profit picture and your earnings are not caused by the passenger train problem but by something else.

Mr. MOLONEY. Well, when you say that we have reduced the passenger train service deficit, you say——

Mr. ADAMS. I say you decreased the number of trains. You cut them in half.

Mr. MOLONEY. What I have tried to point out, and what Mr. Goodfellow has tried to point out, was even with the reduction of the trains that you have mentioned, that our deficit has been on the increase almost constantly since 1962, and that it was expected that in this year to exceed $600 million.

Mr. ADAMS. What I am saying to you, you are cutting the trains in half. You only have half as many and yet you are maintaining your passenger train deficit, according to your testimony, and Mr. Goodfellow's, as remaining the same as it was in 1958, which indicates to me there may be some truth in Mr. Messer's statement, when he made the investigation for the ICC, that you are in your accounting practices shifting your losses to the passenger train operation by putting a larger portion of your fixed costs against that operation than should be allocated to it.

Mr. MOLONEY. Mr. Adams, while you reduce your operations, and while you reduce the number of employees, while your cost of materials, supplies, and labor continues to mount, depending on how much they mount, you can cut in half and still wind up with more cost.

Mr. ADAMS. This is what I am pointing out, that your deficit problem is not coming from your passenger train operation but from something else, because you have reduced your passenger trains in half. According to your figures you might reduce the passenger trains in half again and still run the same deficit. So what we are asking you is, what is happening with your deficits, because they must not be directly tied to your passenger train operation.

Mr. KUYKENDALL. Will the gentleman yield for a question?

Mr. ADAMS. Yes.

Mr. KUYKENDALL. If you had half as many passenger trains operating and there were half as many passengers per train as previously, you would be in the same place you were when you started out.

Mr. ADAMS. No, no.

Mr. KUYKENDALL. Sure you would. In other words, if your train was operating at 10 percent of capacity, let's say, when we started out in 1958, and you cut them in half, in two, but the half are only operating at 5 percent of capacity, you would end up with not half as many passengers but one-fourth as many passengers and be back where you started from; is this not correct?

Mr. MOLONEY. Are you asking me?

Mr. KUYKENDALL. Anybody who wants to answer.

Mr. MOLONEY. I was waiting for Mr. Adams.

Mr. ADAMS. I do want to pursue this with Mr. Moloney and I will answer Mr. Kuykendall. You have reduced the number of trains in half and your revenues are going up. The revenues have gone up in your total system. If you take as a flat fact that half as many trains should cost approximately half as much, and you have revenues staying where they are or going up in your total system, then the number of passengers being carried makes no difference at all because the