interpret the reduction in standards of service as efforts of the railroads to discourage passengers. If such an interpretation were valid, luxury services such as the *Panama Limited* would hold up better than economy services of the character of the *City of New Orleans*. Exactly the reverse is true; coach services serving large concentrations of low-income persons and of the retired decline more slowly than any other, and luxury sleeping-car trains have proved the least viable of any mainline services.

The great majority of travellers evaluate train travel as intermediate in quality between plane and bus. The minority which prefers train to plane is continually heard in regulatory proceedings and elsewhere. The minority which prefers bus to train, which may be equally large, is unheard, simply because it has the option freely available for the foreseeable future to use the bus.

Because the majority of Americans evaluate train travel as intermediate between plane and bus, it must be priced intermediate between the two. As evidence brought forth in the Southern Pacific's effort to discontinue the *Lark* in 1966 indicates, the costs of moving a passenger by rail coach are approximately double those of moving him by either of the alternatives. Therefore, there is no way of making rail passenger service profitable.

Further, one can predict, again with perfect confidence, that the cost disadvantage of the railroad passenger train will increase relative to the alternatives. Much is made of the inappropriateness of railroad work rules for passenger service. Such arguments are valid enough, but they neglect two important considerations. First, the strength of the unions in the railroad industry is not fortuitous, but intrinsic to the technology of the industry. A union is effective in direct proportion to the amount of economic activity it can halt with a strike. The large amount of capital irrecoverably committed to railroading makes the industry liable to the threat of strikes almost beyond any other. Similarly, the industry's wide geographical dispersion causes its unions to have exceptional political strength. As a consequence, arguments as to what could be done if the unions were not so strong only superficially attractive.

Second, the cost disadvantage of the passenger train is more basic than the nature of the work rules. The passenger train is a service-intensive activity which shares with other service industries (hotels, hospitals and restaurants, for example) an inability to match the increases in productivity of industrial employments with which they must compete for labor. This situation is all the worse in railroading because the demand is declining. In addition, the Boeing 747 and the Lockheed and Douglas air buses, along with the other "second generation" of jet aircraft, are expected to handle passengers at a third or more below the cost of moving them in existing aircraft. Thus, by the mid-1970's the cost ratio adverse to trains relative to aircraft is expected to move from 2:1 to possibly 4:1.

The passenger train is currently being superseded by a variety of superior alternatives, the most effective of which, the jet aircraft, presents the immediate prospect of improvements which will greatly worsen the disadvantage of the train. The passenger train itself is incapable of any major improvements, as the difficulties in establishing the Northeast Corridor highspeed rail line demonstrate. What it can accomplish is what it has accomplished with the level of service to which it was brought with the various *Zephyrs*, *Rockets*, and *Daylights* of the post-war period. None of these, together with the advertising which accompanied them, proved able to reverse the decline of rail passenger traffic.

The absolute hopelessness of rail passenger service was demonstrated with exemplary clarity to the Interstate Commerce Commission in 1958, almost simultaneously with the Commission's being vested with powers over the discontinuance of passenger trains, by Examiner Howard Hosmer in his report *Railroad Passenger Train Deficit* (Docket No. 31954). Examiner Hosmer argued in a fashion similar (though not identical) to what I have argued here, also reaching the conclusion that the passenger train was inexorably destined for extinction and that no steps should be taken to prevent its demise. The Commission, unfortunately, was unwilling to accept Examiner Hosmer's conclusion, but instead stated that the passenger train was "essential for the nation's well being" (306 ICC 417 at 484) and recommended a variety of measures for its perpetuation, none of which have been implemented.

The Commission in its administration of Sections 13a (1) and (2) has endeavored to pursue two inconsistent and, in fact, irreconcilable policies simultaneously. There is nothing particularly unusual in its having done so; its statutory body of authority is so nebulous that it has frequently, if not typically, behaved in this fashion. It has, for example, consistently denied that it engages