that a further rationalization of Federal policy is needed here.

E. Costs of Operation

The passenger deficit, which represents the excess of expenses related to passenger service and a proportional share of expenses common to both freight and passenger service over revenues, declined rapidly from $723.6 million in 1957 to $408 million in 1961 and where it remained fairly stable until 1967. Estimates for last year indicate that the deficit may increase to $484.9 million or by 20 percent over the 1961-66 levels despite the recent cutback in service.[21] A summary of the solely related deficits and passenger deficits for 1957 through 1966 is attached as Appendix G. The data represent the collective results of all passenger trains; they do not imply that all trains are equally as unprofitable.

A national passenger deficit of $484.9 million does not mean the railroads could immediately save that amount if they abandoned all passenger services because certain common expenses formerly assigned

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21 From 1958 through 1962, the passenger deficit declined rapidly in the East from $206.4 to $133.6 million and remained relatively constant until 1967 when it jumped to an estimated $162.6 million. In the West, the deficit decreased from $311.9 to $190.2 million from 1958 through 1962 and then stabilized until 1967 when it increased to $219.4 million. In the South, the deficit dropped from $92.2 million in 1958 to $65.8 million in 1961 but has shown annual increases to an estimated $102.9 million in 1967.