

service, if any, was essential to the national interest. Therefore, I welcome the provision of H.R. 18212 which would provide for a substantially similar study.

However, coupling such a study with a moratorium of train discontinuances is, I think, ill-advised for a number of reasons. Foremost is the undisputed fact that you will continue to impose on the passenger-carrying railroads an intolerable burden. Penn Central alone had a passenger deficit of \$85 million in 1967; so far this year, that deficit is accruing at an annual rate well in excess of \$100 million. No industry can continue to absorb a deficit of this magnitude—least of all the rail industry. Funds to meet the deficit can come from one source, our freight shippers, who are understandably but increasingly resistant to freight rates which must be increased to include the passenger burden.

At the same time, we have been held to a rate of return on invested capital of approximately 2%. No industry can live on such a rate of return. Our rate of return is shamefully low, particularly when contrasted with the rates of return for the airlines and the motor carrier industry. Theirs rank near the top of the list. I need not remind you that these, our major competitors, have been lavishly subsidized by the State and Federal Governments. Fairness alone dictates rejection of the moratorium concept.

Further, such a moratorium is unnecessary. Our experience has not shown the I.C.C. to be openhanded in permitting passenger train discontinuance. On the contrary, and on many occasions, we have found the Commission to be, in our opinion, overzealous in the protection of the very few remaining passengers. These comprise, as I am sure you know, only 1.4% of total intercity travelers.

In any event, the discontinuance of a passenger train does not mean that service could not be reinstituted, if a fair and objective study showed that particular service to be essential. The right-of-way, tracks, signals and other supporting facilities do not disappear on the discontinuance of passenger service. It is clear, however, that if rail passenger service, found to be essential, lacked the patronage necessary to make it reasonably self-supporting, public financial assistance would have to be forthcoming.

There are some observers who foresee nationalization of the railroads if rail passenger service is subsidized. These same observers, I might add, have not experienced the face-to-face struggle with passenger deficits which we on the Penn Central must wage on a day-to-day basis. The argument, in my opinion, is clearly groundless. Subsidization of the airlines has not led to their nationalization, nor has the subsidy to the motor carrier industry, nor to the water carriers.

What your committee and the Congress must recognize, I respectfully suggest, is that the shortest route to nationalization of railroads is the path you are now looking down—the continued imposition of unrecoverable passenger deficits without the slightest hope of their future avoidance.

I urge you, as earnestly as I can, to reject any moratorium on passenger train discontinuance. I sincerely believe your rejection of this unsound approach will be in the eventual best interest of a rational system of essential passenger service.

Sincerely,

STUART T. SAUNDERS,
Chairman of the Board.

SEABOARD COAST LINE RAILROAD CO.,
Jacksonville, Fla., July 9, 1968.

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

DEAR CONGRESSMAN STAGGERS: Your Committee now has under consideration HR-18212 which would amend the passenger train discontinuance provisions of the Interstate Commerce Act, specifically Sections 13a(1) and 13a(2). The amendments as proposed would extend the time within which the Commission must decide whether to investigate a proposed discontinuance under Section 13a(1) from 30 days to 60 days, and would extend the period for which the Commission may postpone a discontinuance pending an investigation from 4 months to 7 months, with an additional two months being granted if a Petition For Reconsideration is filed, which petition, from our experience, would be filed as a matter of course. The bill would also require a two-year moratorium on passenger train discontinuances in cases where the discontinuance represents the last remaining