

I have shown you since 1946 the railroads under that formula have lost \$11 billion. Do you want to say that the formula is 10-percent wrong? It is 20-percent wrong? Or do you want to say it is 50 percent?

Mr. ADAMS. What I want you to answer me is, since 1958, when we passed this statute, because the railroads said we want to get the passenger business knocked down, in other words, it is costing us money, so this formula went in and half the passenger trains are gone and there are more being taken off all the time, but you indicate that this does not help you. In other words, you are losing as much with half as you did with the whole.

Mr. MOLONEY. No.

Mr. ADAMS. What was said about it?

Mr. MOLONEY. We do not—

Mr. ADAMS. I want you to explain this to me. Let us say you have four passenger trains running and you have 15 freight trains, and you allocate to the passenger trains a percentage of your fixed costs, your rails, your men repairing the line, your stations and so on. Now, if you are now still allocating to the two trains that are left the same amount or proportionate share of your fixed costs as you were originally, then obviously you are making the passenger train operation look worse than it is in terms of total loss, and yet you have improved your position in terms of the fact that you are only running two trains instead of four. That is what I am asking you. What are you doing?

Mr. MOLONEY. We have not said this was no help to us. As a matter of fact, as Mr. Goodfellow pointed out, if we were running the same level of passenger train service today that we ran in 1957, the year before section 13a was put on the books, if we were running that same level of passenger train service today, our deficit would be \$1.5 billion and would exceed the total net railway operating income from freight. So we certainly say yes, we have benefited financially in a sense of the word of cutting down and getting rid of this losing service and unneeded service.

Mr. ADAMS. All right, I have one other question. There are two concepts that run through the controversy that goes through this. One is what I refer to as the Phoenix-bird concept, which apparently you adopt, and so do some members of the Department of Transportation, which is to say that the thing is so bad we should let it go down to ashes and so you have nothing and maybe then something will grow up out of the ashes. The other alternative is to try to keep something alive so our people can travel with the hope that this service can be improved. The reason I ask you about this is according to the testimony we had about a year ago on the airlines, only about 5 to 10 percent of our people travel on the airlines. We found this out because the question was whether or not the airlines shutting down was such an emergency that the country couldn't live with it, and everybody agreed 5 to 10 percent were all that traveled by air. You say 2 percent are all that are traveling on the railroad. I want to know what public modes of transportation then are the bulk of our people going to travel on? Are you going to put them all in individual automobiles?

Mr. MOLONEY. The bulk of the people are not in the airlines figures that you have given me, nor in the railroad figures.