five years later he became assistant to the advertising manager, then was promoted in 1952 as assistant manager of the department.

During his 34 years with the NP, he was the most important man behind the production of the company's annual reports, menu covers, calendars, tour itineraries, travel guides and countless other printed items.

In this time he also worked closely with the Dude Ranchers' Association, preparing their personalized ranch leaflets. The Association showed appreciation for his service by presenting him with an inscribed cigar case at the recent Dude Ranchers' Convention in Helena, Mont.

Rhine is a member of the St. Paul Passenger Club, the Advertising Club of St. Paul and has been a longtime volunteer worker at the Veterans Administration hospital.

NP Missoula Hospital Gets Guild Gift

Northern Pacific's Missoula Hospital Guild recently presented the hospital there with a Foster Frame, according to the NPBA. A Foster Frame is a mechanical bed-type apparatus which changes patient's position. This marks only the most recent contribution of the Guild, which has raised funds for many years. Mrs. Hattie Anderson, the wife of a retired NP switchman, is president of the Missoula Guild.



Stephen F. Bross	Brakeman	Minneapolis	29
Joseph V. Cihlar	Signal Inventory Engineer	St. Paul	47
John D. Farrar	Brakeman	Spokane	22
James J. Hill	Section Laborer	Leeds	45
Henrietta Hoban	Chief Clerk to B&B Supv.	Tacoma	47
Gordon F. Hoolihan	Asst. Manager Freight Revenue Accounting	St. Paul	46
Ernest O. Jackson	Machinist	Livingston	47
William L. Ludwig	Machinist	Auburn	36
Nellie N. Nelson	Machine Operator - Wester District Accounting	n Tacoma	40
Charles H. Nichols	Asst. General Storekeeper	So. Tacoma	47
Oscar L. Olson	Section Foreman	Tacoma	46
Melvin W. Scott	Asst. to Vice President - Joint Facilities	St. Paul	38
Herman J. Steinbach	Leading AFE Clerk	St. Paul	48
August A. Stepnick	Machinist Helper	St. Paul	41
Joe F. Zimmerman	Locomotive Engineer	Parkwater	47

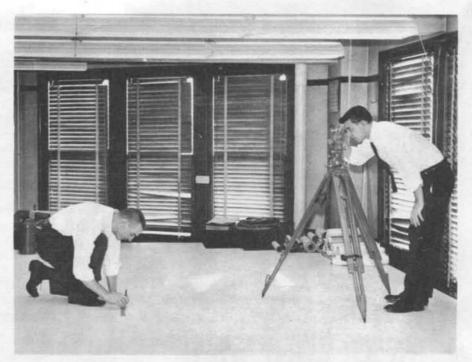


FUND RECIPIENT - Frank Eyer, general yardmaster from Glendive, receives present donated by Lake Superior Vets. branch, sponsor of annual gift fund for St. Paul NPBA patients.



NPBA CHRISTMAS GIFTS - Raymond Swanson, retired Duluth switchman, displays gift from Santa, NPBA Purchasing Agent Elwood Hare, at a Christmas party in St. Paul hospital.





THE MODERN WAY OF SEEDING TREES by helicopter is used to restock this barren NP land. Man shown here is loading seed hopper prior to take-off.

NORTHERN PACIFIC FORESTERS laying out grid lines in preparation for making a correct aerial map of NP forest lands. Photogrammetry, or surveying by means of aerial photography, is widely used today by the NP.

NP TREE FARMS

Continued from Page 5

This means that selected areas are cut clear, leaving groves of mature trees to furnish seed. Trees such as Ponderosa, which grow east of the Cascades and require less moisture, will reproduce in the shade and, therefore, are selectively cut.

Numerous types of trees are found on Northern Pacific's sustained yield farms. Ponderosa, white and lodgepole pine, Douglas fir, western larch and Engelmann spruce are all grown on NP's Montana tracts. In western Washington tree farms, Douglas fir, cedar, spruce, hemlock, white and Noble fir are found. The Palouse Valley farm in Idaho contains mainly Idaho white pine.

In tree farming, as in all businesses, accurate inventory must be kept so an adequate sustained yield program may be established. The time-consuming method of walking and estimating the tree volume is old hat today. Photogrammetry, or study of aerial photographs, accomplishes in 12 months what formerly required nine years on foot. Technically, photogrammetry is the art of surveying by means of photography and then interpreting what the surveys reveal.

In 1954, the Northern Pacific purchased an aerial camera and a Cessna 180 airplane. By the end of 1955, the NP had photographed 3,460,000 acres of Northern Pacific lands. Flying over mountains as much as 21,000 feet above sea level, the aerial photographer can photograph large sections of the company's far-flung forests which reach from Washington to Minnesota. From the pictures, trained staff members can determine species, size and shape of the trees. NP's aerial Photography section is headquartered in Smith Tower, Seattle.

"With an eye on the future," said George R. Powe, general manager of Properties and Industrial Development department, "Northern Pacific's policy toward forest conservation may be summed up in a slogan of Montana origin: 'If you don't leave enough so you can go back tomorrow and make another cut, you are not leaving enough.'

"Not all of the Northern Pacific forest lands are suitable for tree farming," Powe concluded, "but other forest acreages are being managed the same as tree farms. When the requirements are met for the certification of additional forest lands, new tree farms will be established to meet the demands of the future."

A complete list of Northern Pacific tree farms is shown below:

Tree Farm	State	Acres	Year Established
Thompson River	Montana	58,500	1945
Placid Lake	Montana	58,300	1945
Swan Valley	Montana	36,200	1945
Green River	Washington	59,600	1946
Upper Yakima	Washington	130,600	1949
Yellowstone Pine	Montana	103,800	1953
Palouse Valley	Idaho	3,800	1955
Lolo Trail	Montana & Idaho	50,200	1962
Edith Peak	Montana	13,500	1962
Lewis River	Washington	44,900	1964
Mount Rainier	Washington	27,200	196.4
North Cascade	Washington	22,800	196.4
Cowlitz River	Washington	21,800	1964
Lower Cowlitz	Washington	9,700	1964
		690,900	