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PASSENGER TRAIN SERVICE LEGISLATION

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON COMMERCE

UNITED STATES SENATE

NINETY-FIRST CONGRESS

FIRST SESSION

ON

**S. 674, S. 2750, S. 2865, S. 2887, S. 2939, S. 2951,
S.J. Res. 120, S.J. Res. 129, and S. Con Res. 32**

SEPTEMBER 23, 24, AND 25, 1969

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Mr. SAUNDERS. That is right. We would have a lot more money to spend on roadbed, yes, sir.

Senator PROUTY. Thank you.

Senator HARTKE. Thank you, Mr. Saunders.

Senator HARTKE. The next witness will be Mr. Anthony Haswell, chairman, National Association of Railroad Passengers.

STATEMENT OF ANTHONY HASWELL, CHAIRMAN, NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

Mr. HASWELL. My name is Anthony Haswell. I am chairman of the National Association of Railroad Passengers, with offices at 41 Ivy Street SE., Washington, D.C. I appear on behalf of this association with regard to the legislation on rail passenger service now being considered by this committee.

The National Association of Railroad Passengers is an Illinois not-for-profit corporation. Membership is open to users of all kinds of railroad service—commuter, high speed, and long distance—and to anyone else who believes that rail passenger service is a valuable national asset which should be preserved and improved. Since our beginning in July 1967 we have enrolled over 3,500 members from all parts of the country. Our specific objectives are to obtain—

1. Stronger legal controls over discontinuance of passenger trains, and greater consideration of the overall public interest in continued passenger service in individual cases; and

2. Positive Government action to aid, encourage, and promote rail passenger service, including equal treatment for railroads by Government in relation to other forms of transportation.

Our activities in furtherance of these objectives include working for the passage of constructive legislation; opposing selected proposals for train discontinuances before regulatory authorities and the courts when, in our judgment, the overall public interest justifies such opposition; and conducting a continuing educational program to acquaint the public with the advantages and benefits of good passenger service, and the underlying economic and political issues of the problem.

A discussion of rail passenger service must of necessity be divided into two parts: the need and place for relatively conventional passenger trains as we know them today, and the need for high-speed service of advanced technological design. While of course it would be desirable to have high-speed service on all routes between major points, the cost of providing it is sufficiently high that the expenditure cannot be justified unless there is the prospect of a substantial volume of traffic.

When I use the term "conventional" train service, I emphatically do not mean the downgraded standard of service that is all too prevalent today. On far too many runs, adequate standards of maintenance and cleanliness, and reliable on-time performance are but pleasant memories. Furthermore, even assuming a top speed of 80 miles an hour, many trains could be operated on faster schedules than are now in effect. So in discussing the need and place for conventional train service, I am talking about trains that will be moderately speeded up, run on time, and kept clean and properly maintained.

Generally speaking, we believe that trains have the following advantages over one or more of the other modes, which justify their retention and improvement on many runs throughout the country even if the others are physically capable of handling the entire passenger load.

COMMON CARRIER

Trains are available to anyone who pays the price of a ticket. The automobile can never be a complete substitute, as not all persons are able to drive, or are able to afford to own a car or otherwise gain access to one.

SAFETY

Trains have the best safety record of any mode of transportation, as calculated on the basis of fatalities per hundred million passenger-miles. Over the past 10 years, buses have been 50 percent more dangerous, airplanes $2\frac{1}{2}$ times as dangerous, and automobiles 20 times as dangerous. The hazards of highway travel are multiplied during winter weather conditions.

DEPENDABILITY

Airline performance is vulnerable to weather conditions, especially in winter. The same is true to a lesser extent of highway travel. Further, airplanes are increasingly running late because of air traffic delays.

ECONOMY

For short- to medium-distance trips, the train is more economical than the airplane. The same is true as against one person driving an automobile. Railroads are the most efficient of any mode for handling special groups, excursions, seasonal and holiday travel peaks, and war and national emergency needs. Special trains are an appealing alternative to fighting the crowds on the highway that inevitably appear whenever there is a big sporting event or other affair attracting large numbers to one location. The capability of economical movement of trainloads of people is perhaps the most important reason why we should retain passenger service. When the need for transportation is most crucial, the train is at its best.

SPEED

Between many points the train is, or can be, faster than the bus or auto.

COMFORT

Trains are smoother, roomier, and more comfortable than buses, and have such amenities as food and beverage service.

RELAXATION

For many people, highway travel is tense and fatiguing. One must be alert to the road ahead at every moment. Train travelers are free to work, read, look out the window, or sleep. While this is also true in theory for air travel, some people are psychologically averse to

flying, and even regular air travelers undergo some degree of tension during their trip.

SIGHTSEEING

The picture windows and domes of a modern train are ideal for seeing the passing countryside. The air traveler will see a relief map of the country if he is lucky: otherwise he will see the clouds. The moment the motorist takes his eyes off the road to view the scenery, he becomes a deadly menace to himself and others on the highway.

The need for high-speed corridor train service between major megalopolitan areas stems from the inability of the highways and airways to handle the ever-increasing volume of travel. While of course it is possible to expand these facilities, sufficient capacity for future needs cannot be provided without doing unacceptable damage to the environment in urban areas.

LAND USAGE

Urban expressways and airports are voracious consumers of real estate. If they are built in an existing residential area, thousands of people are forced to find a new home. In many instances, they are among the least able to afford the expense of relocation. If park land is used, the cost to the community is equally obvious. Even if undeveloped space is utilized, land is thus withdrawn from future use for housing and recreation. And of course, since highways and airports are publicly owned, land appropriated for these uses is permanently removed from the tax rolls. Opposition to expressway construction on these grounds has brought the highway program to a dead stop in San Francisco and is threatening to do so in Washington, D.C. Chicago's mayor has made clear that he will oppose the construction of any more expressways into the heart of the city.

In contrast, one line of railroad can handle as many people in the same timespan as 10 to 20 lanes of highway. In Chicago, the C. & N.W. rail terminal handles as many people each day as does the vast expanse of O'Hare Field. The four airports of the New York metropolitan area occupy as much land area as the Penn Central main line all the way from New York to Buffalo.

AIR POLLUTION

Automobiles are a primary source of air pollution in our major cities. Jet aircraft are making their contribution to the problem on a smaller scale. A diesel train creates far less pollution per passenger carried than either plane or car, and an electric train is pollution-free.

NOISE

Residents of areas near major airports have already forced major alterations in landing and takeoff patterns because of intolerable noise levels. It has been said that even if the controversial SST airliner is eventually built, it will not be used on any domestic routes because of the sonic boom. A heavily traveled rail line is quiet by comparison, and an electrified line is virtually silent.

Furthermore, we must not overlook some basic economics. New expressways cost a minimum of \$1 million per route mile even if built

through open countryside. In built-up urban areas the cost is \$10 million per mile on up. By contrast, rail tracks and rights-of-way can be economically upgraded for high-speed service. For example, in 1963 the New York Central completely rebuilt 50 miles of track between Youngstown and Ashtabula, Ohio, at a cost of \$1 million, including the replacement of thousands of crossties, addition of tons of new ballast, and installation of new signaling. While the reconstruction of track for smooth, safe high-speed operation would be somewhat more expensive, it would still be a bargain compared to a new highway. The recent rash of freight derailments is a reminder that the railroads will have to spend more money on track maintenance whether they run passenger trains or not.

The economics of future airport construction are equally bleak. As new airports will have to be built farther and farther away from the center of the metropolitan areas they are designed to serve, substantial sums must be spent on providing high-speed access to and from the airport. And as more and more aircraft converge on any given area, the cost of the necessary airway control systems will skyrocket. The new Dallas-Fort Worth airport will cost, exclusive of access roads, \$250 million. The estimated cost of a new jetport for New York City is \$400 million at a minimum. The cost of a new airport in Chicago will be immense no matter where it is put. The choices have been narrowed to a site out in Lake Michigan, which has been attacked as a probable source of pollution or a site about 40 to 50 miles out of town, which will require an expensive high-speed ground link between airport and downtown.

In order to justify the substantial capital investment that will be required, the new trains must be capable of attracting large numbers of air and highway travelers. The essential requisite in this regard is a running time of 3 hours or less, offering an alternative to air service which is virtually as fast if one considers the time necessary to get to and from the airports. The new Metroliner service between New York and Washington now offers three daily round trips, one of 2½ hours and two of 3 hours. Train travel between New York and Washington has increased 72 percent over a comparable period a year ago.

We believe that several of the bills now before the committee would be most helpful in bringing about the modern rail passenger service that is so badly needed.

NARP strongly endorses S. 2939; legislation clarifying the ICC authority to set standards of passenger service; and Senate Concurrent Resolution 32.

NARP agrees with the basic objectives of the amendments to section 13a recommended by the ICC and introduced by Senator Hartke as S. 2887. The purpose is to give those members of the general public who oppose a specific discontinuance, more time to prepare their case and a stronger legal foundation. However, we feel that to truly accomplish this purpose, and to effectively protect the consumer passenger service, additional language should be included. We have recommended specific language and I respectfully ask that the subcommittee give careful consideration to these proposed amendments.

NARP strongly supports legislation on standards of service. However, we believe that the amendment to section 13 proposed by ICC is too weak to do the job. It would not give the FCC the authority to

restructure service so that a truly national network of passenger service could be created. Further, by specifically listing the housekeeping items over which the ICC would have jurisdiction, the bill is limited in its scope.

Senator HARTKE. In other words, you would prefer general overall authority for the ICC concerning adequacy of service and leave it up to them to make a determination as to what constituted that adequacy of service, without specific mention in the legislation.

Mr. HASWELL. Yes. I believe so, Senator. It is the body with expertise which has been created by Congress to determine these questions.

I do call your attention to a bill introduced by Congressman Adams in the House, with 70 cosponsors, H.R. 13832—

Senator HARTKE. He has testified here on behalf of that proposition.

Mr. HASWELL. Fine.

Now with regard to Senate Concurrent Resolution 32, the Allott resolution, we strongly favor the enactment of this resolution and the investigation and study which it calls for. The specific guidelines enumerated in the resolution are self-explanatory, and are a concise summary of the problem areas to be dealt with if we are to have truly modern rail passenger service for all parts of America. The 6-month time limit on completion of the investigation and study will allow for recommendations which flow therefrom to be acted upon by this Congress if the resolution is promptly enacted.

S. 2750

We are in favor of Government financial assistance for rail passenger service. Indeed, in view of the rapidly deteriorating situation of this service in the face of continuing massive Government expenditures for the benefit of other modes, a well-conceived program of Federal aid is imperative. In 1968 alone the airlines received approximately \$670 million in Federal money from the general fund for airway facilities, airports, and direct subsidies, which was not recovered by user charges. While highway expenditures are harder to pinpoint, there is serious question whether highway users are in fact paying the full cost to the Government for facilities provided them. In any event, both of these modes enjoy important additional benefits as compared to railroads stemming from the fact that by far the largest part of their fixed facilities are publicly owned. State and local property taxes are avoided almost entirely. User charges paid by air and highway carriers are deductible in full for Federal income tax purposes in the year in which paid, even though the bulk of such money is spent for capital improvements. Railroads must capitalize such investments and are permitted to depreciate them only over a longer period of time.

I would like to interject here that I thought Chairman Saunders of the Penn Central made a very forceful statement along these lines that we could hardly improve on. I would like to identify our association with that statement.

Senator HARTKE. Isn't it unusual for you to identify yourself with any railroad man in management?

Mr. HASWELL. We have to be impartial, Senator.

Senator HARTKE. I think it is a departure at least.

Mr. HASWELL. Nevertheless, we believe that operating subsidies should be viewed with considerable caution. They are not a funda-

mental solution to the economic problems of rail passenger service, which are primarily traceable to an obsolete physical plant which is inefficiently operated. An inherent danger of operating subsidies is that they would pay for such inefficiencies on a continuing basis. Railroads receiving subsidies would have little or no incentive to reduce expenses or to increase revenues on their own initiative. The Federal Government would be in the position of paying for admittedly poor service provided at excessive cost. In short, operating subsidies have the risk of becoming permanent drains on Government revenues without commensurate public benefits.

We are convinced that if an appropriate program of capital assistance were enacted to enable modernization of rail passenger equipment and facilities; if the present pattern of service were restructured in accordance with present and future needs; if revenues were increased through the provision of better service aggressively promoted; if labor work rules were modernized; if adequate user charges were imposed on other modes for publicly financed facilities; and if appropriate State, local, and Federal tax relief were extended, operating subsidies would not be necessary to insure the survival of passenger service. Avoidable losses on passenger service would either disappear entirely or be sufficiently small to be rightfully absorbed by the railroads as part of their obligation as public utilities.

Nevertheless, we recognize that all of the above remedial steps cannot be accomplished overnight, and it may be that the Congress will conclude that at least an interim operating subsidy program is necessary. Accordingly, we will comment on the specific provisions of the bill.

First, we strongly oppose the concept of reimbursement in full for losses on any particular train. The incentive to improve results by increasing revenues and/or reducing expenses would be completely eliminated. A similar statute has been enacted in Canada which limits reimbursement to 80 percent. Nevertheless, press reports indicate that railroad managers in that country may become more preoccupied with proving the largest possible loss rather than attempting to improve the picture through positive action. We urge that subsidies be limited to 67 percent—two-thirds—of the provable loss.

Second, we object to the provision of the bill which calls for inclusion of "an appropriate allocation of common expenses and overheads." This language would inevitably be interpreted by the Commission and the courts as requiring payment to the railroads on the basis of the so-called ICC "fully distributed" or "fully allocated" cost basis of the so-called ICC fully distributed or fully allocated cost formula. This formula was severely criticized by the Commission itself in its recent "Investigation of Costs of Intercity Rail Passenger Service as substantially overstating the amount of money that the railroads would save if they were to discontinue passenger service. The fully allocated deficit for all railroads is running close to \$500 million annually, while the amount that could be saved were service discontinued is only half that amount at most. Since it can safely be assumed that there isn't a passenger train in the country that isn't losing money on a fully distributed basis, enactment of the bill in its present form would enable the railroads to bill the Government for \$500 million per year for poor passenger service, of which \$250 million would be not a subsidy but a windfall.

Senator HARTKE. In that regard, do you recommend that the two-thirds limitation apply to the so-called avoidable loss, or the \$250 million amount?

Mr. HASWELL. Yes, the avoidable loss.

Senator HARTKE. In other words, you would still think it should apply on a two-thirds basis of avoidable loss.

Mr. HASWELL. Yes.

Third, we must oppose the linkage of a subsidy program with the passenger train discontinuance mechanism of section 13a. Under the bill as now drafted, no subsidy could be granted unless a railroad filed a discontinuance notice with the ICC. Accordingly, we can assume that if the bill were enacted, the vast majority of trains still operating would become the subject of discontinuance proceedings. The resulting publicity would put a psychological chill on the service. The negative aspects would be emphasized and the positive benefits of improved passenger service would be ignored. The public would very likely conclude that trains were obsolete and not worth riding on or supporting with public funds. Experience in Canada is a case in point. The new law granting an 80-percent subsidy requires the filing of a discontinuance application as a prerequisite. This past summer the Canadian railroads announced their intention to avail themselves of the law by filing for discontinuance of almost all trains. The story was widely reported in the American press as evidence that the Canadian passenger revitalization program had failed and that massive discontinuances were in fact imminent.

If we are to subsidize passenger service, it should be done in a positive atmosphere, so as to encourage public support for the program in the expectation of substantial improvement for the benefit of a wide spectrum of travelers. As this bill is presently drawn, the public will be invited to a funeral and then given an opportunity to keep the corpse barely alive by making an exorbitant financial contribution. The probable reaction would be such that Congress would have to repeal the law, or else refuse to appropriate necessary funds to implement it. Hence we regard the bill as a carefully planned scheme to stir up the public against passenger service, rather than a well-conceived program of necessary public assistance.

We favor a capital assistance program for modernization of passenger equipment as is provided for in this bill. However, here again we oppose any link between such a program and the train discontinuance procedures. Also, we believe that appropriate legislation for this purpose should spell out the responsibilities of the Secretary of Transportation and of the railroads in considerably more detail than is set forth in the bill.

Finally, we would like to offer an alternative suggestion for an operating subsidy than the approach taken in this bill of making up deficits of specific trains. There is broad agreement that the cost of operating large passenger terminals, including supporting facilities, is an important part of the total cost burden of passenger service. For a variety of reasons, terminal costs, especially those at jointly operated terminals, are not susceptible to significant reduction or even to close control. Elimination of this category of expense is an important objective of the increasing number of railroads that are striving for total elimination of passenger service. If government assistance were spe-

cifically earmarked for the operation of terminals, a big incentive for railroads to get out of the passenger business would be eliminated. Such a program would be consistent with long-standing policy toward air transportation, in that a heavy portion of the aid given to airlines has been in the form of airport facilities and takeoff and landing guidance systems.

S. 2939

This bill would provide \$195 million over a 4-year period to modernize railroad passenger equipment. The Secretary of Transportation would be authorized to purchase existing equipment and arrange for its rehabilitation, and to purchase new equipment including high-speed trains. He could then lease the equipment to railroad or regional transportation authorities. He would be responsible for the servicing, maintenance, and repair of such equipment, and also could provide modern rehabilitation and repair facilities to whomever he contracted with to perform this work.

We enthusiastically support this legislation. The expenditure of Federal funds it calls for would result in solid, tangible benefits for both the public and the railroads.

Much of our existing intercity passenger fleet is literally falling apart. Unless a major program for its rehabilitation and replacement is undertaken soon, there will be no more passenger service because there will be no passenger cars left which can be operated to provide even the most minimum standards of safety and reliability. The number of passenger cars have been declining by about 1,000 each year since 1958; by the end of 1968, it was down to 8,500. It is clear that the railroads either cannot or will not spend the necessary funds to revitalize their car fleets. In view of the upromising economics of present passenger operations and the need for capital investment in the freight business it is probably unreasonable to expect them to do so.

Modern equipment would do far more for the railroads than merely allowing passenger service to be physically continued. The most obvious benefit is providing more attractive service. New and rehabilitated cars would ride more smoothly and be more comfortable. They would be less vulnerable to mechanical and electrical malfunctions. It is imperative that trains be made attractive enough to lure passengers back to the rails from other modes. Yesterday's hardware will simply not do the job.

Perhaps of equal importance in the contribution that modern equipment can make toward reduction of operating expense. Testimony in last year's California Zephyr case before the ICC indicated that were new equipment purchased or the existing equipment given major rehabilitation, it would be very attractive investment if it is assumed that the train is to be kept in operation. We are told that maintenance and repair expense of new commuter cars operated by Penn Central in cooperation with the Southeast Pennsylvania Transportation Authority is a small fraction of that the older cars replaced. Spiraling equipment maintenance and repair costs are a powerful force behind the railroads' drive to cut back passenger service, and is exemplified by the California Zephyr, effort behind to economize by skimping on this work result in substantial service deficiencies which in turn drive people off the trains.