

about the railroads are basically financially oriented, and I am trying to say they ought to be people-oriented, and I want to get from you how far I can push you as to what you are going to leave for the people?

Mr. LANG. I can't disagree that they ought to be people-oriented both in their freight and passenger service. However, we can never forget that someone has to pay for the service that they are giving to the people, both the freight shippers and passengers, and if we continue to force them to render service which is not compensatory, we are going to find that the railroads no longer have any financial cushion to give service to anyone, freight or passenger.

Mr. ADAMS. Do you recommend then that we take off, for example—I notice this has been recommended—the ticket tax on passenger tickets for one thing?

Second, it has been recommended by your Department and others that we should go into a program of sale, for example, of the basic passenger and terminal facilities to the local units of government, with perhaps Federal subsidies to help them purchase this, and later on that these be operated by public bodies, thus taking that expense off and perhaps we should have, as we have with the airlines, some type of subsidy provided the passenger service is staying at a certain level and meeting certain standards? What is your position on these programs? Do you think this thing is so bad we should not bother with it at all?

Mr. LANG. No, sir. As to the ticket tax, that, of course, has already been taken off of rail tickets.

As to the possibility that State or local jurisdictions, with or without Federal financial assistance, might take over terminal facilities and operate them or at least own them and carry the investment in them and allow the railroads to use them, we have taken no position on the kind of a proposal yet, pro or con, but I think it is one that merits serious consideration, and in some areas this has been done.

Specific cities have bought station facilities from railroads and leased back to the carrier that space in the building which they required for their passenger operations, and it has worked out quite satisfactorily in some cases, I understand.

As to a more general type of subsidy program, we have looked at this in a very preliminary way, and, frankly, are a little frightened at the amounts of money that would be involved in keeping the railroads whole financially on anything like the present level of intercity, not commuter but intercity, service that we still have in the country. The numbers are very large, up in the neighborhood of \$50 million to \$200 million a year. We are not ready in this period of fiscal stringency to come up here and propose that kind of a subsidy program.

Mr. ADAMS. Do you think that in the range of \$50 million to \$200 million a year, you could maintain minimal passenger service, though?

Mr. LANG. It would be minimal, but it would be possible, given present costs and present patronage; however, I should point out that the patronage is dropping off steadily even on those trains which by all odds and all accounts are very satisfactory as far as the quality of their service is concerned.

Mr. ADAMS. Thank you, Mr. Chairman.

Mr. FRIEDEL. Mr. Watson?

Mr. WATSON. Thank you.