

set out in the contract; to build high level platforms at Wilmington, Baltimore, and Washington, D.C.; to retrain personnel to be utilized in the new service and to operate the new trains on schedules of not more than 3 hours between Washington and New York. The consideration to be paid to the Penn-Central Railroad for the performance of the contract was \$9.6 million. The Penn-Central Railroad was to bear all costs which, excluding the Government's contribution, were estimated at the time of the signing of the contract to be between \$20 and \$25 million. The contract also provided that the Department of Transportation would be able to collect data on passenger movement on board trains between New York and Washington prior to and during the demonstration.

The conduct of the demonstration between New York and Boston posed a different situation. There the New Haven Railroad has been in bankruptcy for 7 years. The Department of Transportation had to take full responsibility for the conduct of the demonstration. Early in 1966 the Department contracted with United Aircraft for the lease of two trainsets for a 2-year period at a cost of \$1.7 million. The Department agreed to pay maintenance costs for the 2-year period which would amount to \$2.8 million. We estimate that the operating and other costs of the New York-Boston demonstration will be about \$9.5 million. Some of this expenditure may be returned through revenue sharing arrangements with the New Haven Railroad.

From the New York-Boston demonstration we expect to make a determination of the prospective usefulness of equipment which can operate at a substantially higher speed than conventional equipment over curved roadbed. If this equipment is successful and is attractive to the public it may be tried out in short and intermediate rail passenger hauls through many areas of the country. It offers the prospect of substantially upgrading service at minimum cost.

Both the Washington-New York and New York-Boston demonstrations have been delayed beyond starting times we originally hoped for. Very clearly we were unduly optimistic about the time that would be required for the design, building and testing of new equipment. In both cases the equipment is a substantial advance in the state of the art. United Aircraft TurboTrains are relying on turbine power for propulsion and have adopted an advanced suspension system. The cars for the Washington-New York demonstration, built by the Budd Co., are electronically the most complicated ever built. They will have a sustained speed capability of 150 miles per hour and will have automatic controls of speed, braking, and wheel slide. If the speed requirement of 150 miles per hour had not been imposed, it is probable that the cars could have been built much more quickly. This would have precluded the possibility in the future, however, of advanced improved performance with better roadbed.

The target dates for the start of the demonstration were set to convey a sense of urgency in the program. When it was apparent that the project would not meet these target dates, I called a meeting of the major industry participants in the demonstration program. At that meeting I suggested that all of us form a task force to identify and establish the priority of the unresolved technical problems. The task force identified these as follows: