

13a could well result in serious setbacks for this target date, delaying the implementation until 1970, if then.

Apart from our Mini Corridor proposal, the present provisions of Section 13a have been of vital importance in permitting the expeditious discontinuance of a number of trains providing local type service, trains which, prior to their discontinuance, had been almost totally deserted by the traveling public in favor of the automobile. Such trains can be viewed as the cancerous parts of the total operations, these trains, operating with little patronage and revenue to support them, serve only to incur deficits of such magnitude that the economic viability of the entire passenger operation, including its profitable parts, is threatened. It would be tragic if the entire passenger service were destroyed simply because of an inability to eliminate its cancerous parts, an inability caused by radical changes in the present provisions of Section 13a.

It is hardly necessary to dwell upon the importance of the benefits that have inured to the general public as a result of the application of the present provisions of Section 13a. If the railroads had not been able to eliminate the number of deficit ridden trains that have, to date, been eliminated by use of Section 13a, the present level of freight rates would have had to be substantially higher to support such deficits, and the recent increases in freight rates would have been much greater. However, if there were such a very much higher level of freight rates, a vast amount of competitive freight traffic would have been lost to motor carriers and water carriers, carriers which are not in the position of being required to support huge passenger deficits. But as the vicious cycle would continue, the remaining freight traffic, not lost to competitive carriers, would have had to be charged an even higher level of rates to support the fixed costs of operating the railroads. And then most of this traffic would probably have been driven away by the then unbearably high rates.

The end result, and I submit that it is not a far-fetched end result *if* such events had occurred, is that those railroads with significant passenger operations would have been forced into bankruptcy.

Such a result did not occur simply because it was possible to eliminate the deficit ridden trains, through the application of the provisions of Section 13a. However, if the provisions of this section are changed so that it will no longer be possible to quickly remove such trains, the above described vicious circle could well come into operation. This is the case even though the present passenger deficit may not, in itself, be sufficient to cause such a result. Yet as present trends of sharply declining revenue and sharply escalating costs continue, and there is no reason to believe they will not do so, present deficits will climb sharply—from their already high level—if it is impossible to continue to eliminate trains which operate at a substantial loss.

Accordingly, I urge the extreme caution be exercised in the revision of Section 13a of the Interstate Commerce Act, lest it become most difficult, if not impossible, to utilize its provisions for the implementation of changes designed to improve service, as well as to eliminate those cancerous trains whose deficits sap the economic viability of the passenger operation as well as jeopardize the economic stability of the railroad system as a whole.

Sincerely yours,

WILLIAM B. JOHNSON, *President.*

LOUISVILLE & NASHVILLE RAILROAD CO.,
Louisville, Ky., July 8, 1968.

Re S. 2711, S. 1685, S. 1175, S. 512, Senate concurrent resolution 25, Senate Joint resolution 52, and bill introduced on June 28: H.R. 18212 passenger trains.

HON. HARLEY O. STAGGERS,
Chairman, House Interstate and Foreign Commerce Committee,
House Office Building, Washington, D.C.

DEAR MR. STAGGERS: The captioned bills have for their purpose extension of the period in which a railroad must operate a losing passenger train after the date upon which it proposes discontinuance, authorization of the Interstate Commerce Commission to impose conditions not only upon the discontinuance of the train but upon the overall passenger service of the applicant, and authorization of imposition of conditions for the protection of labor.

The Louisville and Nashville Railroad Company respectfully urges that Section 13a be left as it is. We oppose any amendments of this statute. Section 13a