I interpreted the Commission's efforts to secure changes in the regulatory framework and to secure a subsidy for intercity passenger trains (which it recommended in the New York, New Haven & Hartford's application for total discontinuance of passenger service and at other times) as efforts to deal with this dilemma.

I argued, however, that a subsidy could not possibly be effective any more than the regulatory process is effective in preventing the passenger train.

The present arrangement whereby railroads are simply forced to run passenger trains is a form of subsidy but an inept one. That is to say, it is a subsidy of a passenger train financed by an implicit tax on the railroad industry, amounting at present to approximately 27 percent of its net profitability from freight operations.

It is an inept tax; mainly it falls on railroads individually. Their ability to provide passenger service depends on their profitability from other operations; whereas, the political pressure on them to provide passenger service is not related to this.

Once comes to the dilemma in which the Commission finds itself, that the railroads in the arid West could provide a great deal of passenger service, if forced to do so; but the population density is so low that the political pressure is relatively small. The New York, New Haven & Hartford serves the most populous area of the country, and so has the greatest political pressure on it to provide passenger service; but partly because it has so much passenger service and partly for a large number of other reasons, some of which are unique to it, it is the least able to bear the implicit tax. Consequently, a subsidy which might be the recommendation of the proposed inquiry, could provide only this which present policy does not. It would free policy to provide passenger service in response to political pressures apart from the profitability of an individual railroad.

But by application of the logic that I have used in this presentation, it could not prevent the decline and eventual extinction of passenger service on railroads. It could not do so; no policy could do so, unless it could change people's evaluation of time, and unless it could prevent employees in manufacturing industries from becoming more productive, as they do.

No policy could or should accomplish these things, and, therefore, I argue strongly against either measure to preserve passenger trains through changes in the regulatory processes, the statutory framework of the regulatory processes, or through a subsidy.

I argue instead for changes in the regulatory framework to facilitate the end of what I have argued to be an unambiguously hopeless activity: either to retain the present framework of policy which will probably result in extinction of this form of transportation by 1975, or to write into the present text of the act an explicit market test of profitability, stating that any demonstrably unprofitable passenger train may be discontinued, or preferably simply by replacing the present process with a carte blanche authority of railroads to get out of the passenger business on 90 days' notice. This will be sufficient time for people who currently use passenger trains to make alternative arrangements.

There is no passenger train which is presently unprofitable which has no satisfactory or superior alternatives available. It is not in the